

# Fiscal 2022 Results Fixed Income Investors Presentation

June 2023

Mitsubishi UFJ Financial Group, Inc.



# Disclaimer

This document contains forward-looking statements in regard to forecasts, targets and plans of Mitsubishi UFJ Financial Group, Inc. (“MUFG”) and its group companies (collectively, the “group”). These forward-looking statements are based on information currently available to the group and are stated here on the basis of the outlook at the time when this document was produced. In addition, in making these statements, certain assumptions (premises) have been utilized. These statements and assumptions (premises) are subjective and may prove to be incorrect or may not be realized in the future. Underlying such assumptions are a large number of risks and uncertainties. Please see other disclosures and public filings made or to be made by MUFG and the other companies comprising the group, including our latest consolidated summary report, financial report, securities report, quarterly securities report, annual report, and our latest annual report on Form 20-F and other reports submitted to the U.S. Securities and Exchange Commission, for additional information regarding such risks and uncertainties. The group has no obligation or intent to update any forward-looking statements contained in this document.

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The financial information used in this document was prepared in accordance with accounting principles generally accepted in Japan (“Japanese GAAP”), unless otherwise stated. Accounting principles generally accepted in the United States (“U.S. GAAP”) differ in certain important respects. You should consult your own professional advisers for a more complete understanding of the differences between U.S. GAAP and Japanese GAAP and the generally accepted accounting principles of other jurisdictions and how those differences might affect the financial information contained in this document.

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This document is as of June 5, 2023.

## Definitions of abbreviations used in this document

the Bank (BK):	MUFG Bank, Ltd.	DS:	Digital Service Business Group
the Trust Bank (TB):	Mitsubishi UFJ Trust & Banking Corporation	R&C:	Retail & Commercial Banking Business Group
the Securities HD (SCHD):	Mitsubishi UFJ Securities Holdings Co., Ltd.	JCIB:	Japanese Corporate & Investment Banking Business Group
NICOS:	Mitsubishi UFJ NICOS Co., Ltd.	GCIB:	Global Corporate & Investment Banking Business Group
MUMSS:	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	GCB:	Global Commercial Banking Business Group
MUAH:	MUFG Americas Holdings Corporation	AM/IS:	Asset Management & Investor Services Business Group
KS:	Bank of Ayudhya Public Company Limited (Krungsri)	Global Markets:	Global Markets Business Group
BDI:	PT Bank Danamon Indonesia, Tbk.	FSA:	Financial Services Agency of Japan
FSI:	First Sentier Investors (Australia) Services Pty Limited		
MUB:	MUFG Union Bank, N.A.		

## Definitions of figures used in this document

Consolidated:	Mitsubishi UFJ Financial Group Inc. (consolidated)
the Bank consolidated:	MUFG Bank, Ltd. (consolidated)
Non-consolidated:	Simple sum of MUFG Bank, Ltd. (non-consolidated) and Mitsubishi UFJ Trust & Banking Corporation (non-consolidated)
the Bank non-consolidated:	MUFG Bank, Ltd. (non-consolidated)

# Contents

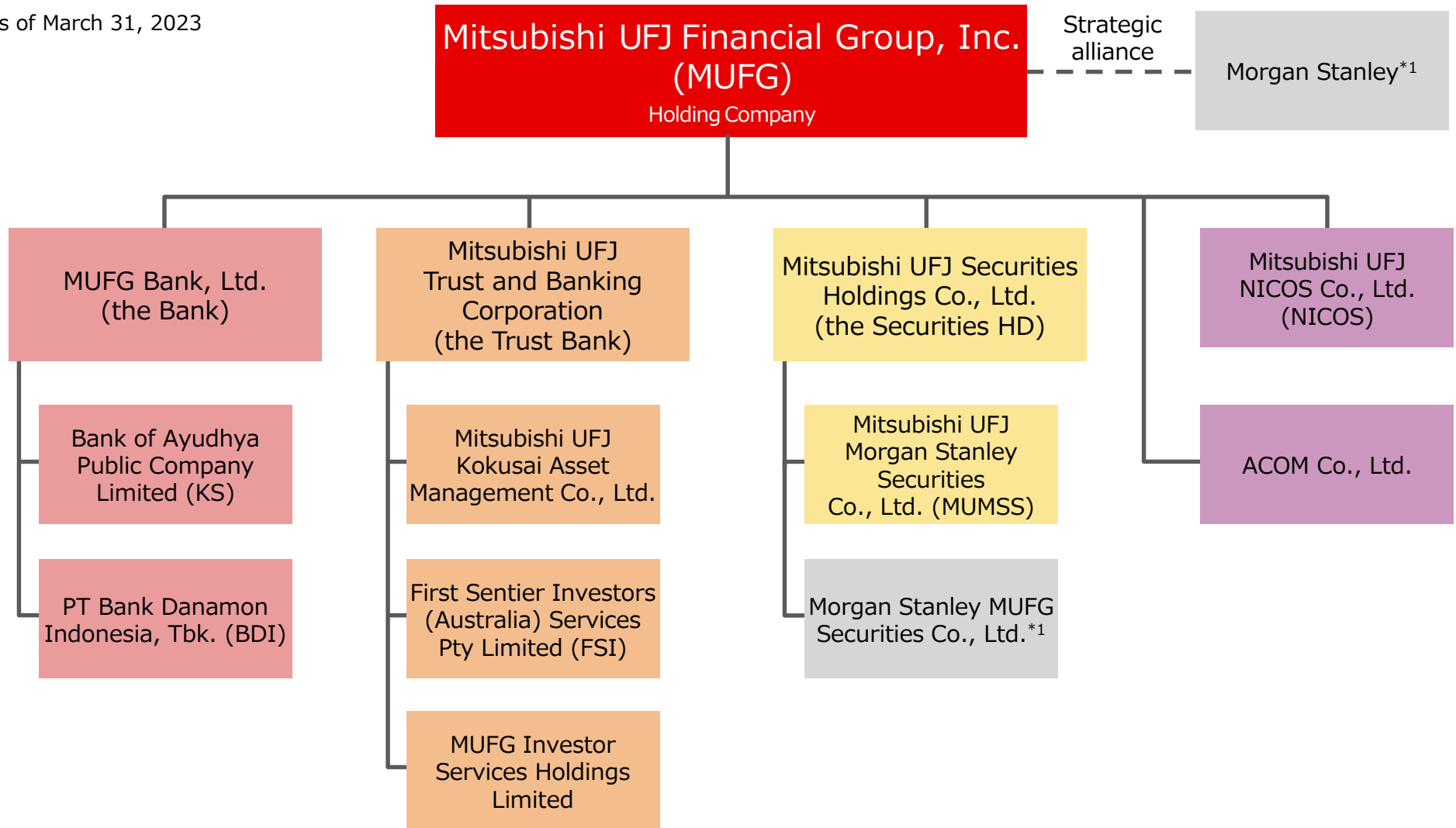
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Section 1	Overview .....	4
Section 2	Financial results .....	8
Section 3	Capital raising strategy .....	19
Section 4	MUFG's approach to ESG .....	25
Appendix	.....	32

# Section 1 Overview

# Group structure

As of March 31, 2023



\*1 Morgan Stanley and Morgan Stanley MUFG Securities are equity method investees of MUFG as of March 31, 2023

# MUFG at a glance

## Financials\*1

Consolidated

### FY 2022

1 Consolidated gross profits (before credit costs for trust accounts)	¥ 4,503bn / US\$33.8bn
2 Profits attributable to owners of parent	¥ 1,116bn / US\$8.3bn

### End March 2022

3 Total assets	¥ 386.7tn / US\$2,909bn
4 Loans (banking + trust accounts)	¥ 110.4tn / US\$830bn
5 Deposits	¥ 213.6tn / US\$1,606bn
6 Market capitalization*2	¥ 11.2tn / US\$80bn
7 Consolidated LCR*3	152.2%
8 NPL ratio*4	1.26%

## Group network

(As of end March 2023)\*7

Domestic Network:

**436 locations\*8**

Global Network:

**Approx. 2,000 locations\*9  
across over 50 countries**

\*1 Exchange rate applied is ¥132.93/US\$

\*2 As of end May 2023. Exchange rate applied is ¥139.72/US\$

\*3 The ratio is the three-month average of daily LCR for the three months ended March 31, 2023, that is calculated by dividing the balance of High-Quality Liquid Assets by the amount of total net cash flows on a daily basis for the same three months

\*4 The calculation of the NPL ratio has been changed per amendments to the definition of risk-monitored loans under the Japanese Banking Act. Please see P.15

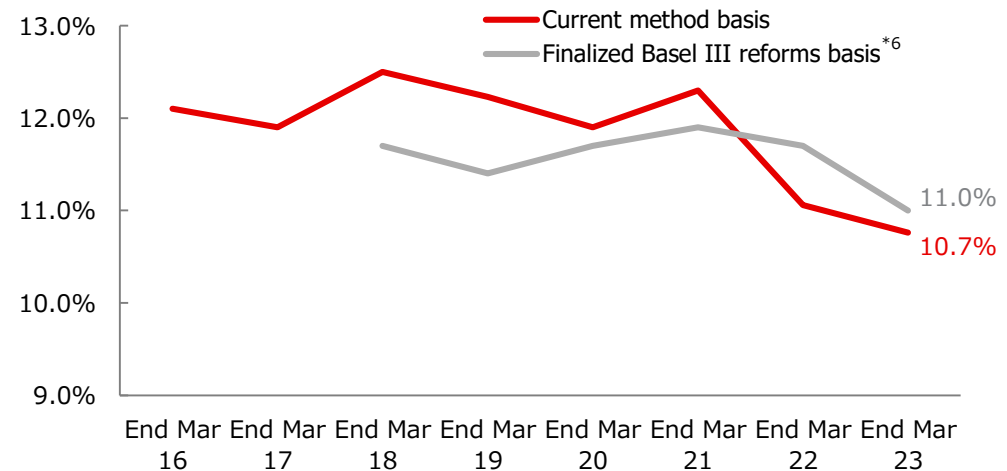
\*5 Calculated on the basis of regulations applied at the end of March 2023

## Capital

Consolidated

Common Equity Tier 1 Capital Ratio as of  
end March 2023 (financial strength)**10.7%**

(current method basis)\*5



## Ratings (holding company)

(As of end May 2023)

	Moody's	S&P	Fitch
Long-term	A1	A-	A-
Short-term	P-1	-	F1

\*6 Estimated CET1 ratio reflecting the RWA difference calculated on the basis of the finalized Basel III reforms expected to be fully applied in 2029, according to the amended notification on capital adequacy ratio published by the FSA on April 28, 2022 and November 30, 2022

\*7 In case of BDI, as of end December 2022

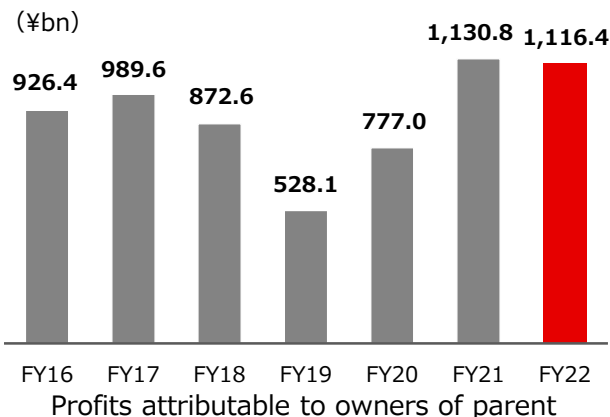
\*8 A facility that houses several branches for retail clients is counted as a single location. Total of the Bank, the Trust Bank and the Securities HD

\*9 Including 459 locations of Adira Finance, a subsidiary of BDI

# MUFG credit highlight

## Profit track record

Consolidated



## Ample liquidity

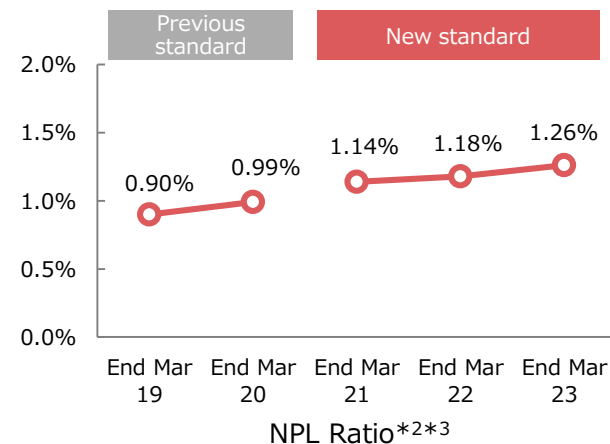
Consolidated

# 152.2%

Consolidated Liquidity Coverage Ratio\*1  
(End March 2023)

## Sound asset quality

Consolidated



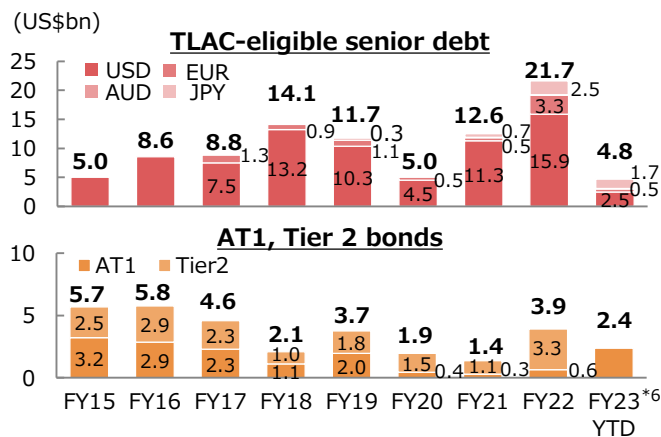
## Sufficient capital

Consolidated

# 10.7%

CET1 capital ratio  
(current method basis\*4)  
(End March 2023)

## Issuance track record\*5



## Credit ratings

# A1 / A- / A-

Moody's / S&P / Fitch  
(End May 2023)

\*1 The ratio is the three-month average of daily LCR for the three months ended March 31, 2023, that is calculated by dividing the balance of High-Quality Liquid Assets by the amount of total net cash flows on a daily basis for the same three months \*2 Total non-performing loans / Total loans \*3 NPL Ratio (1.14%) as of the end of March 2021, NPL Ratio (1.18%) as of the end of March 2022 and NPL Ratio (1.26%) as of the end of March 2023 are calculated as per the amendments to the definition of risk-monitored loans under the Japanese Banking Act. See P.15 \*4 Calculated on the basis of regulations applied at the end of March 2023 \*5 Total of public issuance (excluding the amount of buyback) as of the end May 2023. All figures are converted into US\$ using actual exchange rates as of the end May 2023 \*6 From April 1, 2023 to May 31, 2023

# Section 2

## Financial results



# Income statement summary

Consolidated	(¥bn)	FY21	FY22	YoY	After adjustment of MUB *1
1	<b>Gross profits (before credit costs for trust accounts)</b>	3,964.0	<b>4,503.0</b>	539.0	—
2	Net interest income	2,043.6	<b>2,907.5</b>	863.8	—
3	Trust fees	1,574.7	<b>1,695.4</b>	120.6	—
4	+ Net fees and commissions				
4	Net trading profits	345.6	<b>(99.9)</b>	(445.5)	—
4	+ Net other operating profits				
5	Net gains(losses) on debt securities	(140.4)	<b>(884.6)</b>	(744.1)	—
6	<b>G&amp;A Expenses</b>	2,747.2	<b>2,908.7</b>	161.4	—
7	<b>Net operating profits</b>	1,216.7	<b>1,594.2</b>	377.5	—
8	<b>Total credit costs</b>	(331.4)	<b>(674.8)</b>	(343.4)	50.5
9	<b>Net gains (losses) on equity securities</b>	332.6	<b>288.0</b>	(44.6)	—
10	Net gains (losses) on sales of equity securities	343.8	<b>303.9</b>	(39.8)	—
11	Losses on write-down of equity securities	(11.1)	<b>(15.9)</b>	(4.7)	—
12	<b>Equity in earnings of equity method investees</b>	441.5	<b>425.8</b>	(15.7)	—
13	<b>Other non-recurring gains (losses)</b>	(121.9)	<b>(612.5)</b>	(490.6)	(149.5)
14	<b>Ordinary profits</b>	1,537.6	<b>1,020.7</b>	(516.9)	218.1
15	<b>Net extraordinary gains (losses)</b>	(47.7)	<b>549.1</b>	596.9	(138.0)
16	<b>Total of income taxes-current and income taxes deferred</b>	(283.4)	<b>(369.6)</b>	(86.1)	—
17	<b>Profits attributable to owners of parent</b>	1,130.8	<b>1,116.4</b>	(14.3)	—
18	EPS(¥)	88.45	<b>90.73</b>	2.28	—
	<Reference>				
19	<b>ROE *4</b>	7.79%	<b>7.03%</b>	(0.75ppt)	
20	<b>Expense ratio</b>	69.3%	<b>64.5%</b>	(4.7ppt)	

## 1 Gross profits

- Net interest income increased due to improvement of lending spread as well as an increase in overseas interest income of loans and deposits during the period as interest rates rose globally.
- Net fees and commissions increased due to an increase in foreign loan-related fees.
- Treasury recorded ¥555.7bn in gains on investment trusts cancellation (in net interest income) and also recorded ¥(884.6)bn in net losses on debt securities due to portfolio re-balance mainly in foreign bonds. Despite the decrease in Net trading profits + Net other operating profits due to net losses on debt securities, profits in the sales & trading business increased by capturing market fluctuations.

## 2 G&A expenses / Expense Ratio

- G&A expenses, excluding the impact of FX fluctuation\*2 and MUB's share transfer\*3, decreased YoY.
- Expense ratio decreased to 64.5%, down by (4.7%) point YoY.

## 3 Total credit costs

- Valuation losses on loans held by MUB, etc. of ¥(393.9)bn was recorded in connection with our decision on MUB's share transfer, but total credit costs (excluding the impact on these valuation losses) was ¥(280.8)bn, an improvement of ¥50.5bn YoY.

## 4 Other non-recurring gains (losses)

- Valuation losses on bonds held by MUB, etc. of ¥(473.7)bn were recorded.

## 5 Net extraordinary gains (losses)

- Gain on the sale of MUB shares of ¥699.5 bn, including reversal of valuation losses related to MUB's share transfer, was recorded.

## 6 Profits attributable to owners of parent

- Profits attributable to owners of parent decreased by ¥(14.3)bn to ¥1,116.4bn YoY, exceeding ¥1tn two years in a row.

\*1 Adjusted presentation re-allocating components of extraordinary gains of ¥735.0bn recorded to reduce valuation losses on assets held by MUB: Total credit cost:¥393.9bn and other non-recurring gains:¥341.0bn, resulting in ordinary profits:¥735.0bn and net extraordinary gains (losses):¥(735.0bn) (refer to P.61)

\*2 Impact of FX fluctuation was approx. +¥130.0bn

\*3 The effect of expenses related to the disposed businesses of MUB included in MUFG's consolidated G&A expenses (including the impact of the difference between Japanese GAAP and U.S. GAAP and the difference in consolidation periods): approx. +¥60.0bn

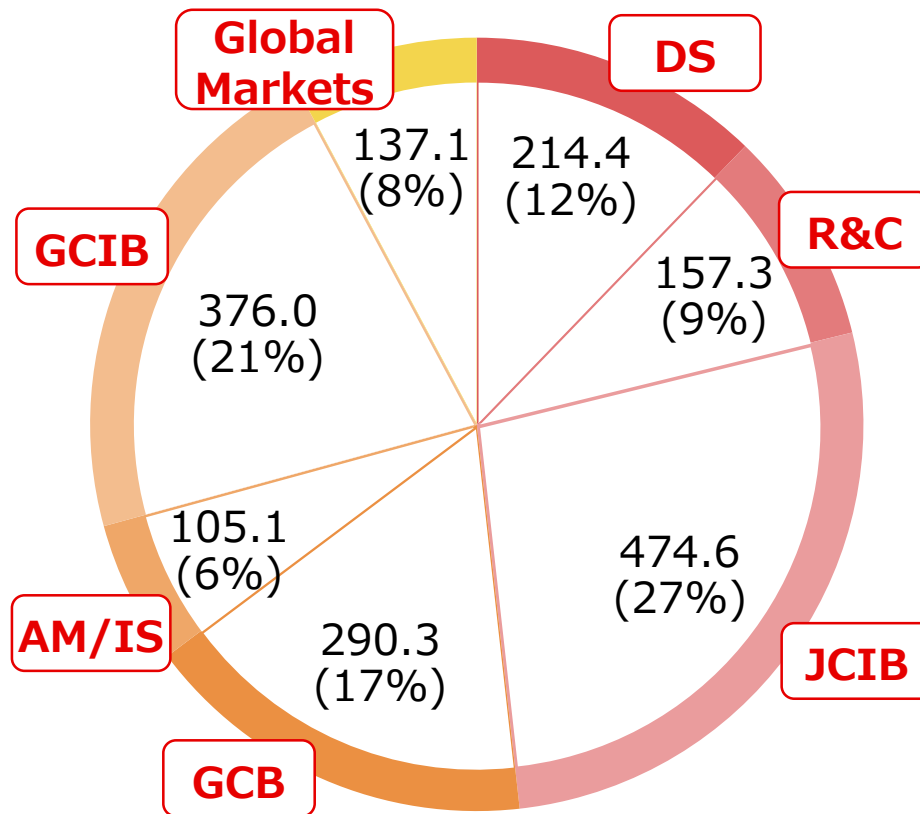
\*4 For the method of calculation of ROE, refer to P.48, footnote 1

# Net operating profits results by business group

Net operating profits by business group\*1 Consolidated

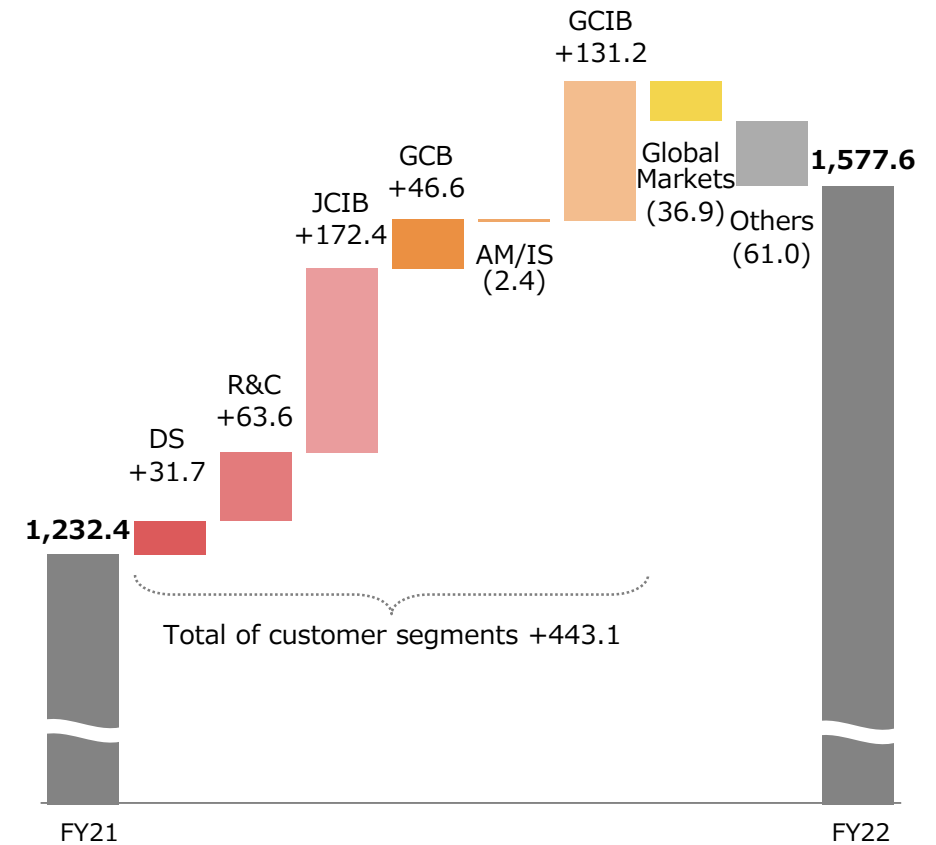
(¥bn)

**FY22 ¥1,577.6bn\*2**



Changes by business group\*1 Consolidated

(¥bn)



\*1 On a managerial accounting basis

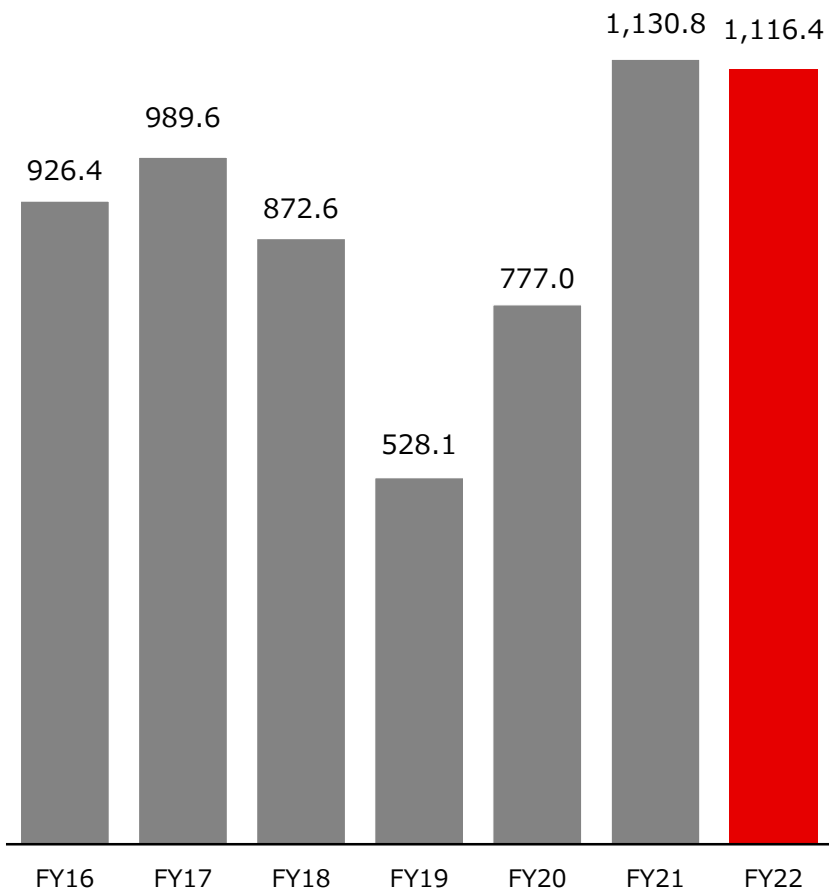
\*2 Includes net operating profits (losses) of "Others" (FY21: ¥(116.2)bn, FY22: ¥(177.3)bn)

# Outline of profits attributable to owners of parent

History of profits attributable to owners of parent

Consolidated

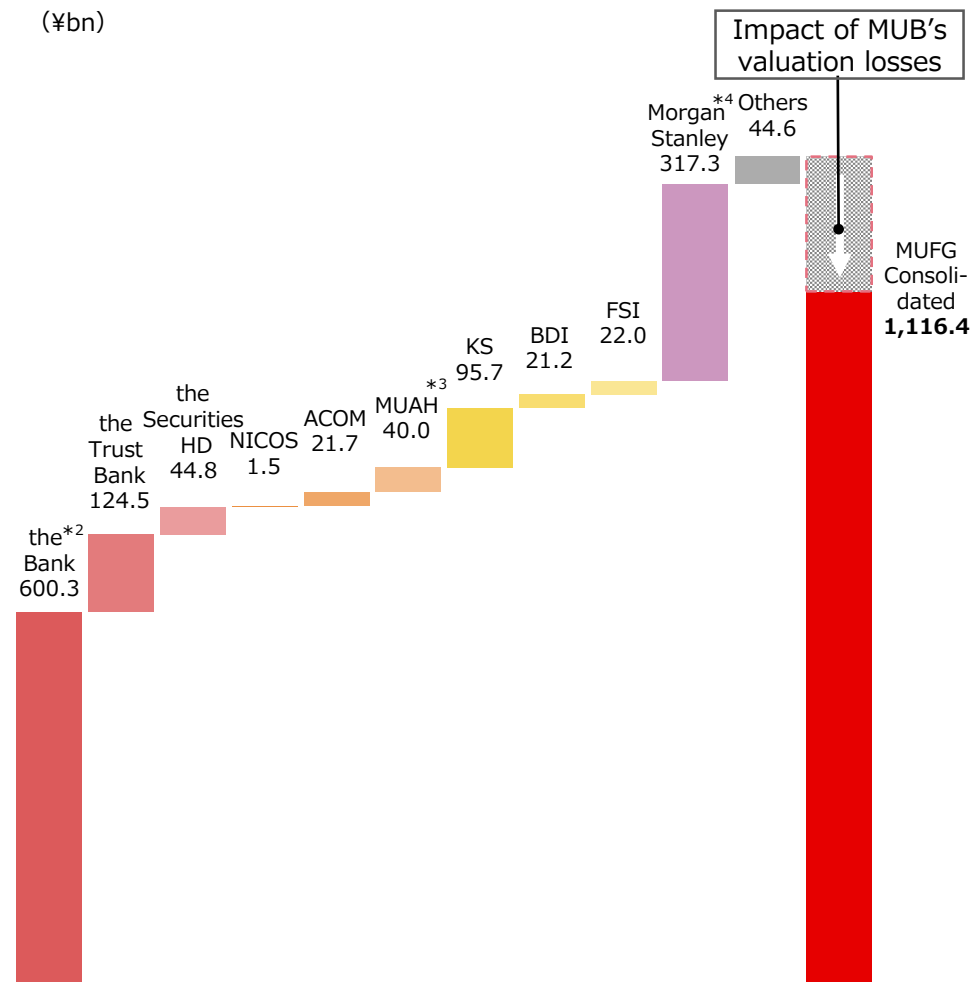
(¥bn)



Breakdown of profits attributable to owners of parent\*1

Consolidated

(¥bn)



\*1 The figures reflect the profit attributable to the group's percentage holding in each subsidiary and equity method investee

\*2 Exclude gains on the sales of shares of subsidiaries related to the MUAH repurchase of shares, ¥415.1bn

\*3 Exclude the impact of MUB's valuation losses

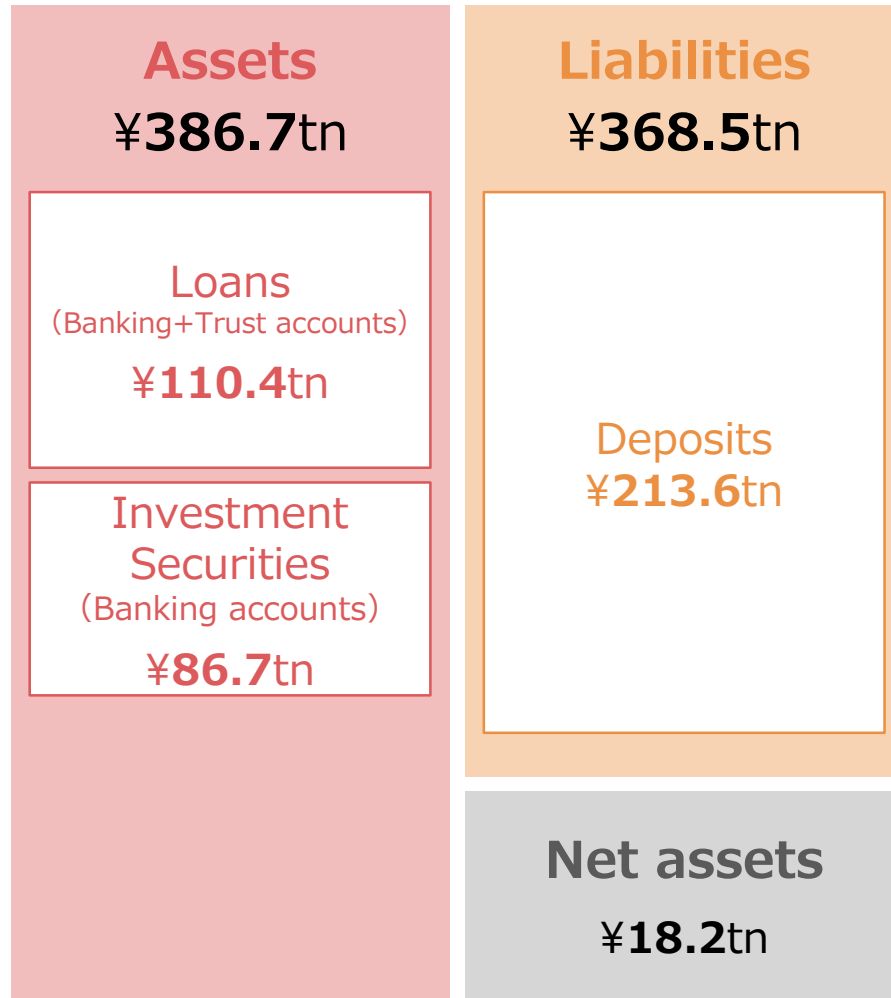
\*4 The figure includes ¥(23.7)bn of losses on change in equity

# Balance sheet summary

## Balance sheet summary

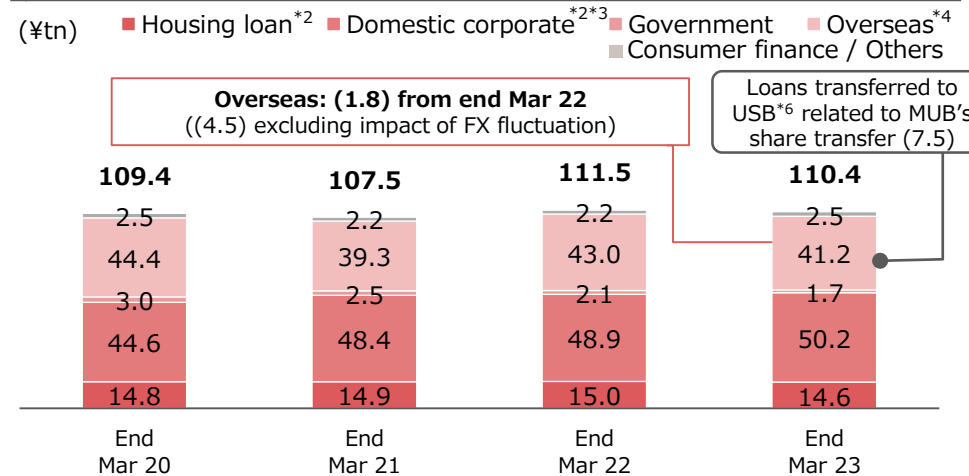
Consolidated

As of end March 23



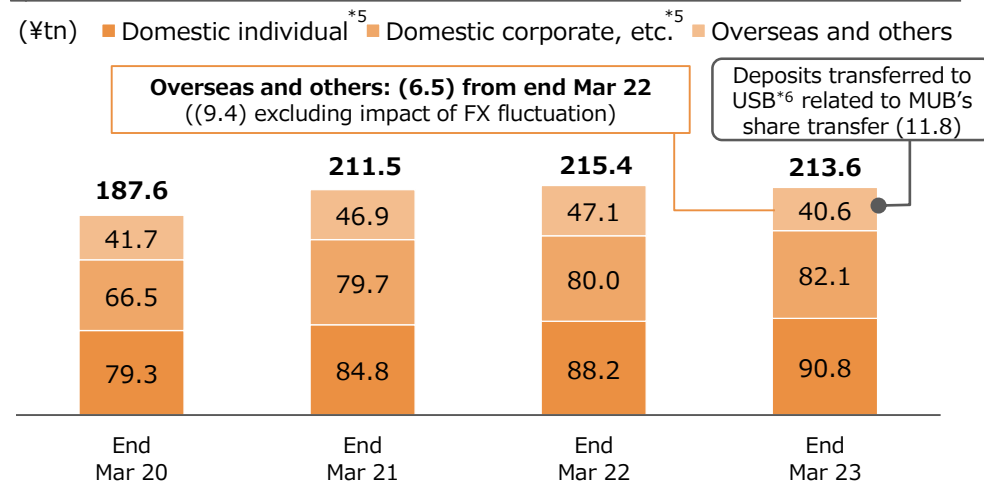
## Loans (Period end balance)\*1

Consolidated



## Deposits (Period end balance)

Consolidated



\*1 Sum of banking and trust accounts \*2 Non-consolidated + trust accounts

\*3 Excluding loans to government and governmental institutions, and including foreign currency-denominated loans (excluding impact of FX fluctuation: +¥0.8tn from end Mar 2022)

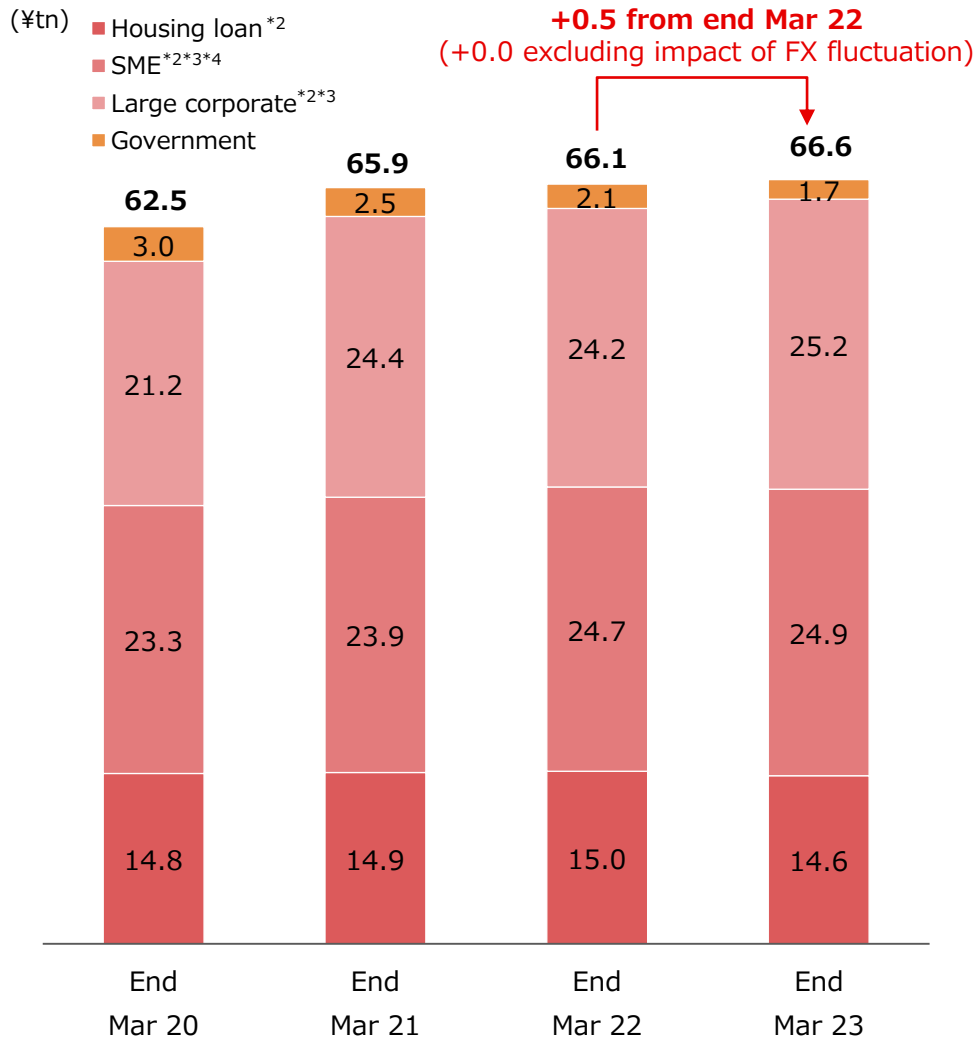
\*4 Loans booked in overseas branches, MUAH, KS, BDI, the Bank (China), the Bank (Malaysia) and the Bank (Europe)

\*5 Non-consolidated \*6 U.S. Bancorp

# Domestic loans

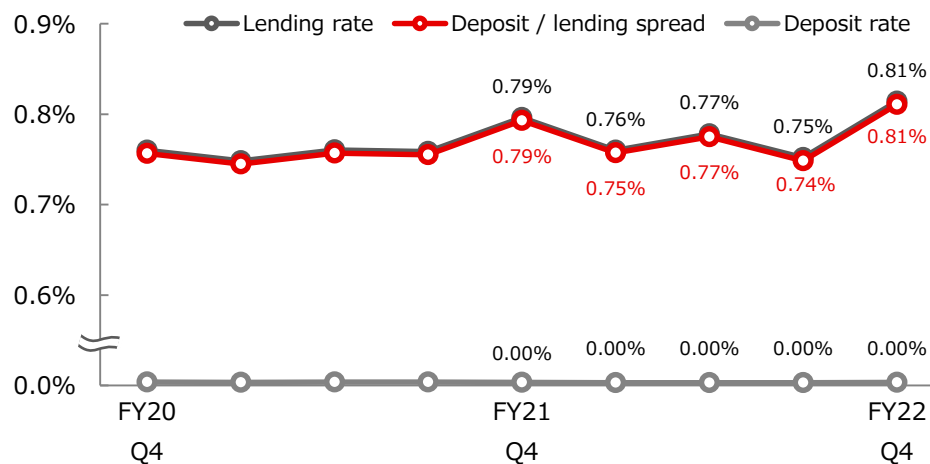
Loan balance (Period end balance)\*1

Consolidated



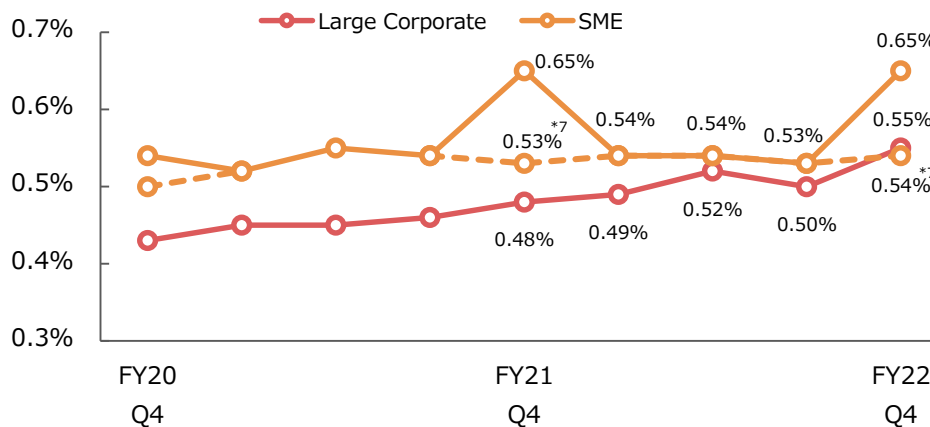
Changes in domestic deposit / lending rate\*5\*6

Non-consolidated



Domestic corporate lending spread\*3\*5\*6

Non-consolidated

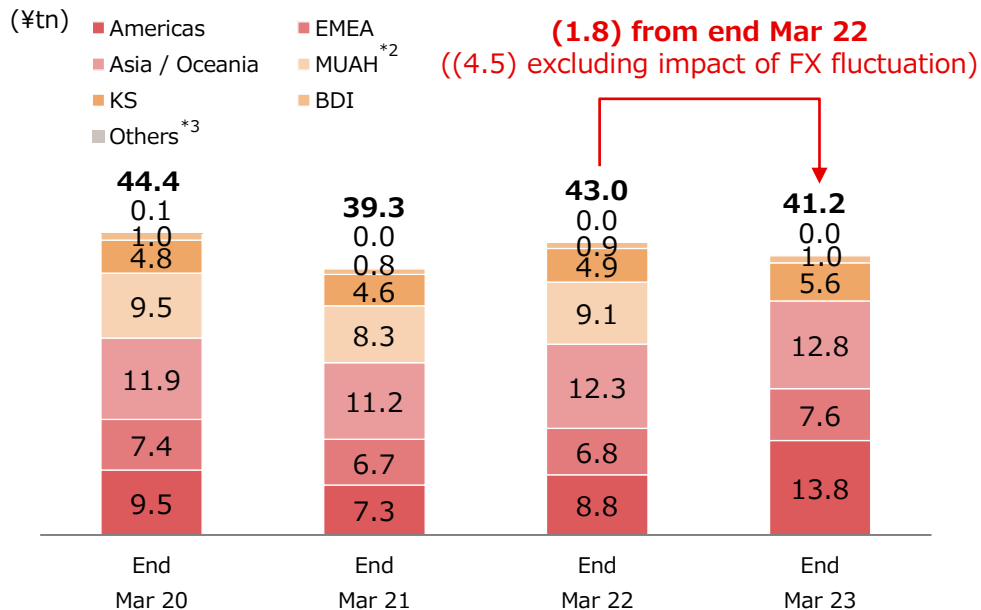


\*1 Sum of banking and trust accounts \*2 Non-consolidated + trust accounts \*3 Including non-JPY loans  
 \*4 Domestic loans to small / medium-sized companies and proprietors (excluding domestic consumer loans)  
 \*5 Excluding lending to government etc. \*6 Managerial accounting basis  
 \*7 Excluding impact of the collective recording of interest received at fiscal year-end via COVID-19 government subsidized interest payment programs

# Overseas loans

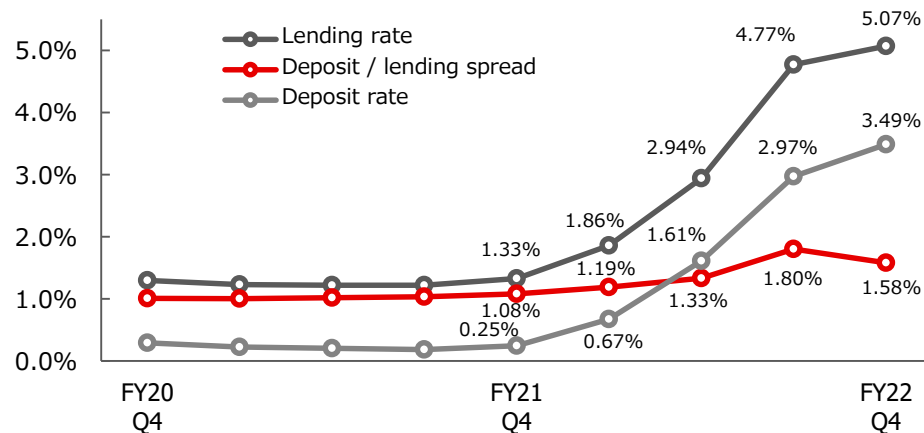
Loan balance (Period end balance)\*1

Consolidated



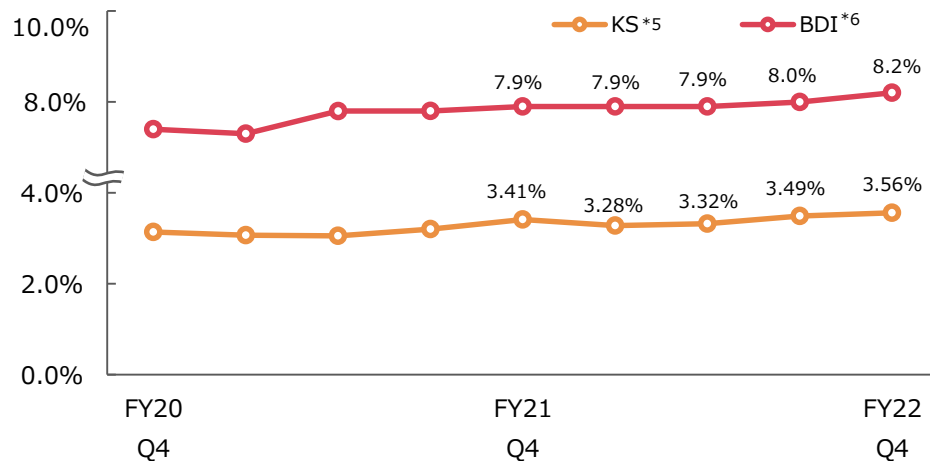
Change in overseas deposit / lending rate\*4

Non-consolidated



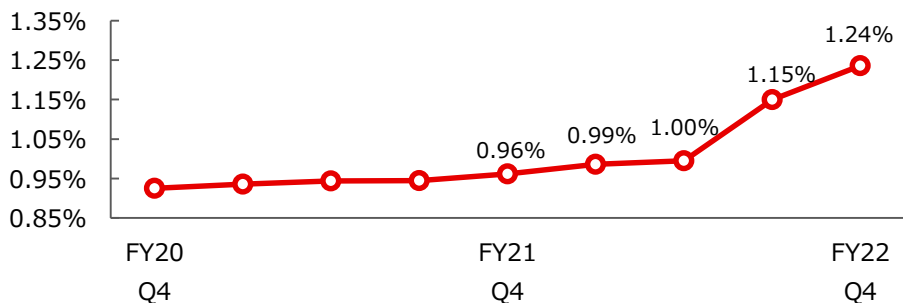
Net interest margin

KS / BDI



Lending spread\*4

Non-consolidated



\*1 Loans booked in overseas branches, MUAH, KS, BDI, the Bank (China), the Bank (Malaysia) and the Bank (Europe)

\*2 "MUAH" is included in "Americas" from End Mar 23. Approx. ¥2.7tn loans were transferred from MUAH to overseas offices of the Bank upon MUB's share transfer

\*3 Loans booked at offshore markets etc. \*4 Managerial accounting basis

\*5 Financial data as disclosed in KS's financial reports based on Thai GAAP, and starting from January 1, 2020, Thailand adopted TFRS 9 (which is broadly similar to the IFRS 9 international accounting standard)

\*6 Financial data as disclosed in BDI's financial reports based on Indonesia GAAP. Calculation method modified from FY21 and retroactively applied in this document

# Loan assets

## Non-performing loans\*1

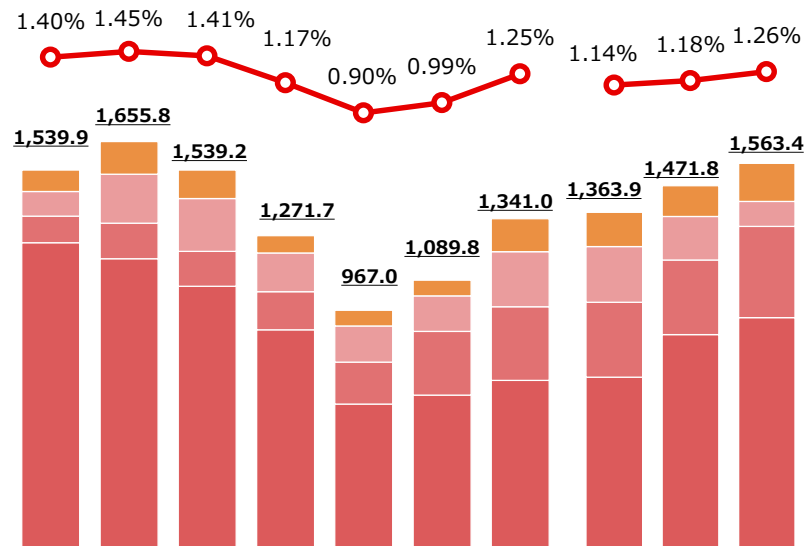
Consolidated

(¥bn)

Risk-monitored loans (previous standard)

New standard

NPL ratio\*2



[Breakdown] Mar.15 Mar.16 Mar.17 Mar.18 Mar.19 Mar.20 Mar.21 Mar.21 Mar.22 Mar.23

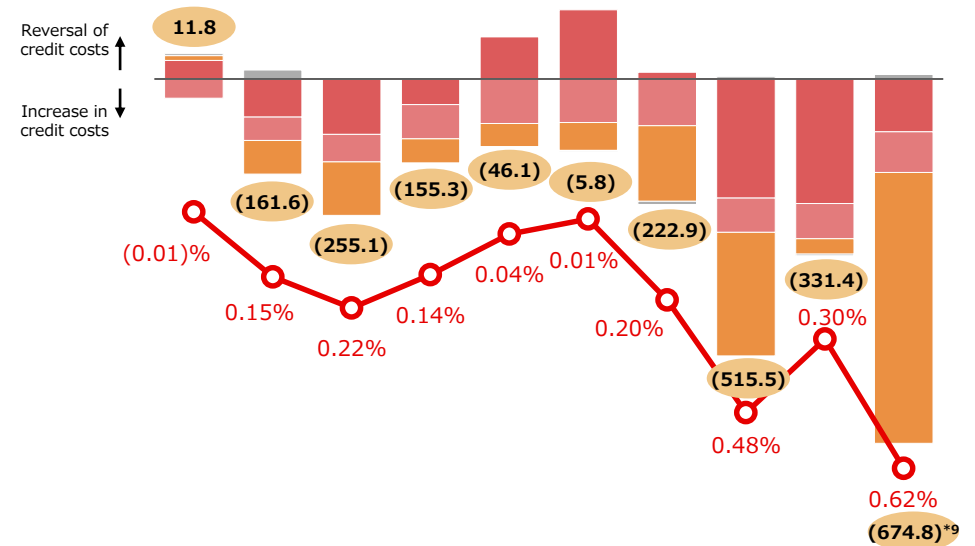
EMEA	88.2	133.9	116.0	71.3	64.0	63.7	134.7	138.7	124.0	155.2
Americas	100.7	199.4	216.0	157.5	148.2	145.5	224.7	226.7	178.1	102.1
Asia	108.8	145.3	142.3	155.8	170.3	259.1	300.5	305.8	302.9	370.2
Domestic	1,242.0	1,177.1	1,064.7	887.0	584.3	621.3	680.9	692.5	866.6	935.8

## Total credit costs\*3 / Credit cost ratio\*4

Consolidated

(¥bn)

Total credit costs\*3 Credit cost ratio\*4



[Breakdown] FY13 FY14 FY15 FY16 FY17 FY18 FY19 FY20 FY21 FY22

Non-consolidated*5	35.1	(71.1)	(103.7)	(47.9)	79.5	129.8	12.6	(223.2)	(233.8)	(98.8)
CF*6	(35.7)	(44.1)	(51.6)	(64.5)	(83.6)	(81.7)	(87.6)	(64.4)	(66.0)	(76.5)
Overseas*7	9.2	(63.2)	(100.8)	(45.0)	(42.7)	(52.3)	(141.6)	(232.3)	(28.9)	(508.3)*9
Others*8	3.2	16.9	1.0	2.1	0.8	(1.5)	(6.2)	4.5	(2.6)	8.9

\*1 Due to amendments to the Japanese Banking Act, the scope of risk-monitored loans disclosed under the Japanese Banking Act was changed and became the same as the scope of non-performing loans disclosed under the Japanese Financial Reconstruction Act (FRA). Under the previous standard, these loans were "risk-monitored loans," but they are now "non-performing loans." Regions are based on the borrowers' location.

\*2 Total non-performing loans / Total loans under the Japanese Banking Act (Previous standard: Total risk-monitored loans / Total loans and bills discounted (banking accounts as of period end))

\*3 Including gains from recovery of loans written off

\*4 Total credit costs / loan balance as of period end

\*5 Including overseas branches

\*6 Sum of NICOS and ACOM on a consolidated basis

\*7 Sum of overseas subsidiaries of the Bank and the Trust Bank. It is currently estimated that the total credit costs of the major overseas subsidiaries (which were consolidated based on their financial statements for the fiscal year ended December 31, 2022) for the quarter ended March 31, 2023 will be approx. ¥30bn. This amount will be reflected in consolidated financial statements for the quarter ending June 30, 2023

\*8 Sum of other subsidiaries and consolidation adjustment

\*9 Including ¥(393.9)bn of valuation losses on loans sold in connection with MUB's share transfer etc.

# Investment securities

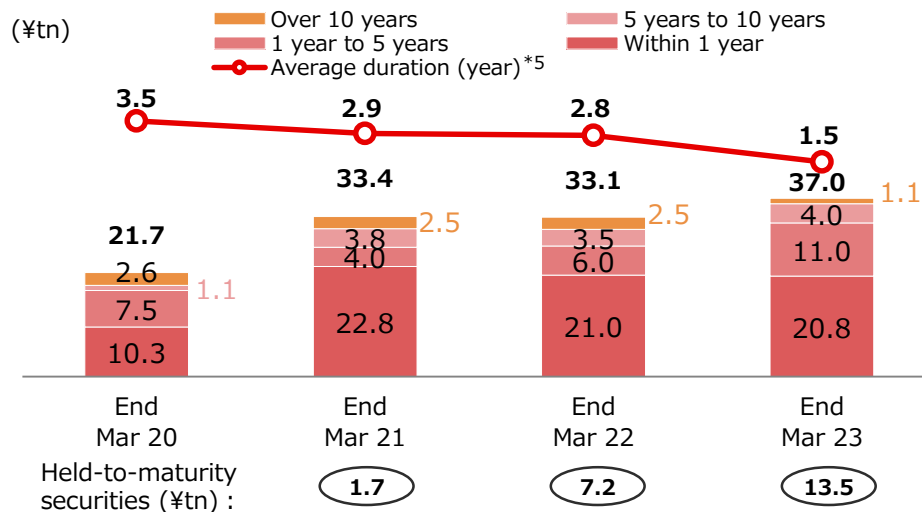
## Investment securities

Consolidated

1	Held-to-maturity securities	Balance		Unrealized gains (losses)* <sup>1</sup>	
		End Mar 23	Changes from End Mar 22	End Mar 23	Changes from End Mar 22
2	Available-for-sale (AFS) Securities	65,121.0	(9,788.6)	1,420.1	(971.7)
3	Domestic equity securities	4,271.9	(341.7)	2,720.7	(193.3)
4	Domestic bonds	29,751.9	(10,681.7)	(120.0)	(58.2)
5	Japanese government bonds	23,518.8	(7,893.0)	(86.3)	(30.9)
6	Foreign equity securities	408.3	189.7	(65.6)	(93.3)
7	Foreign bonds	21,710.1	(320.3)	(1,116.2)	(263.3) <sup>*2</sup>
8	Others	8,978.7	1,365.5	1.2	(363.3)

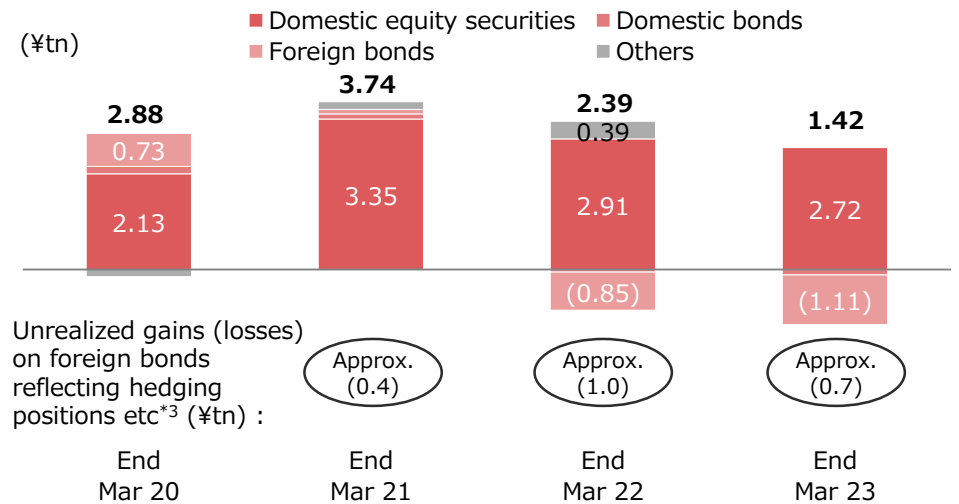
## Balance of JGB portfolio\*<sup>4</sup> and duration

Non-consolidated



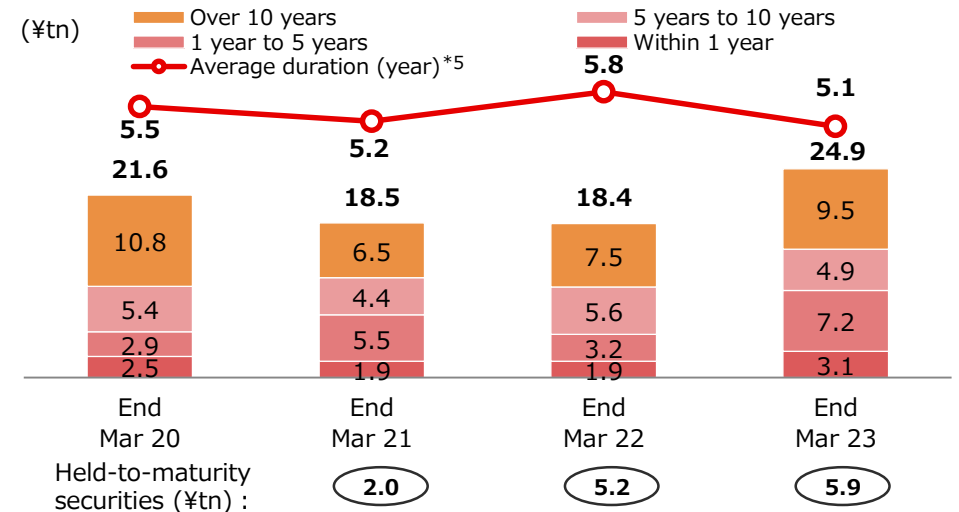
## Unrealized gains (losses) on available-for-sale securities\*<sup>1</sup>

Consolidated



## Balance of foreign bonds\*<sup>4</sup> and duration

Non-consolidated



\*1 Unrealized gains (losses) exclude ¥(555.4)bn that was charged to income in connection with the agreement to sell all shares of MUB

\*2 Approximately ¥(0.2)tn excluding the impact of FX translation

\*3 Managerial accounting basis

\*4 Available for sale securities and securities being held to maturity

\*5 Available for sale securities



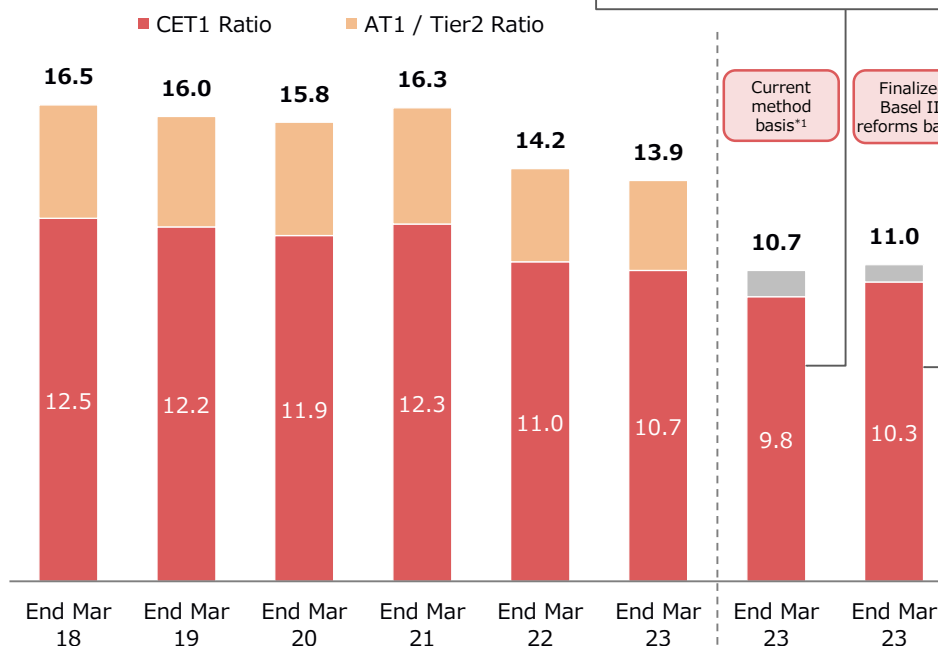
# Capital

## CET1 / Total capital ratio

Consolidated

Transitional basis (-End March 2018)  
Current method basis\*<sup>1</sup> (End March 2019-)

Excluding impact of net  
unrealized gains (losses) on  
available for sale securities



Leverage  
Ratio

5.01%   4.94%   4.42%   5.45%\*<sup>4</sup>   5.14%\*<sup>4</sup>   4.70%\*<sup>4</sup>

- \*<sup>1</sup> Calculated on the basis of regulations applicable to the respective dates shown  
\*<sup>2</sup> Estimated CET1 ratio reflecting the RWA difference calculated on the basis of the finalized Basel III reforms expected to be fully applied in 2029, according to the amended notification on capital adequacy ratio published by the FSA on April 28, 2022 and November 30, 2022  
\*<sup>3</sup> Adjustments made for the difference between risk-weighted assets under Basel I and Basel III  
\*<sup>4</sup> Based on FSA notification, deposits with the Bank of Japan are excluded from total exposures

## Capital summary

Consolidated

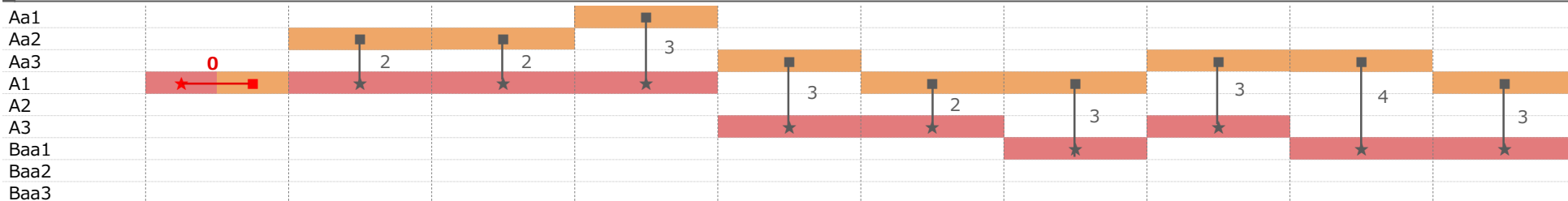
(¥bn)	End Mar 22	End Mar 23	Changes
1 <b>Common Equity Tier 1 capital ratio</b>	11.06%	10.76%	(0.30)ppt
2 <b>Tier 1 capital ratio</b>	12.38%	12.04%	(0.34)ppt
3 <b>Total capital ratio</b>	14.29%	13.91%	(0.38)ppt
4 <b>Leverage ratio</b>	5.14%	4.70%	(0.44)ppt
5 Common Equity Tier 1 capital	13,823.9	13,280.8	(543.0)
6 Retained earnings	11,998.1	12,739.2	741.0
7 Other comprehensive income	2,565.1	2,481.9	(83.1)
8 Regulatory adjustments	(3,242.9)	(4,003.0)	(760.0)
9 Additional Tier 1 capital	1,652.3	1,582.8	(69.5)
10 Preferred securities and subordinated debt	1,534.0	1,464.0	(70.0)
11 <b>Tier 1 capital</b>	15,476.2	14,863.7	(612.5)
12 <b>Tier 2 capital</b>	2,382.3	2,302.3	(79.9)
13 Subordinated debt	1,730.7	1,754.0	23.3
14 <b>Total capital (Tier 1+Tier 2)</b>	17,858.6	17,166.1	(692.5)
15 <b>Risk weighted assets</b>	124,914.2	123,363.3	(1,550.8)
16 Credit risk	91,927.2	87,666.4	(4,260.7)
17 Market risk	4,389.9	6,682.9	2,293.0
18 Operational risk	7,990.1	8,474.3	484.1
19 Floor adjustment* <sup>3</sup>	20,606.9	20,539.5	(67.3)
20 <b>Total exposures</b> * <sup>4</sup>	300,792.3	316,034.5	15,242.2

# Global financial institutions' senior bonds ratings

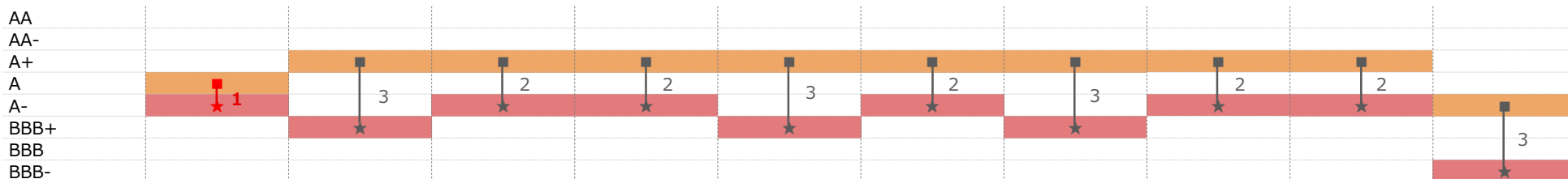
As of May 31, 2023

■ HD / Non-preferred senior ■ Operating bank / Preferred senior

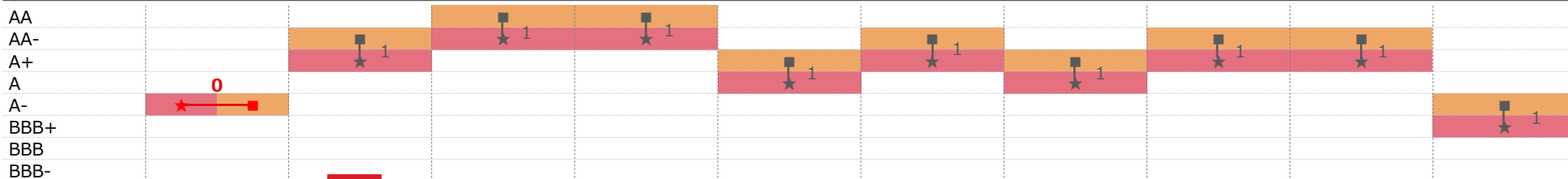
## Moody's



## S&P



## Fitch



Japan

US

Europe

\*1 For CA, BNP and DB, there is a single issuing entity, issuing both Preferred and Non-preferred senior bonds rather than separate HD and Operating bank issuing senior bonds, respectively

# Section 3

## Capital raising strategy

# Japanese TLAC framework

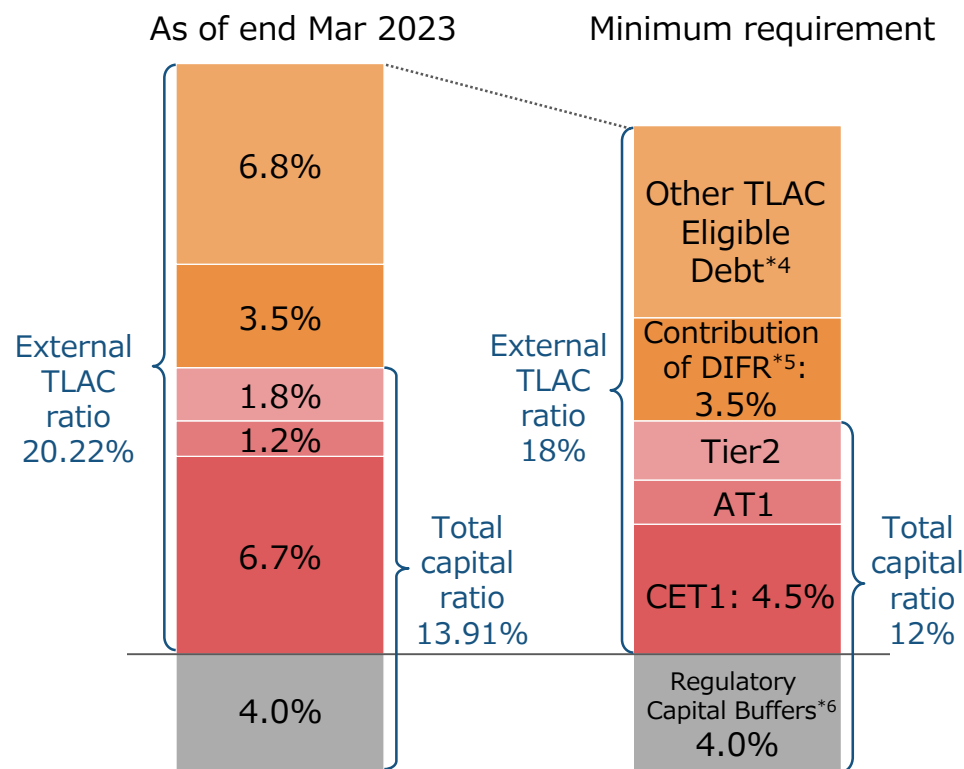
## - The best capital mix and external TLAC ratio

- Aiming for optimal balance between capital efficiency and capital adequacy in qualitative and quantitative aspects
  - Secure necessary and sufficient level of capital with utilization of AT1 / Tier2
  - Maintain sustainable external TLAC ratio for the long term by raising external TLAC-eligible senior debt

### MUFG's external TLAC ratio and minimum requirement

	As of end Mar 23	Minimum requirement
Risk weighted asset basis	20.22%	18.0%
Total exposure basis*1	9.47%	6.75%*2

### MUFG's RWA\*3 based external TLAC ratio



MUFG is the primary funding entity, which is designated as the resolution entity in Japan by FSA

\*1 Based on FSA notification; deposits with the Bank of Japan are excluded from total exposures

\*2 7.10% on and after April 1, 2024

\*3 Risk weighted asset

\*4 Including adjustment of difference between calculation method of total capital ratio and external TLAC ratio and adjustment of amount of other TLAC-eligible liabilities owned by the issuer's group, etc.

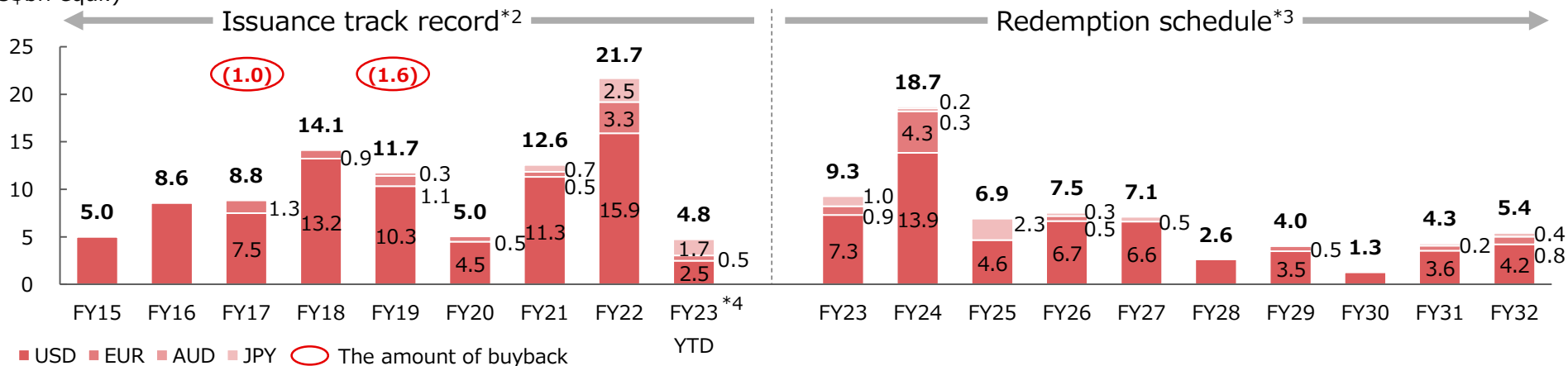
\*5 Contribution of Deposit Insurance Fund Reserves : Japanese Deposit Insurance Fund Reserves fulfill the requirements for ex-ante commitments to recapitalize a G-SIB in resolution set out in the FSB's TLAC termsheet (Can include 3.5% of RWAs, in external TLAC ratio)

\*6 CET1 Buffer applicable to MUFG: G-SIB Surcharge:1.5%, Capital Conservation Buffer:2.5%, and Counter-cyclical Buffer:0.04%

# MUFG issuance track record and redemption schedule

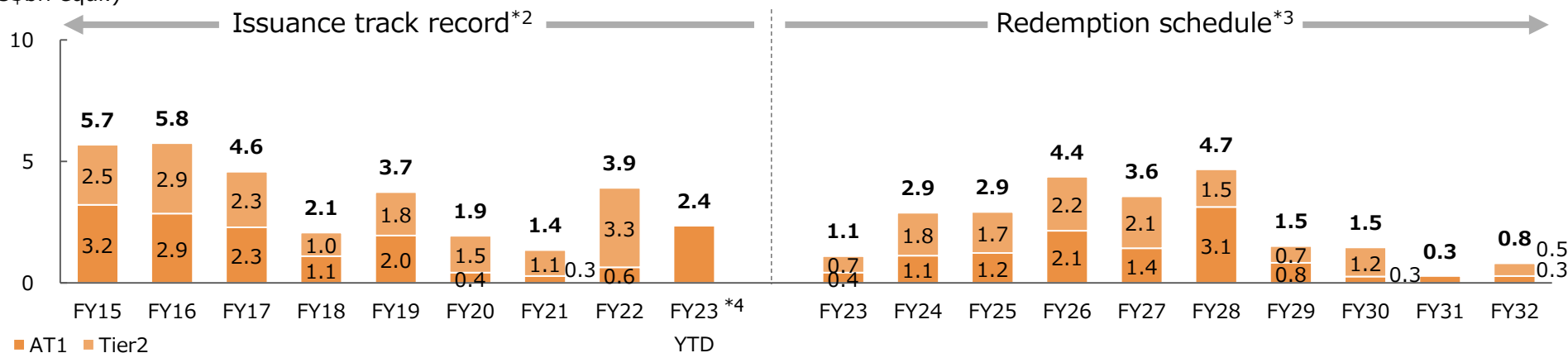
## TLAC-eligible senior debt\*1

(US\$bn equi.)



## AT1, Tier2 bond\*1

(US\$bn equi.)



\*1 All figures are converted into US\$ using actual exchange rates as of end May 2023

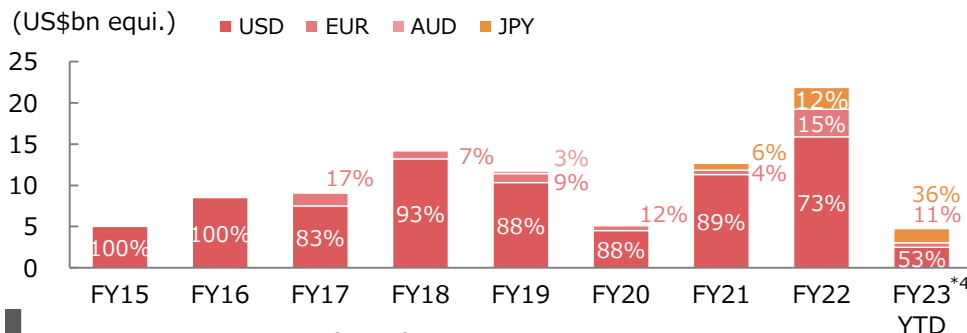
\*2 Total of public issuance (excluding the amount of buyback) as of end May 2023

\*3 Annual figures assuming that all callable notes are to be redeemed on their respective first callable dates, while there is no assurance they will be redeemed on such dates. Tier2 includes Basel II Tier2 sub notes issued by the Bank and the Trust Bank (including their respective overseas special purpose companies)

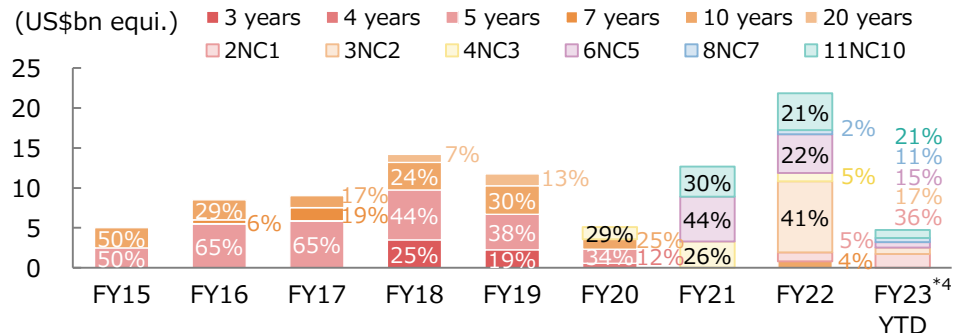
\*4 From April 1, 2023 to May 31, 2023

# MUFG TLAC-eligible senior debt issuance summary

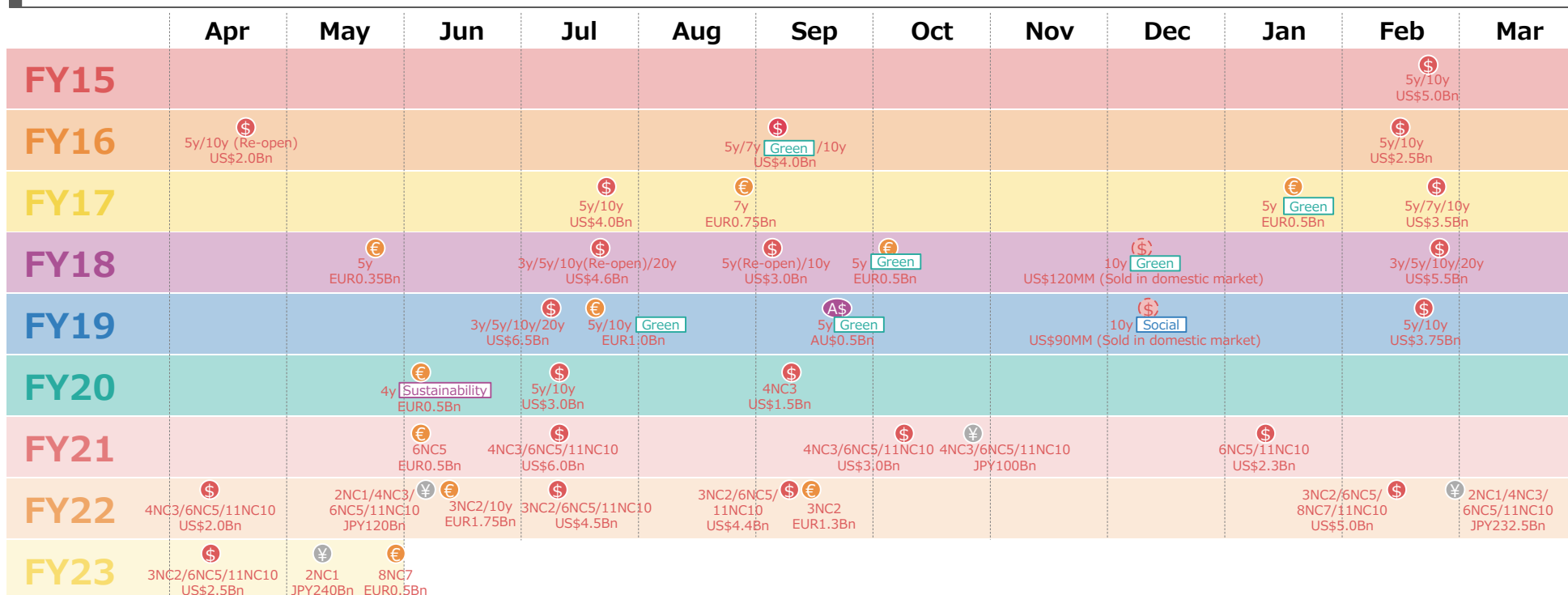
By currency\*1\*2



By term\*1\*2\*3



Past issuance calendar



\*1 Total of public issuance (excluding the amount of buyback) as of end May 2023

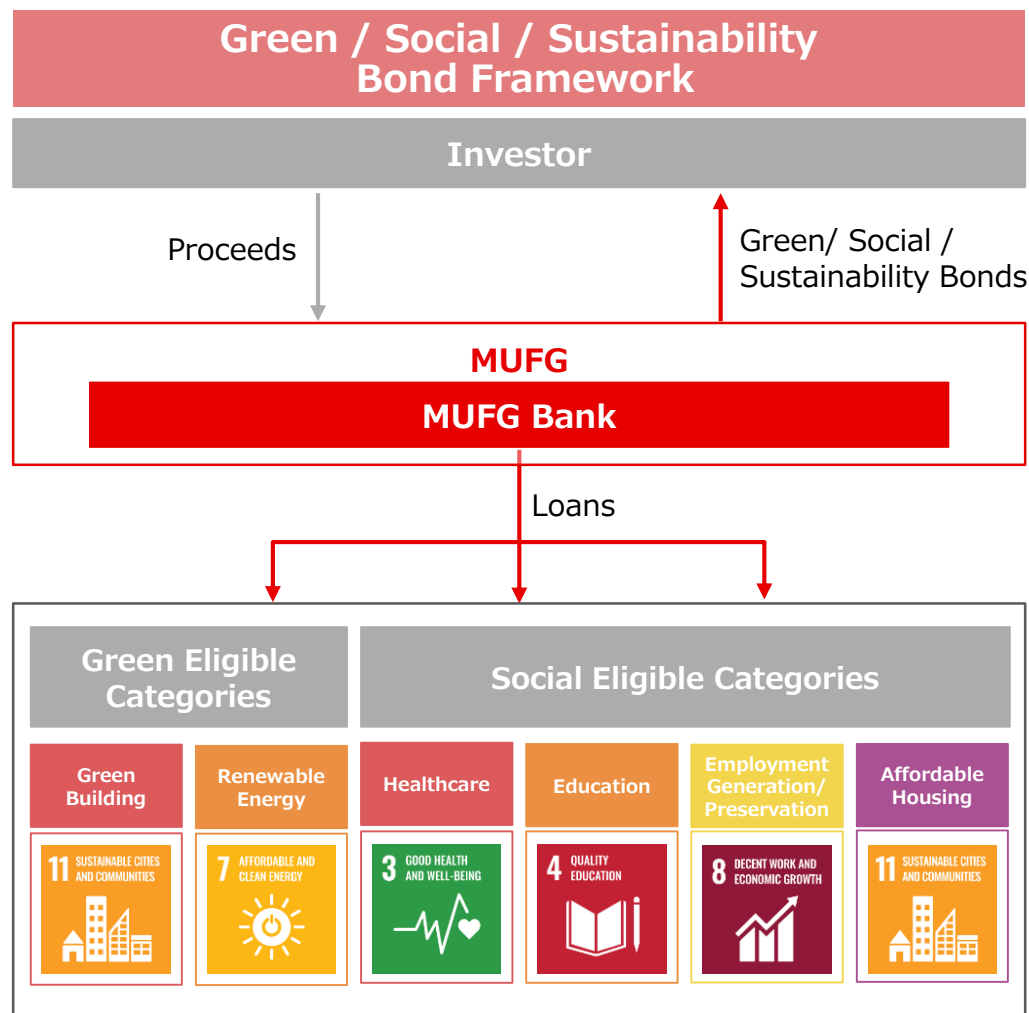
\*2 Exchange rates: As of end of each FY (for FY23: end May 2023)

\*3 Re-opening bonds are included in the original bonds' terms

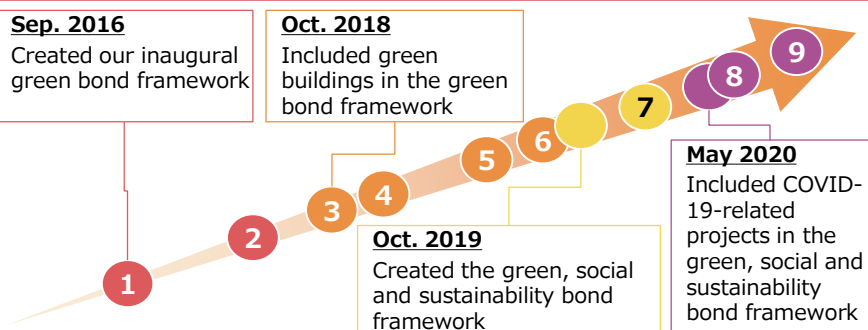
\*4 From April 1, 2023 to May 31, 2023

# MUFG's Green, Social and Sustainability Bonds

- MUFG revised its “Green, Social and Sustainability” bond framework in May 2020 and it is the first framework in Japan to channel funds specifically towards the fight against COVID-19
- MUFG has a proven track record as a frequent ESG bond issuer



## Track Record of Bond Framework Revision



## Green Bond Issuances

	Issuance	Currency	Amount	Tenor	Format
1	9/13/16	USD	500mm	7y	SEC
2	1/26/18	EUR	500mm	5y	Reg S
3	10/9/18	EUR	500mm	5y	Reg S
4	12/18/18	USD	120mm	10y	Japan Domestic
5	7/19/19	EUR	500mm	10y	Reg S
6	10/1/19	AUD	500mm	5y	Reg S

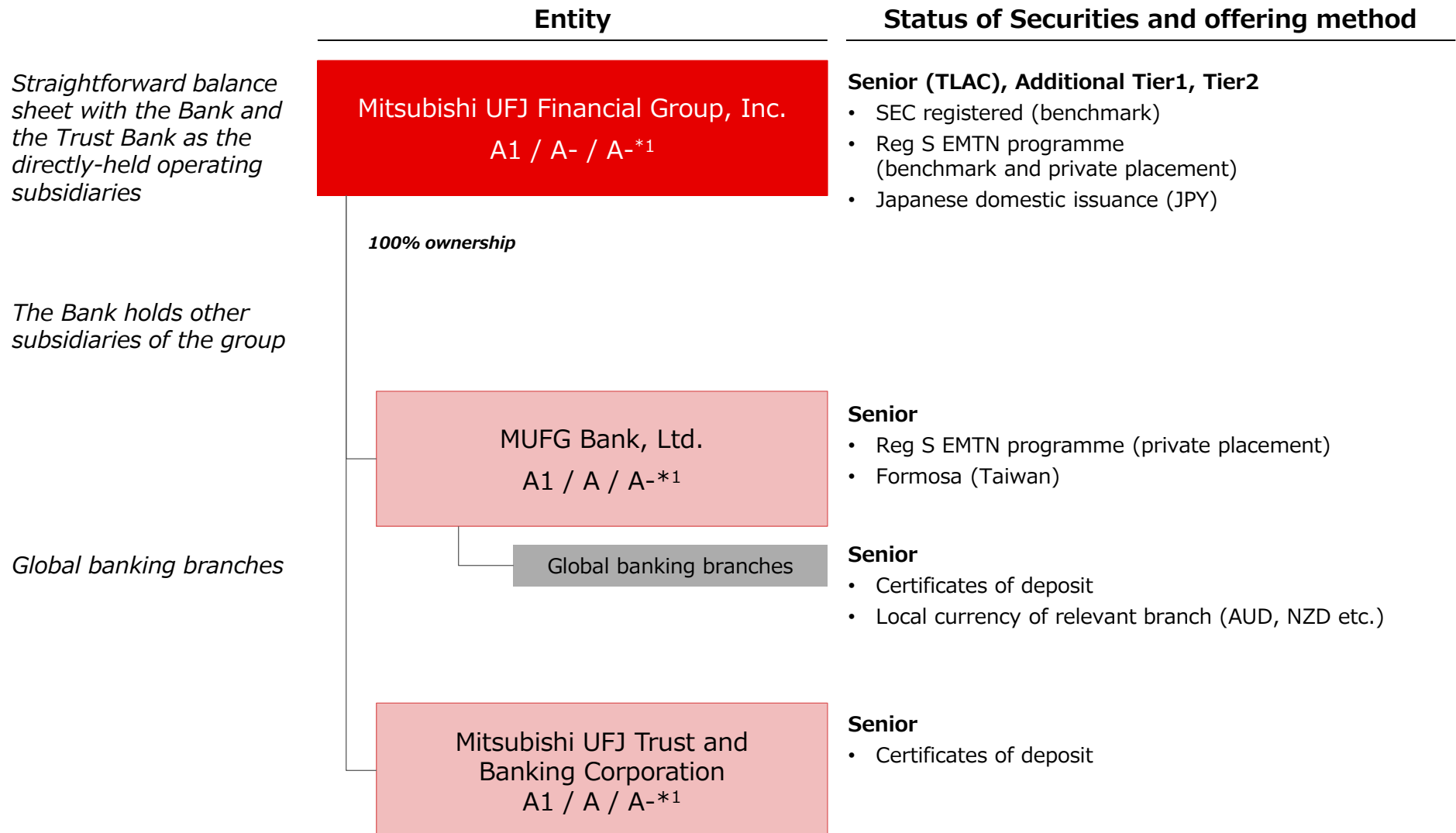
## Social Bond Issuances

	Issuance	Currency	Amount	Tenor	Format
7	12/12/19	USD	90mm	10y	Japan Domestic

## Sustainability Bond Issuances

	Issuance	Currency	Amount	Tenor	Format
8	6/9/20	EUR	500mm	4y	Reg S
9	9/30/20	JPY	54bn	10y	Japan Domestic
9	9/30/20	JPY	96bn	10NC5	Japan Domestic

# Corporate structure and issuing entities



\*1 Credit ratings assigned by Moody's, S&P and Fitch, respectively, as of end November 2022

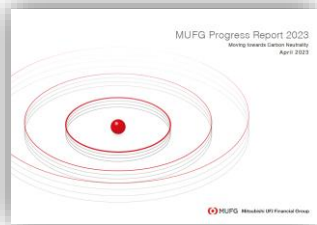


Section 4  
MUFG's approach to ESG

# Moving towards Carbon Neutrality

- Made major progress in initiatives to achieve net-zero emissions by 2050 over the past 2 years
- Plan to publish a transition plan in FY2023

MUFG Progress Report  
(published in Apr 23)  
➔ [Download](#)



## FY2023

✓ **MUFG Progress Report 2023**

**To be published in FY23** MUFG Transition Whitepaper 2.0

**To be published in FY23** Transition plan for MUFG's decarbonization

### Next Step

Complete setting NZBA's interim targets by sector by June 2024

- Auto, Airline and Coal sectors are under consideration

Results	Power, Oil & Gas sector (For 2020 and 2021)
Interim targets	Real estate, Steel, and Shipping sector
Emissions operation	Shifted domestic electricity source to 100% renewable Set interim target for FY2025 & 2026

## FY2022

✓ **MUFG Progress Report (1<sup>st</sup> ver.)**

✓ Contributed to set guidelines — Asia Transition Finance  
— NZBA Transition Finance

✓ **MUFG Transition Whitepaper**

✓ NZAM: Set 2030 interim target

Interim targets	Power, Oil & Gas sector
	<ul style="list-style-type: none"> <li>✓ Corporate finance target for coal-fired power generations</li> <li>✓ Expansion of decarbonization support service (i.e. TCFD consultant)</li> </ul>

## FY2021

✓ **MUFG Carbon Neutrality Declaration**

✓ Joined NZBA and participated in the Steering Group

✓ Participated in the GFANZ working group

GHG*1 Emissions Targets	
By 2050	Net zero from the financed portfolio
By 2030	Net zero from own operations

\*1 Green House Gas

# Milestones for Carbon Neutrality

- Disclosed interim target results for Power, Oil & Gas sectors
- Set interim targets for Real estate, Steel, and Shipping sectors

New disclosure, target or plan

MUFG transition plan

NZBA's target setting to be completed

	2019	2020	2021	2022	2023	2024	...	2030 interim target	...	2040	2050
<b>1 Net Zero from Financed Portfolio</b>											
Power* <sup>1</sup> (emission intensity, gCO <sub>2</sub> e/kWh)	328	307	299	[Progress bar]				156–192gCO <sub>2</sub> e/kWh			Net Zero
Oil & Gas* <sup>2</sup> (emission reduction rate, MtCO <sub>2</sub> e)	84	81	76	[Progress bar]				(15%)–(28%)			
Real estate* <sup>3</sup> (emission intensity, kgCO <sub>2</sub> e/m <sup>2</sup> )				[Progress bar]							
Commercial real estate		65	[Progress bar]				44–47kgCO <sub>2</sub> e/m <sup>2</sup>				
Residential real estate		27	[Progress bar]				23kgCO <sub>2</sub> e/m <sup>2</sup>				
Steel* <sup>4</sup> (emission reduction rate, MtCO <sub>2</sub> e)	22		[Progress bar]				(22%)				
Shipping* <sup>1</sup> (PCA Score* <sup>5</sup> )			0.6	[Progress bar]				PCA ≤ 0			
<b>2 Decarbonization through Finance</b>											
Sustainable Finance (cumulative, ¥tn)	3.7	7.9	14.5	24.6	[Progress bar]				¥35tn		
Credit balance target for coal-fired power generation (FY)					[Progress bar]						
Project finance (US\$ bn)	3.58	3.77	2.95	[Progress bar]				(50%) from FY2019		Zero	
Corporate Finance (¥bn)		120	90	[Progress bar]						Zero	
<b>3 Net Zero GHG emissions from own operations</b>											
		[Progress bar]			FY2025	FY2026		Net Zero			
					Domestic GHG emissions (2/3) from FY2020	Gr. and global GHG emissions (50%) from FY2020					
<b>4 Decarbonization initiatives as an Asset Manager</b>											
	[Progress bar]							Reduce emissions per economic intensity by 50% from 2019 (targeting 55% of AuM)			

\*1 Scope 1 \*2 Scope 1, 2, 3 \*3 Scope 1, 2, 3-13 \*4 Scope 1, 2

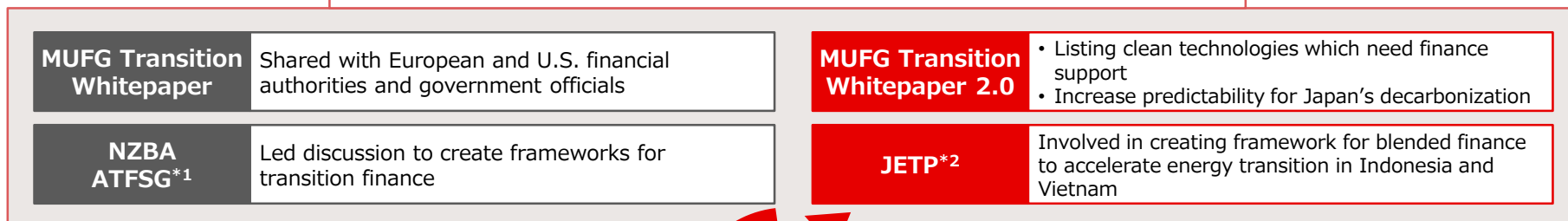
\*5 A measure of achievement level that indicates the difference from the required level for the entire portfolio. Calculated as the weighted average of the Vessel Climate Alignment (VCA) of individual vessels receiving financing based on the amount of each financing in the loan portfolio

# MUFG's Approach

- With involvement in rulemaking and making policy recommendations, MUFG seeks to assist clients in a responsible manner in their efforts toward decarbonization

## 1 Policy recommendations in collaboration with industries and government agencies, involvement in international rulemaking

■ : Past initiatives  
■ : New initiatives



## 2 Enhance capabilities to provide solutions to support customers' decarbonization in line with government policies and strategies

**Engagement: 1,500 companies\*3** Provided solutions through collaborating with external partners

Zeroboard Inc. linked cases: **300**

Tokio Marine & Nichido Fire Insurance Co.,Ltd TCFD consulting service proposals: **85**

Proposals Domestic : **120** Overseas : **960**

**Collaborating with regional banks**

Sharing knowledge on sustainable finance with regional banks

**Strengthen capabilities**

Expand to provide optimal finance solutions according to each company's development status

## 3 Identify new needs and issues along with leveraging various relationships

**Electricity PT\*4** Further strengthening relations with domestic power companies and industry associations

**Follow up**

Deepen understanding for clients' transition progress and leverage it for effective engagement

**Alliance with Hokkaido Gov.**

- Published Hokkaido carbon neutrality report
- Updated an agreement to develop new industries and human resources contributing to carbon neutrality

**Asia Zero Emission**

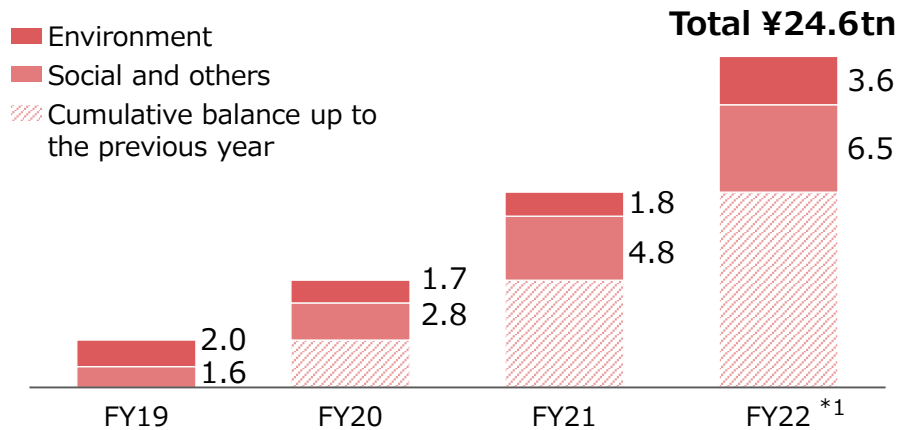
- Support Japanese companies to develop carbon neutrality business in ASEAN
- Strengthen relations with state-owned companies in Asia

\*1 **Asia Transition Finance Study Group** \*2 **Just Energy Transition Partnership** : A partnership led by the G7 to accelerate the early retirement of emission-intensive infrastructure and support investment in renewable energy generation and relevant infrastructure \*3 Including: Linked **300** companies to Zeroboard Inc., a company providing services that calculate and visualize GHG emissions from corporate activities (100 companies registered as partners of Zeroboard); Proposed TCFD consulting services (collaborating with Tokio Marine & Nichido Fire Insurance Co.,Ltd) to **85** companies and signed contracts with 11 companies; **Domestic** discussions and proposals for introducing new ESG financing (approx. **120** companies); **Overseas** discussions and proposals for transition strategy and short / mid-to-long term financing needs (approx. **960** companies) \*4 **Project Team**

# Decarbonization through Financial Services

- Steady growth in the balance of sustainable financing
- Transition support business is increasing

## Progress in sustainable finance



## Performance and external evaluation

New award established in 2022  
MUFG is the first winner

**Best Sustainable Finance Adviser\*2**

**Global No.1**

**BNEF\*3 2022 Renewable Energy Sector League Table**

**3 years in a row**

**Wind Investment Awards Lender of the Year**

**Gold Award 2 years in a row**

**The 4th ESG Finance Awards Japan (The Minister of the Environment Award)**

## Transition support

### First in the Japanese airline industry

Origination of a transition-linked loan to Japan Airlines Co., Ltd: Approx. ¥26.5bn



### First in the Japanese food industry

Origination of a transition-linked loan to Kirin Holdings Company, Limited: ¥50bn



### First in Japan

Money trust with green finance certification for retail investors (for loan claims against Tokyuu Fudosan Holdings Corporation)



### First in Japan

Green loan for a biogas power generation project using cattle manure as feedstock: for Kabuto Bio Farm, LLC. ¥3.5bn



## Renewable energy support

Financing support for one of **the world's largest** offshore wind projects\*4



Supporting **all offshore wind projects** in Japan



Co-financing with JBIC to support renewable energy project of a **state-owned oil company in Indonesia**\*5 : Total US\$ 50m



Co-financing with JICA to support **power distribution in Brazil** Total ¥18.2bn





\*1 Preliminary results \*2 Asset Publishing and Research Ltd, a financial media company founded in 1999 and headquartered in Hong Kong, established this award in FY2022 in view of the importance of sustainable financing. MUFG is the first winner \*3 Bloomberg New Energy Finance \*4 Hornsea 2 (The UK) \*5 Project based on Asia Zero Emission Community initiative proposed by the Japanese Government

# Initiatives to reduce GHG Emissions / Carbon Credits

- Progressed on initiatives to reduce GHG emissions from the financed portfolio and emissions from own operations


## Net Zero from the financed portfolio

Disclosed	2030 interim targets		
	Power	Oil & Gas	
Newly disclosed	2030 interim targets		
	Real Estate	Steel	
	<ul style="list-style-type: none"> <li>Interim target results of Power/Oil &amp; Gas sectors</li> <li>FE*1 results by sector in TCFD recommendations</li> </ul>		
Next step	Planning to set Auto, Airline, Coal and other sector targets *Aiming to address by June 2024, 36 months after MUFG joining NZBA		

## Net Zero from own operations

Disclosed	<ul style="list-style-type: none"> <li>Shifted to 100% renewable energy for electricity procured by all domestic consolidated subsidiaries</li> </ul>
Newly disclosed	<ul style="list-style-type: none"> <li>Roadmap including interim targets*3 for FY2025 and FY2026</li> </ul>
Next step	<ul style="list-style-type: none"> <li>Aim to obtain third-party assurance for emissions in FY2022 on a Group and global basis</li> </ul>

## Decarbonization initiatives as an Asset Manager

Disclosed	2030 interim target (NZAM)	
	Reduce GHG emissions per economic intensity by 50%, compared to 2019 for 55% of assets under management	
Newly disclosed	<ul style="list-style-type: none"> <li>Established new division among 5 MUFG AM companies*2</li> <li>Established a Sustainable Investing Policy </li> </ul>	
	Next step: <ul style="list-style-type: none"> <li>Aim to engage with approx. 50 companies selected based on GHG emissions and investment amount</li> </ul>	

## Initiatives for carbon credits through forest fund investments

Next step	<ul style="list-style-type: none"> <li>Plan to initiate creating carbon neutral financial business through forest fund investments</li> <li>Aim to vitalize domestic and global CC*4 markets and stimulate potential CC offset demand</li> </ul>	
	 <pre>                 graph LR                     FF[Forest funds] -- Investment --&gt; MUFG[MUFG CC inventory]                     MUFG -- Receiving CC --&gt; FF                     MUFG -- trading --&gt; EX[Exchange]                     EX --&gt; CU[Customers]             </pre>	

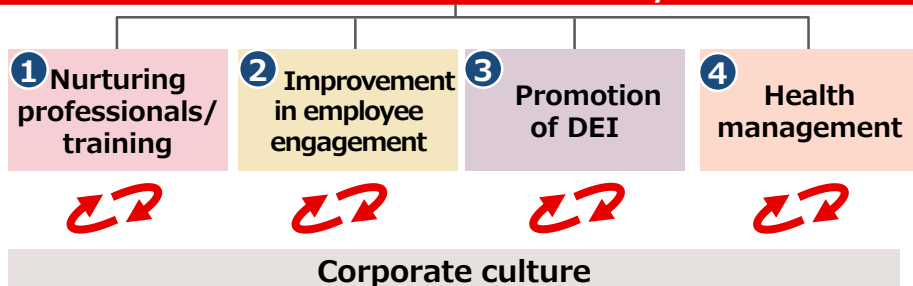
\*1 Financed Emission \*2 MUFG AM Sustainable Investment Division (the Trust Bank (Investment Management Division), Mitsubishi UFJ Kokusai Asset Management, MU Investments, Mitsubishi UFJ Asset Management (UK), and Mitsubishi UFJ Alternative Investments) \*3 FY2025: Domestic GHG emissions 2/3 reduction from FY2020, FY2026: Group and global GHG emissions 50% reduction from FY2020 \*4 Carbon Credits

# Initiatives for Human Capital Enhancement

• Human capital investment and HR framework to contribute to the recruitment and development of professionals

## Approach to human capital

Global financial group where each and every employee plays an active role and contributes to society and clients



## Human capital investment ① ②

■ Plan to raise wages to improve employee engagement and retain professionals

	the Bank	the Trust Bank	the Securities*1
<b>Actual Wage Increases*2</b>	Approx. 7% of annual income	Approx. 7% of annual income	Approx. 5% of monthly income*3
<b>Starting base salary for new graduates in FY24*4 (vs FY23)</b>	¥255k (+50k)	¥255k (+50k)	¥267k (+12k)

■ Investing in executives and employees in anticipation of changes in the business environment

Result	FY21	FY22	FY23 plan
<b>Training &amp; Development</b>	¥3.09bn	¥3.45bn	¥4.17bn

In addition to externally sourced training and development above, MUFG provides diverse educational opportunities through training that are unique to each entity or common to MUFG, where executives and employees serve as instructors

## DEI (Diversity, Equity & Inclusion) ③

Result	FY21	FY22	Target
<b>Ratio of women in management*5</b>	18%	19.6%	<b>22.0%</b> <span style="color:red">Raised from 20%</span> By end Mar 2024

## Revision of HR framework under consideration (the Bank)\*6 ① ② ③

■ Each and every employee with diverse values pursues professionalism and builds a career autonomously. Aim to become a company that is rewarding to work for and attracts people

Item	Revisions under consideration
<b>1. Introduce new "Professional" category</b>	<ul style="list-style-type: none"> <li>Remove boundaries between core business employees (<i>sogoshoku</i>) and administrative staff ("<i>Business Specialist</i>" position)</li> <li>Develop foundations to support employees' growth and to embrace their challenges in each assignment</li> </ul>
<b>2. Flex work location selection</b>	<ul style="list-style-type: none"> <li>Change the framework to help employees to choose their place of work according to their life events</li> </ul>
<b>3. Introduce Ex (Expert) rank</b>	<ul style="list-style-type: none"> <li>Designed to employees to enhance expertise in job area of their choice to develop career and to receive competitive reward</li> </ul>

## Initiatives to improve employees' mental & physical health

- Group companies, including the Bank, the Trust bank and the Securities, issue a Health Management Declaration
- Provide health & stress checks and health consultations in collaboration with industrial physicians

## External Evaluation

Several Group companies including the Trust Bank and the Securities have been certified as excellent health management companies.\*7 The Trust Bank received "White 500,"\*8 a rating for the top 500 companies



\*1 MUMSS \*2 Planned one-time increase in total wages in FY23 that includes base salary increases, regular pay raises, promotions, one-time allowances, other allowances and subsidies, and bonuses (the Bank and the Trust Bank) \*3 Monthly base salary raises given MUMSS bonuses are tied to performance \*4 Starting monthly salary level for college graduate-level core business employees (*sogoshoku*) across Japan \*5 Ratio of women in line manager (*jicho* or *kacho*) or higher positions in the Bank, the Trust Bank, and MUMSS in Japan

\*6 Discussions are underway with the employees' union. This update is based on the assumption of an agreement with them

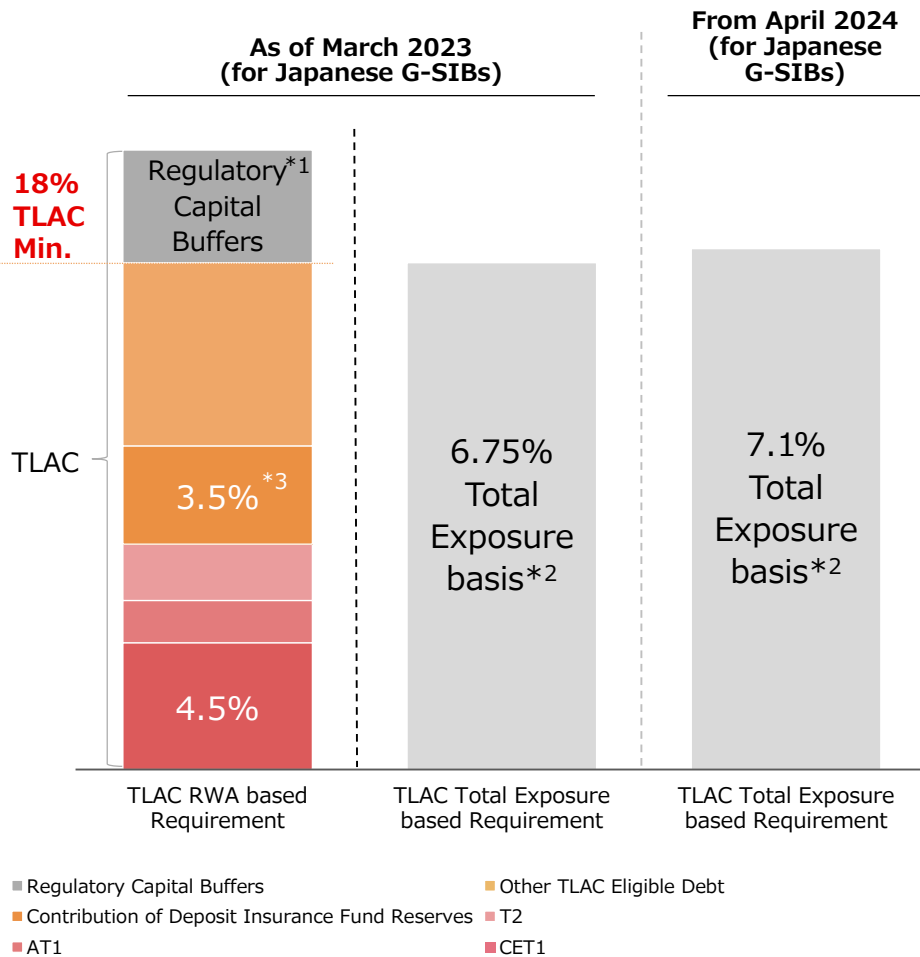
\*7 Awarded by Tokyo Stock Exchange, Inc. and the Ministry of Economy, Trade and Industry \*8 Awarded by Nippon Kenko Kaigi and the Ministry of Economy, Trade and Industry

# Appendix



# Japanese TLAC framework summary

## TLAC minimum requirement



## Japanese resolution system's features

- Contribution of Deposit Insurance Fund Reserves<sup>\*3</sup>
- Multiple treatments prior to loss absorption point, even after Point of Non-Viability ("PONV")<sup>\*4</sup>
- Multiple precedents of prompt corrective action and preemptive capital infusion<sup>\*4</sup>

## Requirements for external TLAC-Eligible Debt (excerpt)

- The Holding Company is a resolution entity in Japan ("Domestic Resolution Entity") designated by the FSA
- External TLAC-eligible debt is issued by the Holding Company as the Domestic Resolution Entity

## Enhanced requirements for leverage ratio and TLAC ratio

- From April 2024, the total minimum leverage ratio will increase from 3.75% to 3.95% (minimum leverage ratio increase: 3% to 3.15%; G-SIB buffer increase: 0.75% to 0.8%). The TLAC total exposure basis requirement will also increase from 6.75% to 7.1%
- Deposits with the Bank of Japan will continue to be excluded from the calculation of the leverage ratio and the TLAC ratio on a total exposure basis from April 2024

\*1 CET1 Buffer applicable to MUFG: G-SIB Surcharge:1.5%, Capital Conservation Buffer:2.5%, Counter-cyclical Buffer: ranging from 0% to 2.5% to be calculated as the weighted average of the buffers deployed across all the jurisdictions to which MUFG has credit exposures will be imposed

\*2 Based on FSA notification, deposits with the Bank of Japan are excluded from total exposures.

\*3 Japanese Deposit Insurance Fund Reserves fulfill the requirements for ex-ante commitments to recapitalize a G-SIB in resolution set out in the FSB's TLAC termsheet

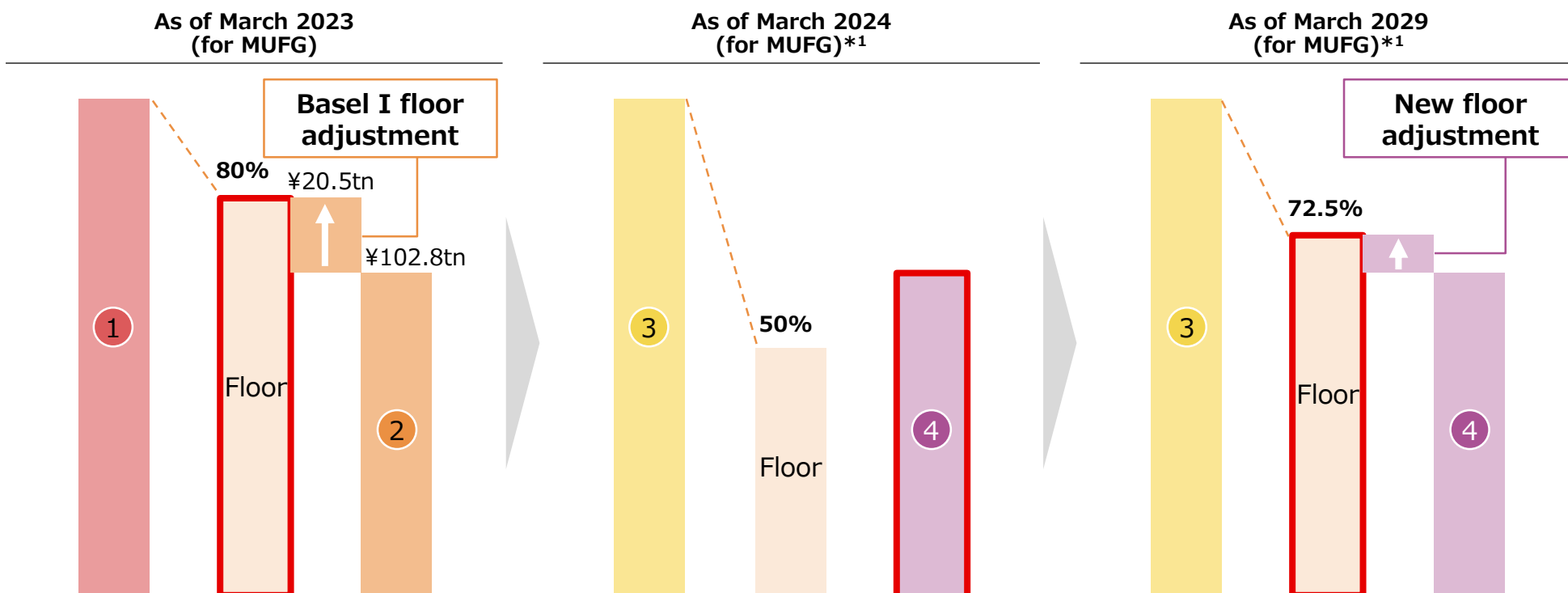
\*4 Prior precedents are not indicative of measures to be taken in a given case, and ordinary resolution measures may be applied without implementing any prompt corrective action or preemptive capital infusion or other measures

# Basel III risk-weighted assets (RWA) floor adjustment

- From March 2024, RWA capital floors based on standard methods will be implemented in phases
- Adjustments for variation in risk assets and framework revisions for CVA and credit risk will also be implemented

## RWA floor adjustment

Year	Mar 24	Mar 25	Mar 26	Mar 27	Mar 28	Mar 29
Output Floor	50%	55%	60%	65%	70%	72.5%



### RWA Calculations

- 1 RWA calculated using Basel I approach + capital deduction\*12.5
- 2 RWA calculated using the current Basel III approach + capital deduction\*12.5
- 3 RWA calculated using only the finalized Basel III standardized approach
- 4 RWA calculated using only the finalized Basel III nominated approach

: RWA to be adopted

\*1 The length of the bars in these charts is intended to show relative amounts only for the purpose of demonstrating the particular scenarios presented

# Multiple treatments prior to PONV\*1\*2

- In addition to the existence of capital subordinated to TLAC senior bonds, there are multiple measures that can contribute to ensure the remoteness to PONV.\*1\*2 Capital injection can also occur prior to PONV\*1\*2

Treatment at each trigger point and effects on TLAC bonds and capital securities

CET1 (incl. Regulatory Capital Buffers\*3): 8.5% (MUFG)

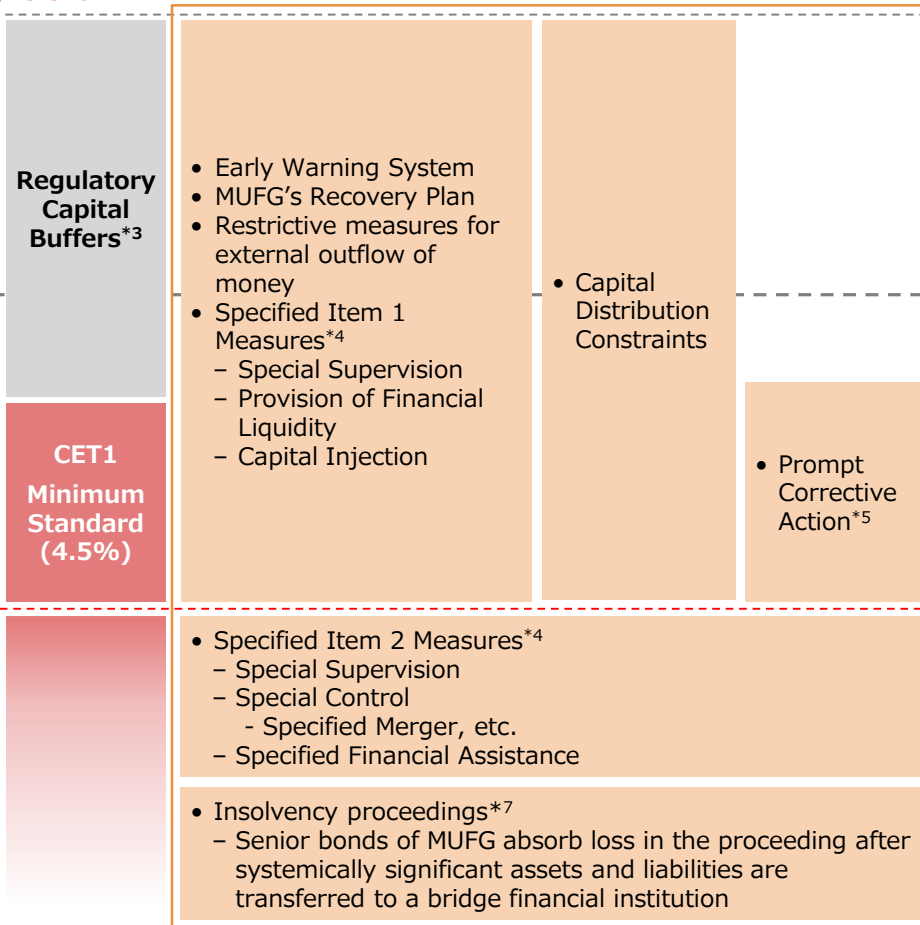
**Loss-Absorption Trigger**  
CET1: 5.125%

**Multiple measures help lower the PONV probability**

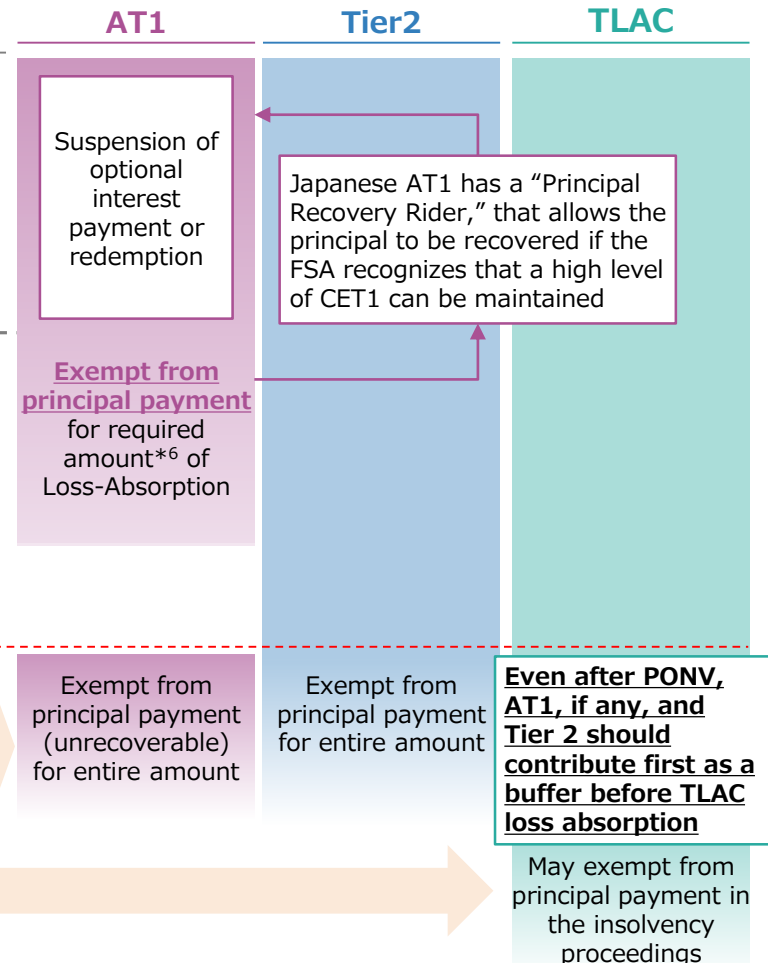
**PONV**

Negative net worth or suspension of payment obligations (incl. the likelihood thereof)

## Action Items (MUFG, FSA)



## Effects on TLAC bonds and capital securities



\*1 PONV will be deemed to have occurred when the Prime Minister of Japan, following deliberation by Japan's Financial Crisis Response Council pursuant to the Deposit Insurance Act, confirms that "Specified Item 2 Measures" need to be applied to a financial institution if its liabilities exceed or are likely to exceed its assets, or it has suspended or is likely to suspend payment of its obligations

\*2 Prior precedents are not indicative of measures to be taken in a given case, and ordinary resolution measures may be applied without implementing any prompt corrective action or preemptive capital infusion or other measures \*3 CET1 Buffer applicable to MUFG: G-SIB Surcharge:1.5%, Capital Conservation Buffer:2.5%, Counter-cyclical Buffer: ranging from 0% to 2.5% to be calculated as the weighted average of the buffers deployed across all the jurisdictions to which MUFG has credit exposures will be imposed \*4 Implementation of Specified Item 1 and 2 measures will depend on economic conditions and the financial institution's soundness. Also, Specified Item 1 measures may not necessarily be applied before Specified Item 2 measures \*5 In the case that TLAC ratio falls below minimum requirement, Business Improvement Order may be issued \*6 Required amount for CET1 to exceed 5.125%, which is determined through discussion with the FSA \*7 Executed as legal insolvency proceedings after being taken over by a specified successor financial institution

# Comparison of loss absorption mechanism of AT1 capital securities

	Japan	USA	UK	EU	Switzerland
<b>Capital injection prior to PONV</b>	✓ <sup>*1</sup>	X	X	X	X
<b>Going Concern</b>					
<b>Trigger</b>	>5.125%	N/A	7% <sup>*2</sup>	> 5.125% <sup>*3</sup>	High: 7% Low: 5.125%
<b>Loss absorption mechanism</b>	Write-down <sup>*4</sup> or conversion	N/A	Conversion	Write-down <sup>*4</sup> or conversion	Write-down or conversion
<b>Gone Concern</b>					
<b>Loss absorption mechanism</b>	Contractual write-down or conversion	Statutory write-down or conversion	Statutory write-down or conversion	Statutory write-down or conversion	Contractual write-down or conversion

\*1 Measures to be taken depend on each case. Orderly resolution measures may be taken without the implementation of a capital injection prior to PONV

\*2 Some institutions have defined the 7% trigger as a contractual base to include AT1 capital in their leverage ratio calculations

\*3 7% or 8% in some EU countries

\*4 Japan and some countries in EU have a write-up clause

# Japanese TLAC framework

## - Precedents of capital infusions in Japan

- The Japanese government has historically had multiple precedents of prompt corrective action and preemptive capital infusion\*1

### Major public sector support and resolutions

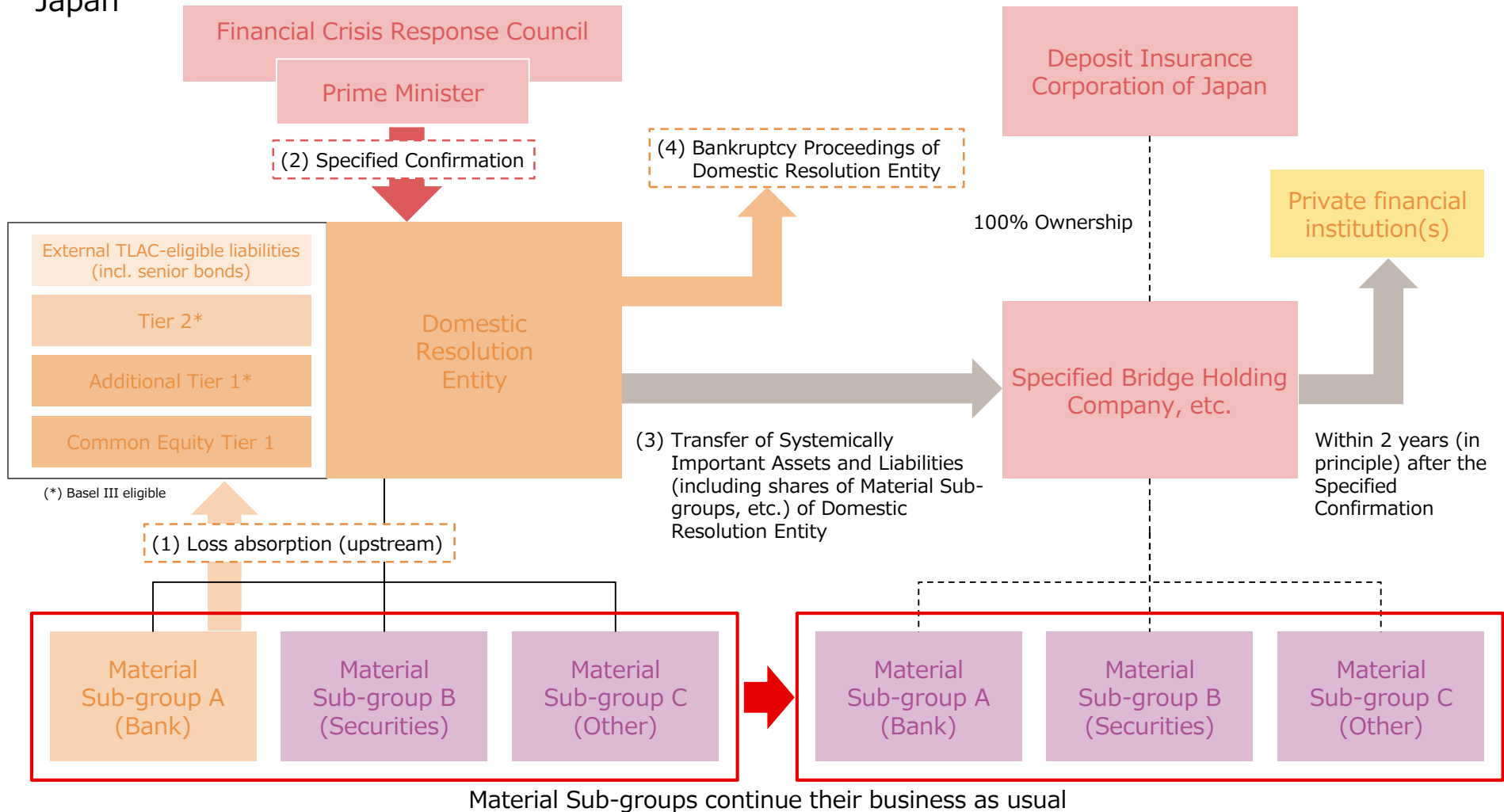
		Applicable rules	Bank	Date	Amount (¥bn)	Description
Public Sector Support	-	Article 102, Paragraph 1, Item 1 of the Deposit Insurance Act	Resona Bank	Jun 2003	296	Public funds infusion in common shares—government ownership of 50.1%
				Jun 2003	1,663	Public funds infusion in convertible preferred shares
Preemptive capital infusion		Act on Special Measures for Strengthening Financial Functions	Howa Bank	Mar 2014	16	Public funds infusion in convertible preferred shares
			Kirayaka Bank (Jimoto Holdings)	Dec 2012	30	Public funds infusion in convertible preferred shares
			Tohoku Bank	Sep 2012	10	Public funds infusion in convertible preferred shares
			77 Bank	Dec 2011	20	Public funds infusion in subordinated loans
			Tsukuba Bank	Sep 2011	35	Public funds infusion in convertible preferred shares
			Sendai bank (Jimoto Holdings)	Sep 2011	30	Public funds infusion in convertible preferred shares
			Miyazaki Taiyo Bank	Mar 2010	13	Public funds infusion in convertible preferred shares
			Hokuto Bank (Fidea Holdings)	Mar 2010	10	Public funds infusion in convertible preferred shares
			Kochi Bank	Dec 2009	15	Public funds infusion in convertible preferred shares
			Towa Bank	Dec 2009	35	Public funds infusion in convertible preferred shares
			Daisan Bank	Sep 2009	30	Public funds infusion in convertible preferred shares
			Kirayaka Bank (Jimoto Holdings)	Sep 2009	20	Public funds infusion in convertible preferred shares
			Michinoku Bank	Sep 2009	20	Public funds infusion in convertible preferred shares
			Minaminihon Bank	Mar 2009	15	Public funds infusion in convertible preferred shares
			Fukuho Bank	Mar 2009	6	Public funds infusion in convertible preferred shares
Hokuyo Bank	Mar 2009	100	Public funds infusion in convertible preferred shares			
Howa Bank	Dec 2006	9	Public funds infusion in convertible preferred shares			
Kiyo Holdings (Kiyo Bank)	Nov 2006	31.5	Public funds infusion in convertible preferred shares			
Resolution	Negative net worth or failed	Article 74 of the Deposit Insurance Act	Incubator Bank of Japan	Sep 2010	N.A.	First resolution in which deposit payoff rule was actually invoked
	Negative net worth or failed	Article 102, Paragraph 1, Item 2 of the Deposit Insurance Act	N.A.			
	Negative net worth and failed	Article 102, Paragraph 1, Item 3 of the Deposit Insurance Act	Ashikaga Bank	Nov 2003	N.A.	DIC acquired all shares of the bank
	-	Act on Emergency Measures for the Revitalization of the Financial Functions	Nippon Credit Bank Long-term Credit Bank	Dec 1998 Dec 1998	3.6tn 3.2tn	Purchases the shares, unsuitable assets using special financial assistance, compensation for losses and purchase of shares, capital injection etc.

\*1 It is uncertain which measure is to be taken in a given case, and ordinary resolution measures may be applied without implementing any preemptive capital infusion

# Japanese TLAC framework

## - A model of procedures of orderly resolution under the SPE strategy for Covered SIBs\*1

- The below is based on a possible model\*2 of Covered SIBs resolution under the SPE approach\*3 as stated in the FSA's explanatory paper outlining its approach to introduction of the TLAC framework in Japan



\*1 Covered SIBs : (i) Japanese G-SIBs and (ii) a domestic systemically important bank ("Japanese D-SIB") that is deemed to be in particular need for a cross-border resolution arrangement and of particular systemic significance to the Japanese financial system if it fails

\*2 There is no assurance that the actual orderly resolution will be carried out as illustrated below

\*3 Single Point of Entry approach : to resolve a financial group at the level of its ultimate parent, rather than the operating companies at subsidiary level in financial difficulty, by the single national financial authority. However, it is uncertain which resolution strategy or specific measures will be taken in a given case, including whether or not the SPE resolution strategy is to be chosen and implemented in a given case

# Japanese TLAC framework

## - Requirements for external TLAC-Eligible Debt (Summary)

---

- Relevant obligations must be issued by a holding company designated as the Domestic Resolution Entity by the FSA;
  - There is no requirement for contractual loss absorption provisions as Japanese law provides for statutory loss absorption through bankruptcy proceedings
- Relevant obligations must be paid-in, unsecured and have a tenor of at least one year;
- Relevant obligations must not be subject to set-off or netting rights at the time of a PONV;
- Relevant obligations must not be redeemable by the holder prior to maturity, other than when redeemed at the option of the holder no less than one year after issuance;
- Relevant obligations must not be redeemable prior to maturity, other than when redeemed at the option of the issuer, in general, no less than one year after issuance, and with the FSA's prior confirmation;
- Relevant obligations must be subordinated (including by way of structural subordination only where the amount of excluded liabilities of the issuer ranking pari passu or junior to the issuer's unsecured senior liabilities does not exceed 5% of the issuer's external TLAC)

# Social

## - DEI (Diversity, Equity & Inclusion)

- Continue to invest to hire, develop, and promote diverse human resources, and seek to increase corporate value through decision-making and innovation that reflects diverse opinions

	Results (FY22)	Target	
Gender	Ratio of women in management*1	19.6% (as of Apr 2023)	22.0% By end Mar 2024
	Number of female directors and executive officers*2	19	-
	Ratio of female directors (MUFG)	25%	Agree with the "Challenge initiatives for 30% of Executives to be women by 2030"*3
	Ratio of male employees taking childcare leave*4 (the Bank, the Trust Bank, MUMSS)	91%, 100%, 100%	100%
Foreign nationals	Ratio of employees	57% (As of Mar 2023)	-
	Number of executive officers (the Bank)	8 (Inc. 1 woman)	-
	Ratio of foreign nationals in middle managerial positions*5	25.9%	Maintain or improve the current level
Mid-career hires	Ratio of mid-career hired in managerial positions*6	11.6%	Maintain or improve the current level
People with disabilities	Number of people with disabilities	Approx. 1,400 (As of June 2022)	-

**Raised from 20%**

### Approach to creating inclusive culture where employees respect and accept diversity

- Develop women's career
- DEI events (workshops, events devised by employees)
- Hold LGBTQ-related seminars and events
- Hold seminars with people with disabilities as instructors
- Raising awareness of unconscious bias
- Promote well balanced management of childcare, caregiving, infertility treatment

### External evaluation



Selected due to our initiatives to facilitate women's career development



Recognized for initiatives such as introducing a same-sex partnership certification



Certified as "Platinum Kurumin" (the Bank and MUMSS) by the Minister of Health, Labour and Welfare as child rearing support companies



Awarded Second Grand Prize in basic category at the Diversity Award sponsored by J-Win (the Trust Bank)



- MUMSS: Opened a massage room where employees with visual disabilities work as health keepers**
- The Bank: Invested in Mirairo Inc., a front-runner in hiring people with disabilities**



\*1 Employees in positions of line manager (*jicho* or *kacho*) or above in Japan of the Bank, the Trust Bank, and MUMSS

\*2 Total of MUFG, the Bank, the Trust Bank, MUMSS, and NICOS

\*3 The initiative led by the Nippon Keidanren \*4 Percentage of male workers whose spouses gave birth during FY22 as the denominator and who took childcare

leave during FY22 as the numerator \*5 Ratio of individuals hired overseas (the Bank and MUMSS cover overseas branches and affiliates which are substantially treated as a branch, such as MUB. The Trust Bank only covers overseas branches.) in positions equivalent to director or above to the number of those in positions equivalent to director or above in Japan and abroad \*6 Ratio of mid-career hired in managerial positions in Japan (including senior managers (*joseki chosayaku*) and others tasked with supervision (*kanri kantokusha*))



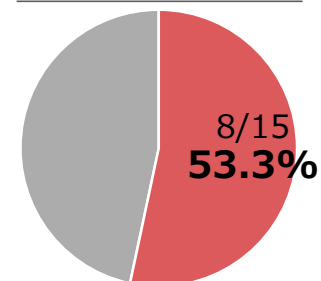
# Governance

## - Structure of the Board of Directors

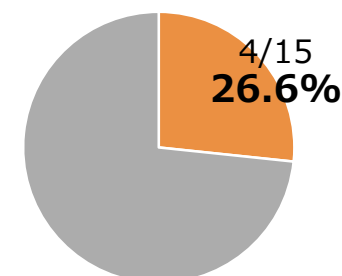
- (Planned to Be Nominated for Election at Shareholders Meeting in June 2023)

Name	Committee-related duties	Independent Outside	Knowledge, expertise and experience						
			Corporate management	Finance	Finance & accounting	Legal affairs	Global	IT/digital	Sustainability
1 Mariko Fujii	Nominating Compensation Risk*	●	—	●	—	—	●	—	—
2 Keiko Honda	Audit	●	—	●	—	—	●	—	●
3 Kaoru Kato	Nominating Compensation Audit	●	●	—	—	—	—	●	●
4 Satoko Kuwabara	Nominating Compensation*	●	—	—	—	●	●	—	●
5 Hirofumi Nomoto	Nominating* Compensation	●	●	—	—	—	—	●	●
6 David A. Sneider	Risk	●	—	—	—	●	●	—	—
7 Koichi Tsuji	Audit*	●	—	—	●	—	●	—	—
8 Tarisa Watanagase	Risk	●	—	●	—	—	●	—	—
9 Kenichi Miyanaga	Audit	—	Extensive knowledge of MUFG's business and the ability to appropriately perform management of MUFG				●	—	—
10 Ryoichi Shinke	Audit						●	—	—
11 Kanetsugu Mike							●	●	●
12 Hironori Kamezawa	Nominating Compensation						●	●	●
13 Iwao Nagashima							●	—	●
14 Junichi Hanzawa							—	—	●
15 Makoto Kobayashi							●	—	●

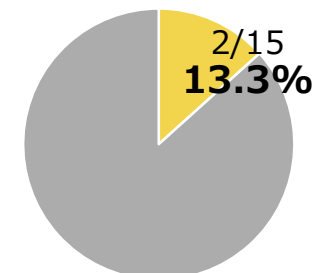
### Independent outside directors



### Female directors



### Foreign nationals



# Governance

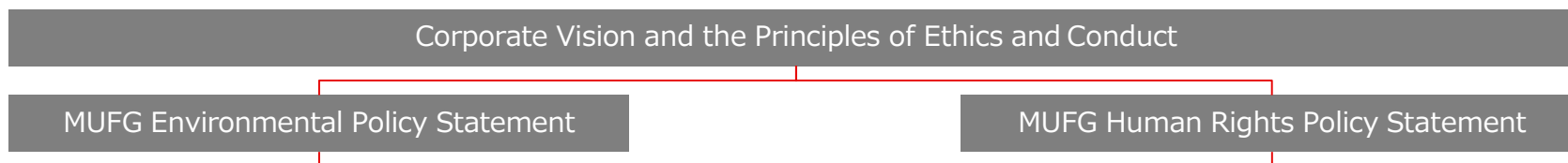
## - Compensation system of corporate executives

Type of compensation	Link to performance	Performance-based compensation range	Standards for payment		Weight	Time of payment	Payment method	Proportion of corporate executive's compensation (Example of Group CEO)
Annual base salary	Fixed	-	<ul style="list-style-type: none"> <li>•Paid based on positions, etc.</li> <li>•Includes Director Allowance, Committee and Chair Allowance, Housing Allowance, Overseas Representative Allowance, etc.</li> </ul>		-	Monthly	Cash	1
Stock compensation	Non performance - based	-	<ul style="list-style-type: none"> <li>•Base amount by position</li> </ul>		-	At the time of retirement of executives	50% in shares 50% in cash*4	1
	Medium- to long-term performance -based	0% - 150%	Base amount by position ×	Target attainment rate of indices below in MTBP (1) Consolidated ROE (2) Consolidated expenses reduction amount (excluding those linked to revenues) (3) Ratings granted by ESG rating agencies*1	<50%> 30% 15% 5%	At the end of the MTBP		
		Comparison of year-on-year growth rate of indices below with competitors*2 (1) Consolidated net operating profits (2) Profits attributable to owners of parent		<50%> 25% 25%				
Cash bonuses	Short-term performance -based	0% - 150%	Base amount by position ×	Performance factor <i>(For example: quantitative evaluation factor applied to the Group CEO)</i> Rate of year-on-year change and target attainment rate of indices below (1) Consolidated net operating profits (2) Profits attributable to owners of parent (3) Consolidated ROE (4) Consolidated expense amount)	<60%>  <i>(Example of Group CEO:</i> 20% 10% 20% 10%)	Annually	Cash	1
		Status of individual execution of duties <i>(For example: qualitative evaluation factor applied to the Group CEO)</i> •Improvement in customer-segment profitability •Risk handling •Advances in ESG-related initiatives and sustainability management*3 •Total shareholder return, etc.)		<40%>				

\*1 An absolute evaluation basis in light of the degree of improvement in external ratings granted by major five ESG rating agencies (CDP, FTSE, MSCI, S&P Dow Jones and Sustainalytics) \*2 Evaluated based on comparisons with main competitors (Mizuho Financial Group and Sumitomo Mitsui Financial Group) \*3 Includes contribution to the resolution of environmental and social concerns, raising awareness of inclusion & diversity and its promotion, and the strengthening and upgrading of MUFG's governance structure \*4 Subject to malus (confiscation) and clawback (restitution claim)

# Basic Environmental and Social policies and framework

- Formulated basic policies to contribute to addressing E/S issues through business activities aiming to appropriately identify and manage risks to the environment and society associated with business activities



## MUFG Environmental and Social Policy Framework\*1

- Identify “Prohibited Transactions\*1” and “Restricted Transactions\*1”
- Declare our policy of actively financing renewable energy business, such as solar and wind power generation, to help combat climate change while supporting the adoption of advanced technologies aimed at reducing GHG (Greenhouse Gas) emissions

### Prohibited Transactions\*1

- (1) Illegal transactions and transactions for illegal purpose, (2) Transactions which violate public order and good morals,
- (3) Transactions that negatively impact wetlands designated under the Ramsar Convention,
- (4) Transactions that negatively impact UNESCO designated World Heritage Sites,
- (5) Transactions violating the Convention on International Trade in Endangered Species of Wild Fauna and Flora (Washington Convention)\*2,
- (6) Transactions involving the use of child labor or forced labor
- (7) Cluster Munitions and Inhumane Weapons Manufacturing

### Restricted transactions\*1

Cross-sectoral items

- (1) Impact on Indigenous Peoples Communities,
- (2) Land expropriation leading to involuntary resettlement, (3) Impact on High Conservation Value areas

Sector specific items

Coal Fired Power Generation Sector

Mining Sector (Coal)

Oil and Gas Sector (Oil Sands, Arctic Development, Shale oil and gas, Oil and Gas Pipeline)

Large Hydro Power Generation Sector

Forestry Sector

Palm Oil Sector

\*1 Applied to products and services, including the extension of credit and the underwriting of bonds and stocks, for corporate clients of the Bank, the Trust Bank and the Securities HD

\*2 Taking into consideration country specific considerations

# MUFG's Green, Social and Sustainability Bond Framework

<b>Use of Proceeds</b>	<ul style="list-style-type: none"><li>• An amount equivalent to the net proceeds will be allocated to finance / refinance:<ul style="list-style-type: none"><li>– Eligible Green Projects: green building, renewable energy</li><li>– Eligible Social Projects: healthcare, education, employment generation and preservation, affordable housing</li></ul></li><li>• Look back period: 24 months*<sup>1</sup> for Eligible Green Projects and 36 months for Eligible Social Projects</li></ul>
<b>Project Evaluation and Selection</b>	<ul style="list-style-type: none"><li>• Each responsible division of the Bank or MUFG selects Eligible Projects based on the criteria</li><li>• MUFG's Office of the CFO, Financial Planning Division makes a final decision on the selection</li></ul>
<b>Management of Proceeds</b>	<ul style="list-style-type: none"><li>• Net proceeds managed on a portfolio basis</li></ul>
<b>Reporting</b>	<ul style="list-style-type: none"><li>• Allocation reporting: At least annually until full allocation and in a timely manner in case of material developments<ul style="list-style-type: none"><li>– Assertions by management and a review by Sustainalytics: Until full allocation</li></ul></li><li>• Impact reporting: Annually, where feasible, containing impact metrics, reflecting the share of the relevant Eligible Projects financed by the Bank</li></ul>
<b>External Reviewer</b>	<ul style="list-style-type: none"><li>• Sustainalytics</li></ul>

“Sustainalytics believes that MUFG is well positioned to mitigate potential environmental and social risks associated with the projects funded by the green, social, and sustainability bonds”

(Source) Sustainalytics: Second Party Opinion, May 13, 2020

\*1 With regards to eligible green building projects, certain certification must be received during the look back period except that DBJ Green Building Certification may be received during 1 year prior to the look back period

# External recognition

## Evaluation of ESG-related efforts

### The Fourth ESG Finance Awards Japan\*1

- Gold award in the Banking category (the Bank)
- Silver award in the Investors category (Asset Manager division) (the Trust Bank)
- Selected as an environmental sustainable company in the Environmental Sustainable Company category



## Inclusion in ESG indices

### ESG indices selected by GPIF\*3

Morningstar Japan ex-REIT Gender Diversity Tilt Index
MSCI Japan ESG Select Leaders Index
FTSE Blossom Japan Sector Relative Index
FTSE Blossom Japan Index
S&P/JPX Carbon Efficient Index

### Others

Bloomberg Gender-Equality Index 2023
FTSE4Good

Entities		2021	2022
1	MSCI	A	A
2	FTSE	3.3	3.9
3	Sustainalytics smaller figure stands for higher evaluation	19.3	18.0
4	S&P Dow Jones	53	62
5	CDP	B	A-
6	Nikkei SDGs	★5.0	★5.0
7	Toyo Keizai*2	390.6	389.9

Management Grand Prix

■ : indicators in executive compensation

\*1 Awarded by the Ministry of the Environment of Japan

\*2 Toyo Keizai Japan CSR Ranking. Toyo Keizai Inc. is an eminent economic magazine publisher in Japan

\*3 Government Pension Investment Fund of Japan

# Review of the second year of the medium-term business plan

- In the second year of the medium-term business plan, progress was made on key strategies

<b>Corporate transformation</b>	<b>Digital transformation</b> Progress as a financial and digital platform operator as well as in expansion of new customer base	<b>Contribution to address environmental and social issues</b> Disclosed results and set interim targets through Progress Report	<b>Transformation of corporate culture</b> Development of corporate culture "Challenge x Speed"
<b>Strategy for growth</b>	<b>Wealth management</b> WMPF* <sup>1</sup> contributed to increasing cross transactions	<b>Approach of proposing solutions to customer's issues</b> Enhancement of risk-taking in real estate sector Addressing social issues through investments	<b>Asia business</b> Capturing the economic growth through inorganic strategy and enhance CF* <sup>2</sup> business
		<b>GCIB &amp; Global Markets</b> Capturing loans and cross sells by adapting to the market condition Enhancement of institutional investors business	<b>Global AM/IS</b> Enhancing global AM structure Progress in providing combined high-value-added-services in IS
<b>Structural reforms</b>	<b>Cost and RWA control</b> Base expense: decreased RWA: continue disciplined management	<b>Review of our business portfolio</b> Americas: focus management resources towards the wholesale business Asia: investment in digital finances	<b>Transformation of platforms and our business infrastructure</b> Maintain resilience of overseas business and operations

\*1 Wealth management digital platform

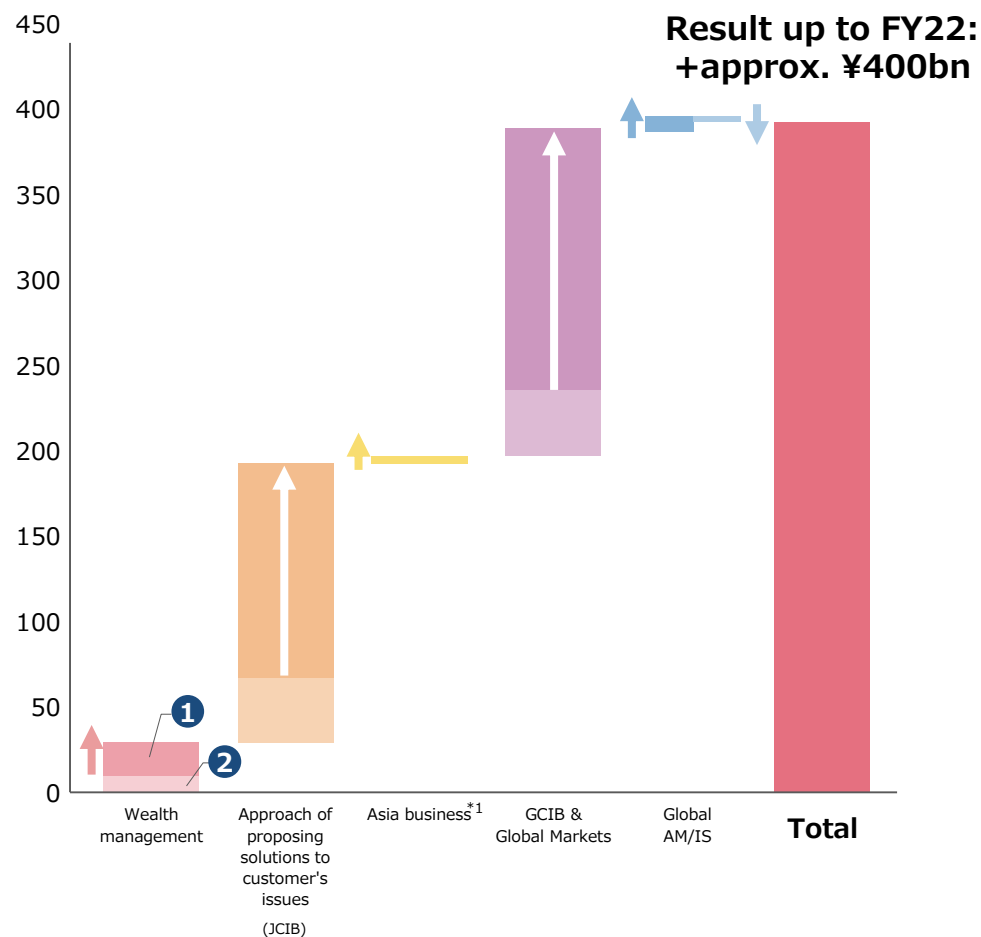
\*2 Consumer Finance

# Progress on key strategies

- Results on strategy for growth exceeded our targets and progressed ahead of schedule, while progress was made on structural reforms mainly due to the decrease of domestic base expenses

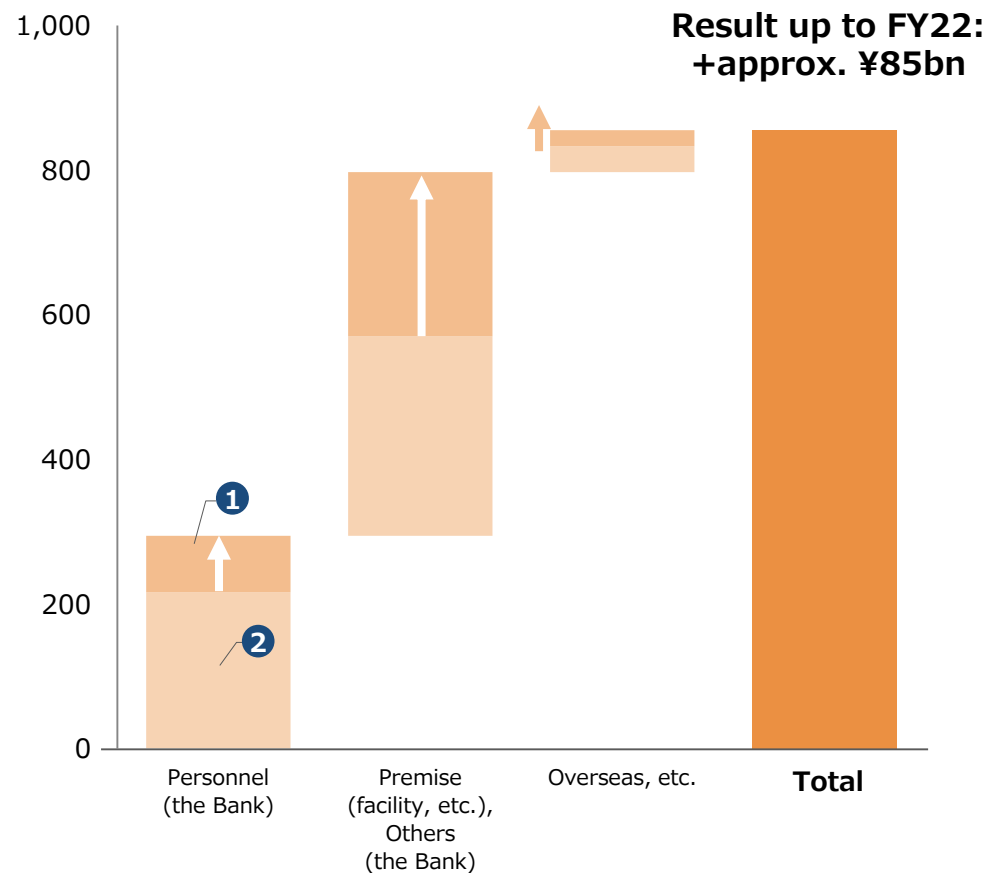
## Strategy for growth to improve net operating profits

(¥bn) ① (Upper) : YoY in FY22  
② (Lower) : YoY in FY21



## Structural reforms to improve net operating profits

(¥bn) ① (Upper) : YoY in FY22  
② (Lower) : YoY in FY21

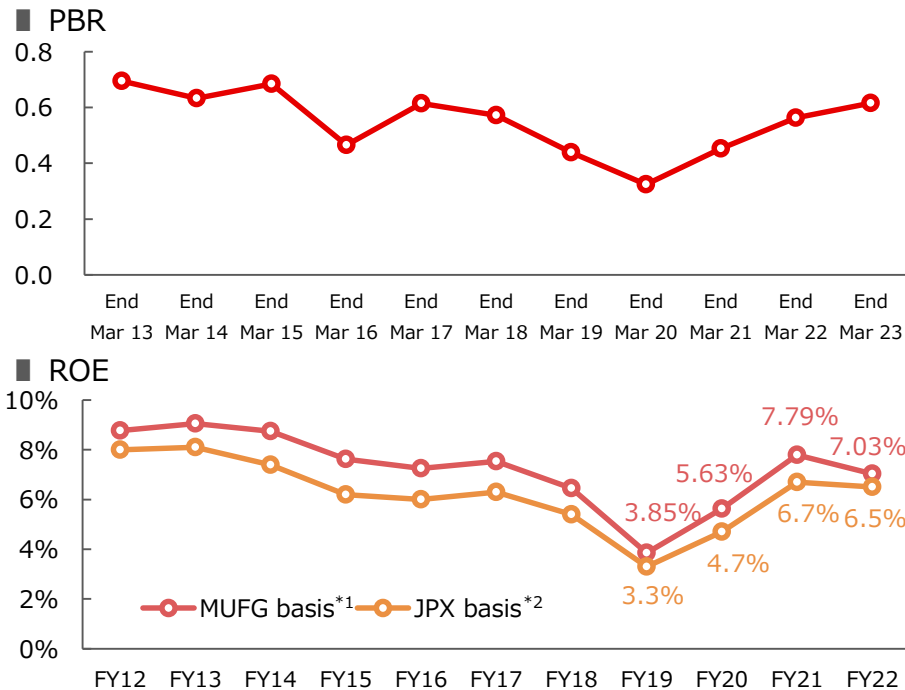


\*1 For Asia business, the estimated decrease in net operating profits during FY21 by the impact of market conditions, etc. such as the impact of policy rate cut, is not included in the MTBP target of strategy for growth. The growth from FY22 is included

# Initiatives to increase shareholder value

- Aim to achieve ROE above the Cost of Capital and increase shareholder value sustainably

## Strategy for growth

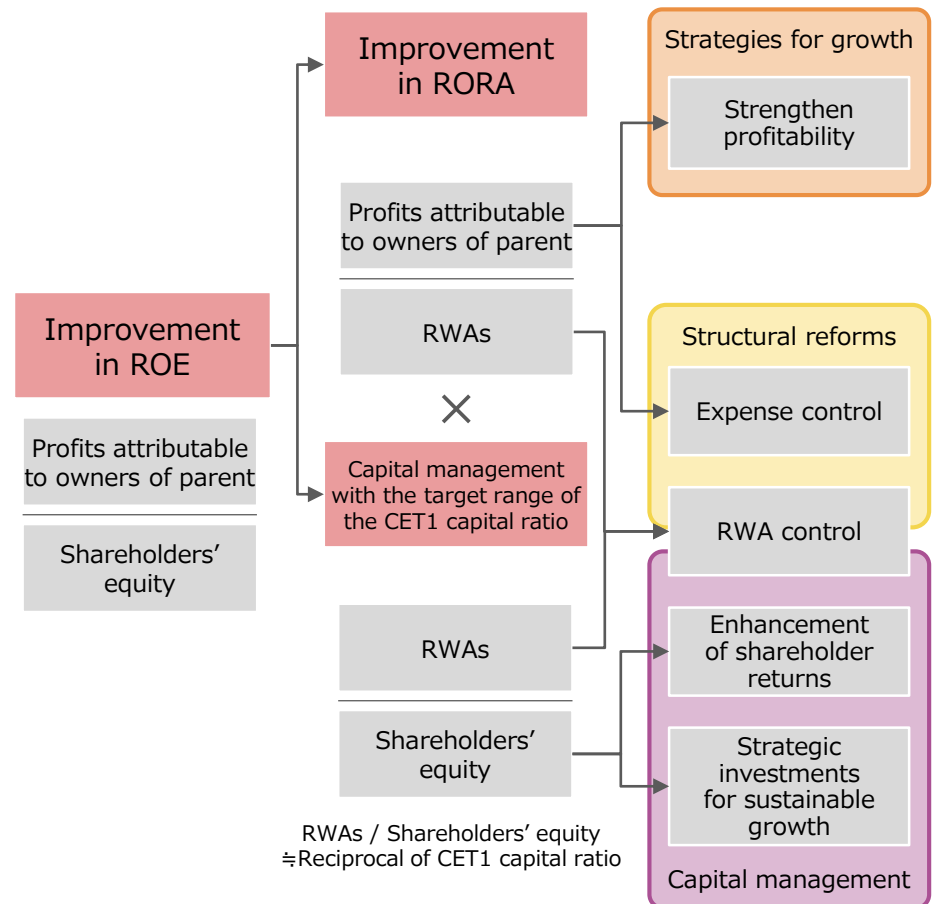


### Our recognition of issues

- Currently stagnant PBR is attributable to our ROE falling short of the Cost of Capital
- Aim to enhance ROE through Strategies for growth, Structural reforms and Capital management

$$PBR = 1 + \frac{\text{Equity spread (ROE - Cost of Capital)}}{\text{Cost of Capital - Growth rate}}$$

## Initiatives to increase shareholder value



\*1  $\frac{\text{Profits attributable to owners of parent}}{\left\{ \frac{(\text{Total shareholders' equity at the beginning of the period} + \text{Foreign currency translation adjustments at the beginning of the period}) + (\text{Total shareholders' equity at the end of the period} + \text{Foreign currency translation adjustments at the end of the period})}{2} \right\}} \times 100$

\*2 Japan Exchange Group



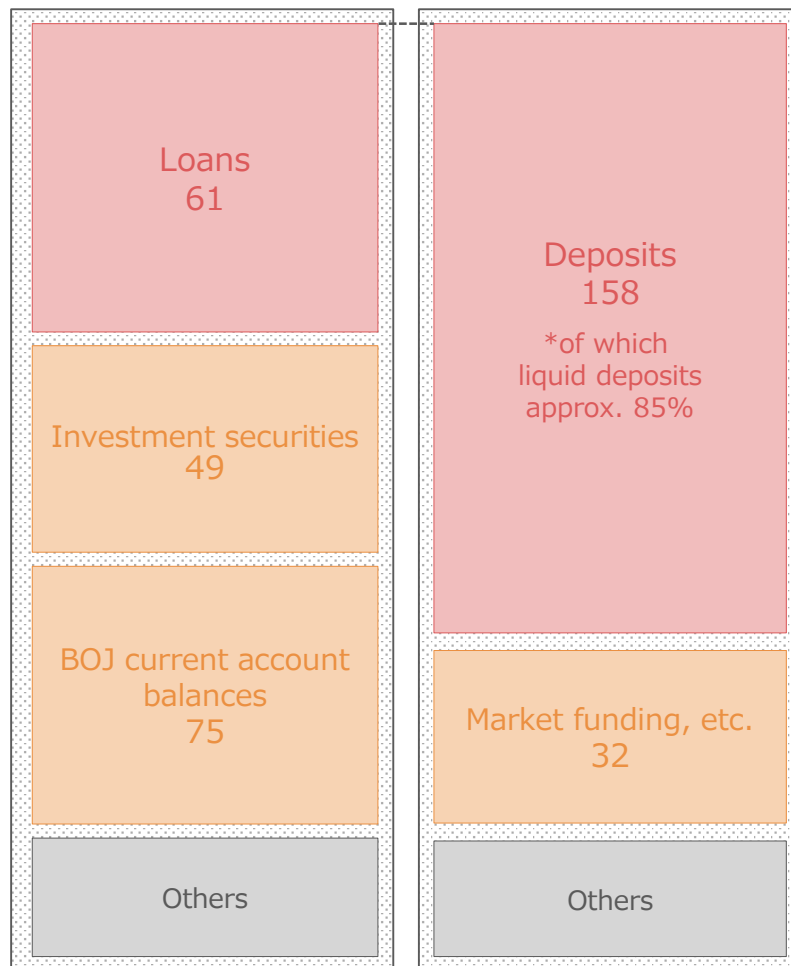
# JPY balance sheet

## JPY balance sheet

the Bank non-consolidated

(¥tn)

As of end Mar 23



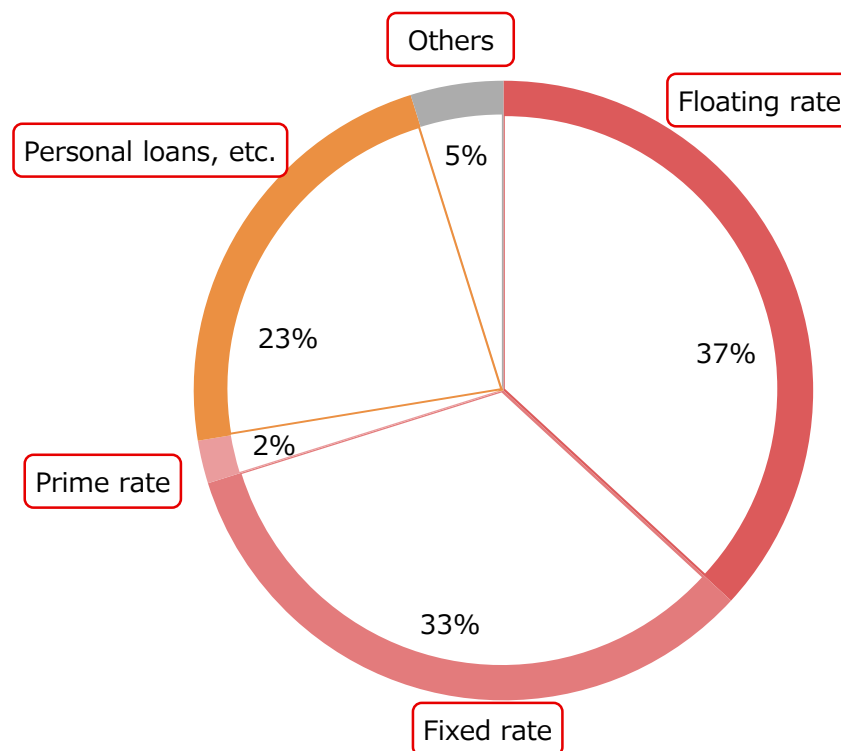
Assets

Liabilities

## Domestic loans (JPY denominated)

the Bank non-consolidated

As of end Mar 23

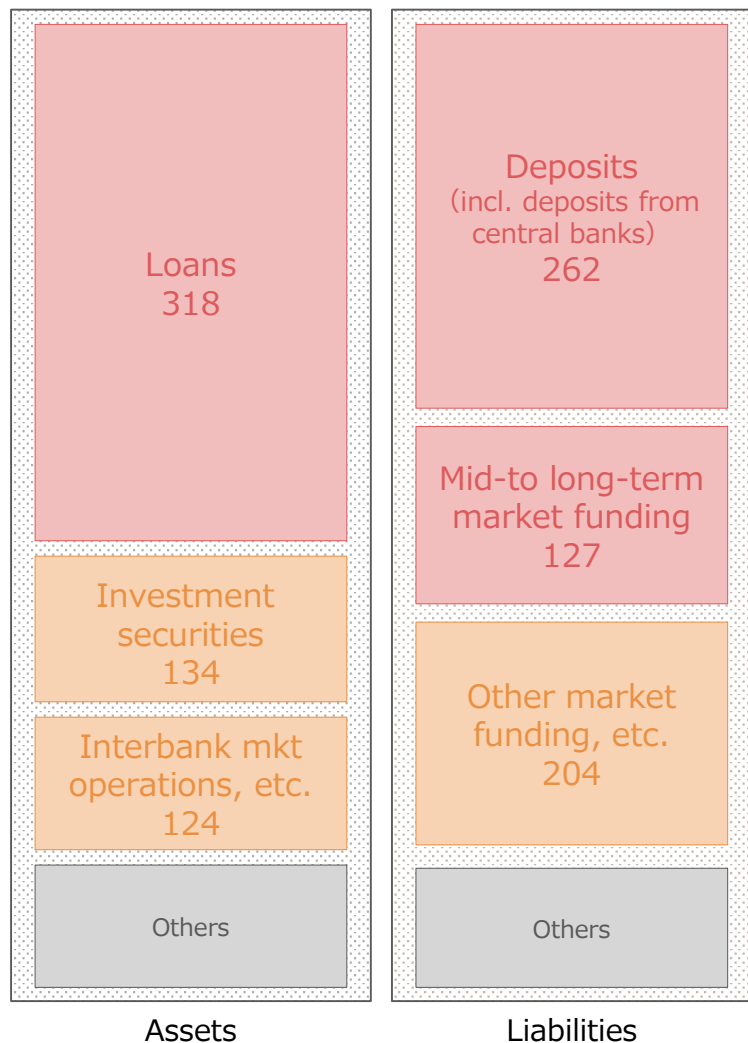


# Non-JPY liquidity\*1

- Managing soundness of the balance sheet based on a strategy with a focus on stability

(US\$bn)

As of end Mar 23



## Characteristics of MUFG Bank's non-JPY liquidity management\*1

**1. Deposits:** Securing stickiness\*2 with regional and industry diversification

**2. Mid-to long-term market funding:**

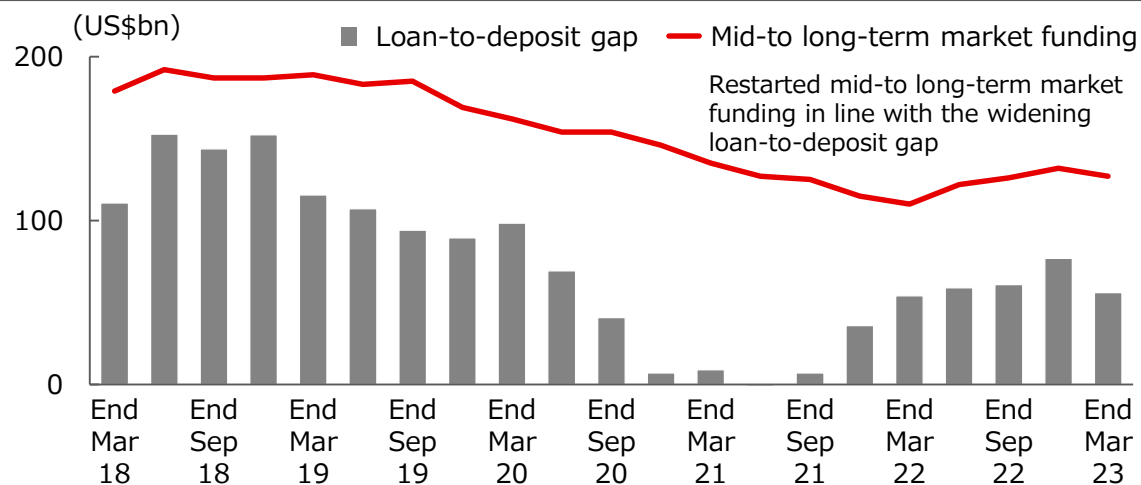
Emphasizing diversification of method and term

Corp bonds/ I/C borrowings	74	: TLAC eligible senior debt of MUFG etc.
Collateralized funding, etc.	15	: Cross-currency repos*3 (utilizing JGB) etc.
Mid-long term currency swaps	38	: Currency swap transactions are transacted in mid-to long-term

**3. Investment securities:** Holding large volume of high-liquidity assets that are expected to be quickly converted into cash, such as foreign government bonds

**4. Loans:** Within the balances of deposits and mid-to long-term market funding

## Historical loan-to-deposit gap & mid-to long-term market funding



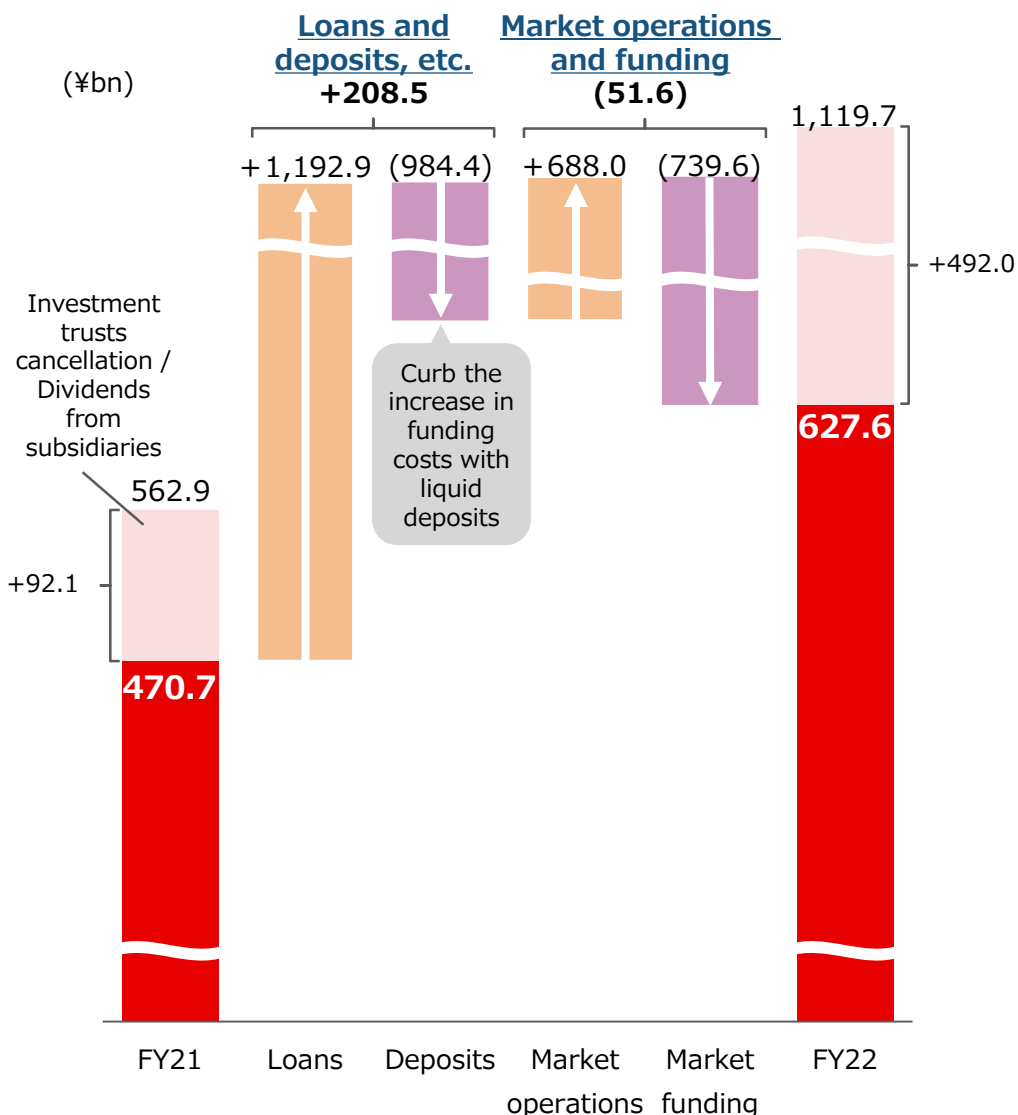
\*1 The Bank consolidated excl. MUAH, KS and BDI. Managerial accounting basis

\*2 Deposits that are considered to remain in the bank during times of stress

\*3 Repurchase agreements in which denominated currencies are different in cash transactions and securities

# Non-JPY net interest income & unrealized gains / losses of foreign bonds

Factors for changes in non-JPY NII\*1 Non-consolidated



Treasury business in response to non-JPY interest rates rise Non-consolidated

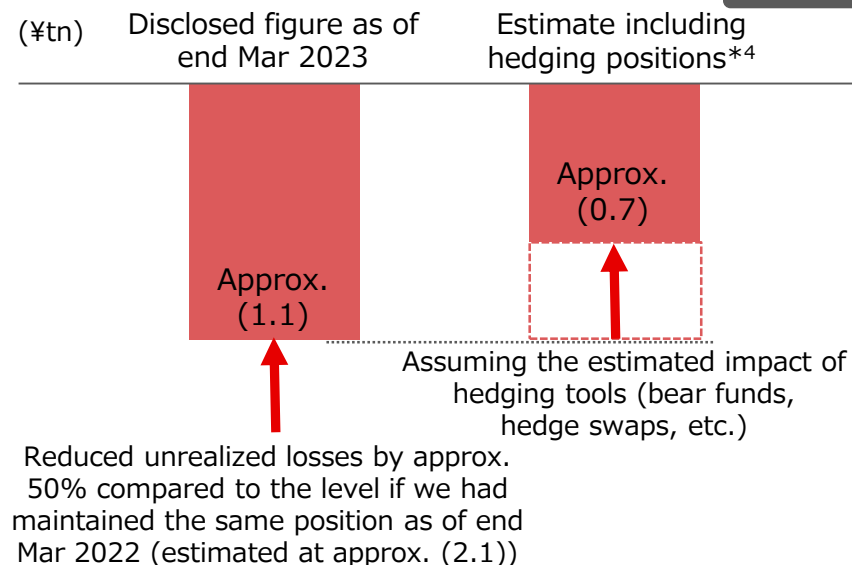
Current unrealized gains / losses

- Unrealized losses on foreign bonds were expanding due to interest rates rise
- Unrealized "gains" on a total AFS securities\*2 basis (including equities) is over ¥1tn

Controlling unrealized gains / losses on foreign bonds

- Reduce interest rate risk\*3 by utilizing bear funds and derivatives, etc.
- Utilize hedging tools to secure financial profits and sell foreign bonds with unrealized losses

■ Unrealized gains / losses on foreign bonds Consolidated



\*1 Net Interest Income. Domestic foreign currency + overseas branches, managerial accounting basis

\*2 Available-for-sale securities, managerial accounting basis

\*3 Risks of price fluctuations associated with our bond holdings due to interest rate fluctuations

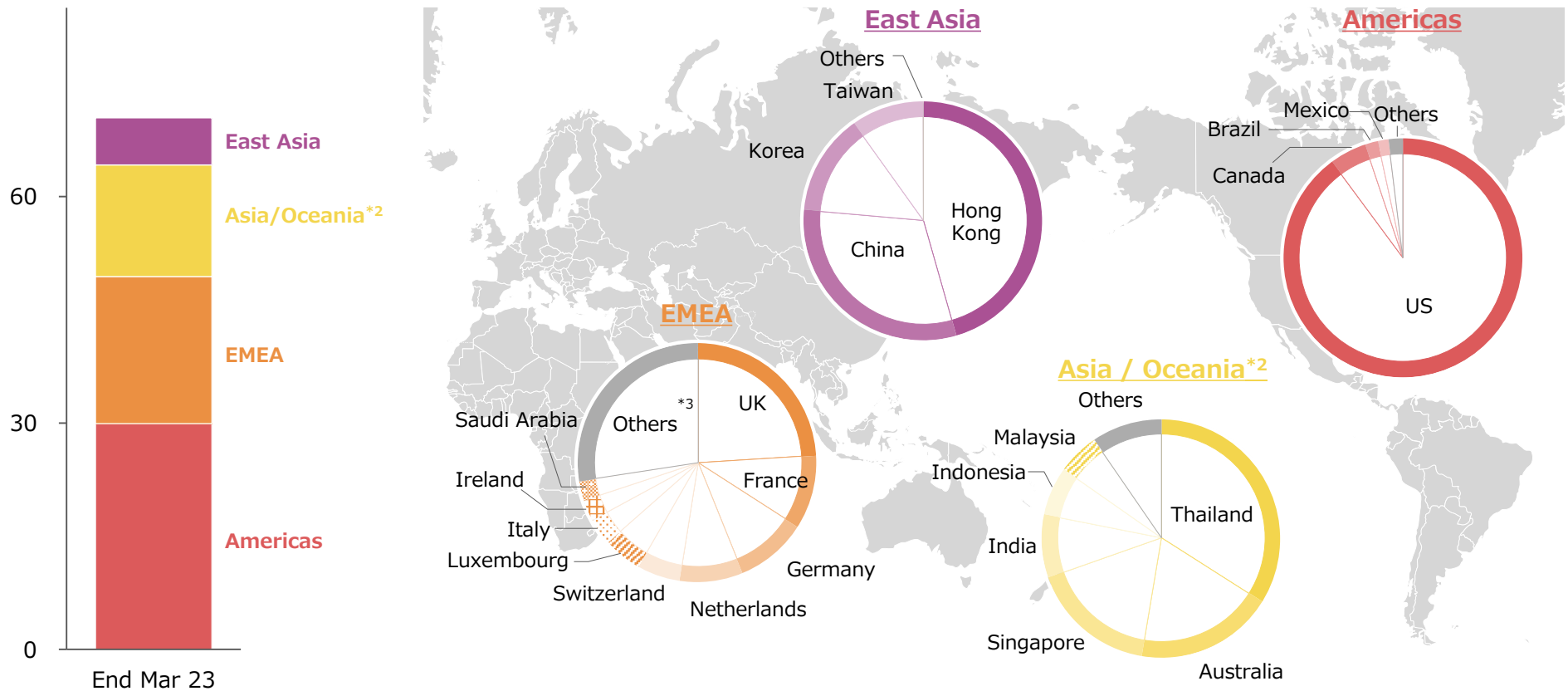
\*4 Managerial accounting basis

# Overseas corporate credit exposure

Credit exposure\*1 to overseas corporate borrowers by region

Consolidated

(¥tn)



\*1 Based on borrower's location. Including undrawn commitment, exposure in project finance etc. Excluding market risk exposure, inter-bank transactions and exposures to government agencies and central banks. Exchange rate applied is ¥133.53/US\$

\*2 Excludes BDI's exposure

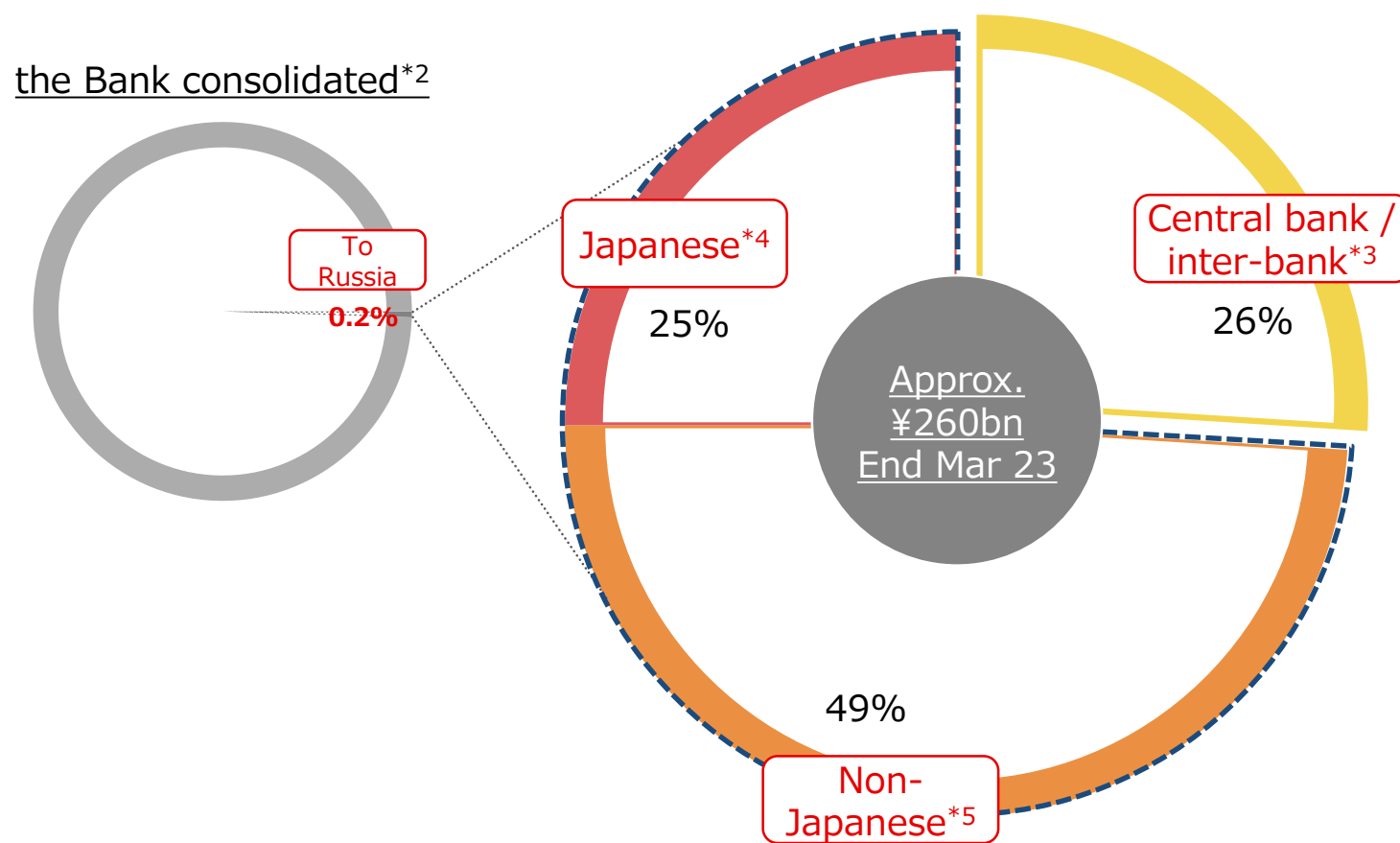
\*3 Others in EMEA are comprised of approximately 60 countries to which MUFG held less than 2.5% exposure

(Note) All figures are on managerial accounting basis

# Exposures to Russia\*1

- Exposures to Russia\*1 was approx. ¥260bn (End Mar 23)
- Balance excluding central bank and inter-bank transactions was approx. ¥190bn, **less than 0.2%** of the total balance of the Bank consolidated\*2

the Bank consolidated, incl local subsidiary, excl MUAH, KS, BDI



\*1 Based on borrower's location. Including undrawn commitment, market risk exposure and etc. All figures are on managerial accounting basis

\*2 Excluding the balance of central bank and inter-bank transactions etc.

\*3 Including due from banks and Russian government bond

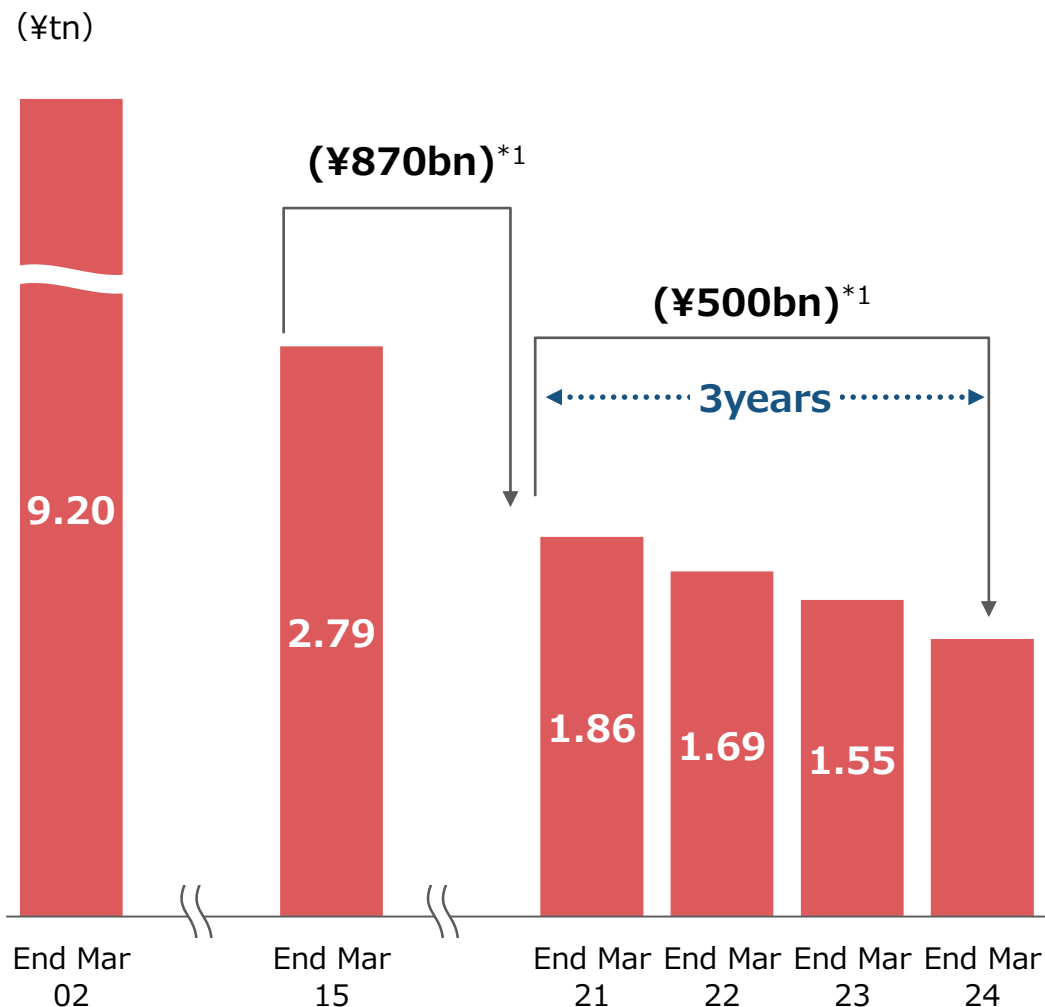
\*4 Affiliated with Japanese companies

\*5 Affiliated with non-Japanese companies

# Reduction of equity holdings

- Reduced equity holdings of ¥154bn in FY22, ¥323bn in cumulative total from FY21\*1

## Historical performance\*2 and target



## Total amount of sale\*1

(¥bn)	Amount of Sale	Acquisition cost basis	Net gains (losses)
FY15	211	117	94
FY16	267	149	118
FY17	318	201	117
FY18	242	127	115
FY19	240	139	101
FY20	267	137	130
<b>FY15-20 Total</b>	<b>1,545</b>	<b>870</b>	<b>675</b>
FY21	470	169	301
<b>FY22</b>	<b>425</b>	<b>154</b>	<b>271</b>

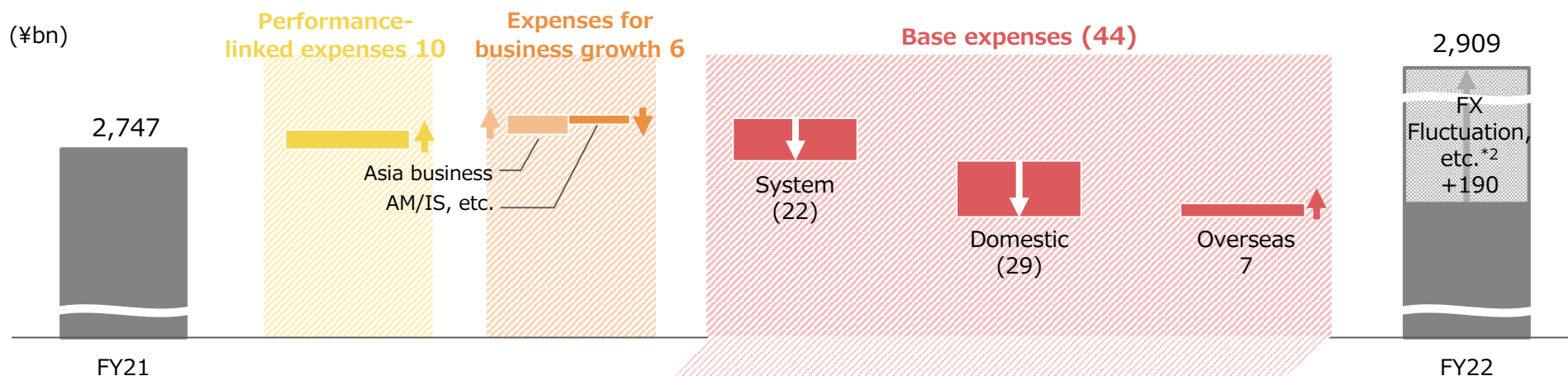
\*1 Sum of the Bank and the Trust Bank. Total amount of sale on an acquisition cost basis

\*2 Acquisition price of domestic equity securities with the category "other securities" with market value (consolidated)

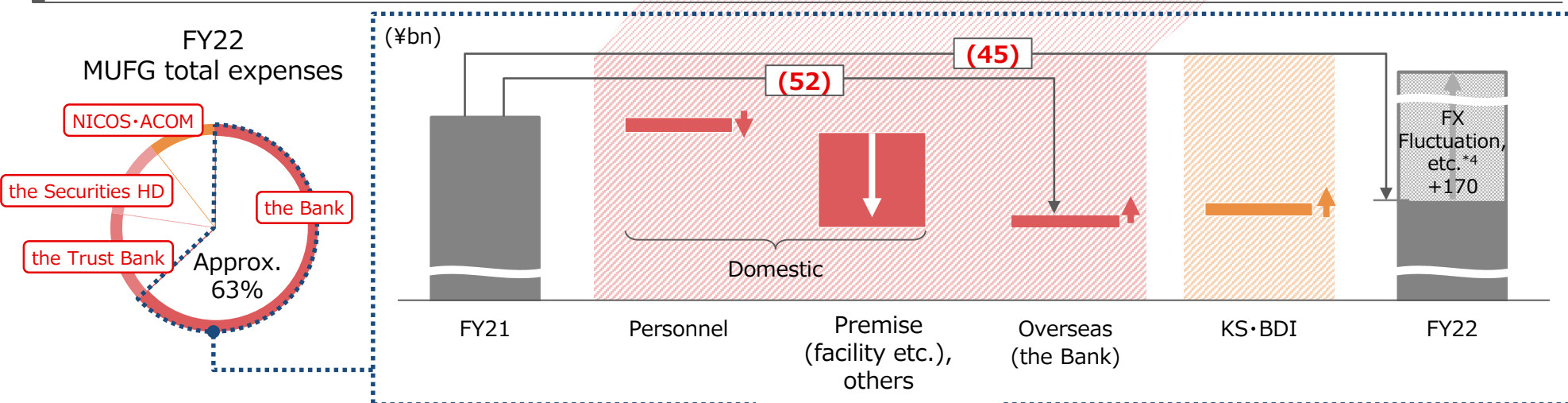
# Expenses

- Made progress in the reduction of base expenses. FY22 expenses decreased YoY excluding the impact of FX fluctuation, etc.

## Expenses\*1



## Expenses (the Bank including MUAH, KS, BDI)\*1,3

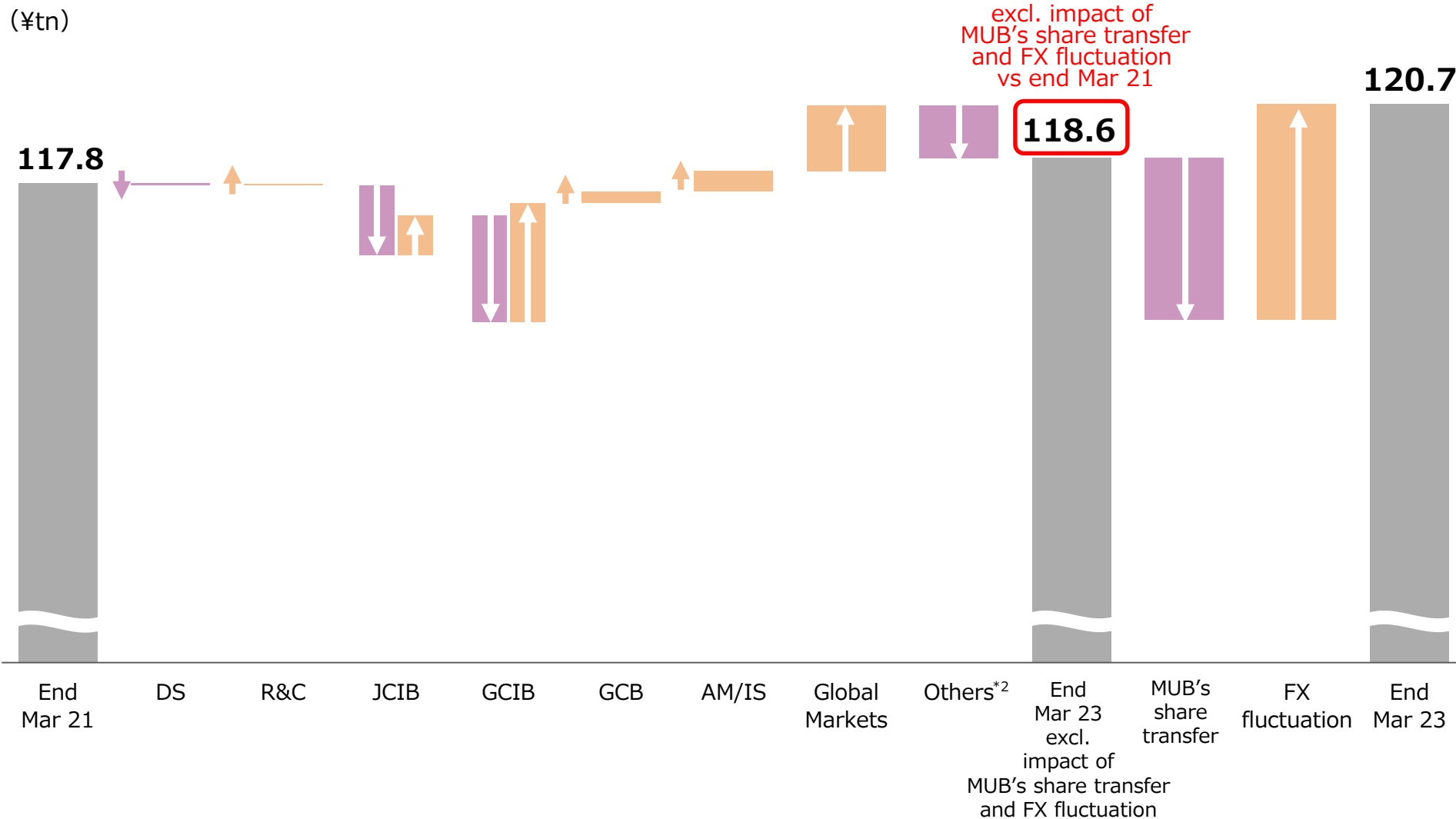


\*1 Internal managerial figure \*2 The impacts of FX fluctuation and MUB's share transfer are approx. ¥130bn and ¥60bn respectively

\*3 Includes parts of expenses for business growth, etc. \*4 The impacts of FX fluctuation and MUB's share transfer are approx. ¥110bn and ¥60bn respectively

# RWA\*1

- RWA is controlled through disciplined RWA management



\*1 Estimated RWA on the finalized Basel III reforms basis. Includes net unrealized gains on AFS securities

\*2 Impact of revision of Financial Services Agency Notification (published as of Apr 28, 2022), etc.



# Strategic investments for sustainable growth

- Consider capital utilization, albeit in a disciplined manner, as a key measure for securing sustainable growth. Periodically review the existing investments

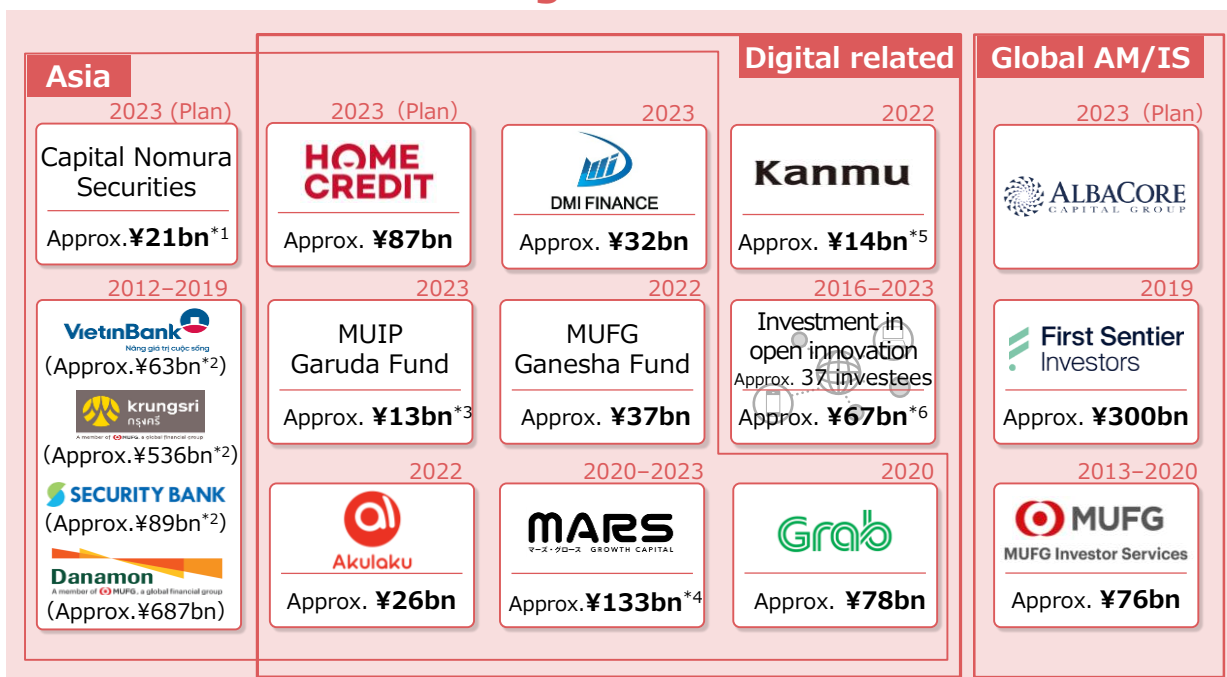
## Disciplined investment criteria

<b>Strategy</b>	Consider new investments in growth areas such as digital, global AM/IS and Asia, etc.	<b>Profitability</b>	Profitability criteria for enhancing corporate values Periodic monitoring after investments	<b>Capital efficiency</b>	Reallocate capital to strategic areas
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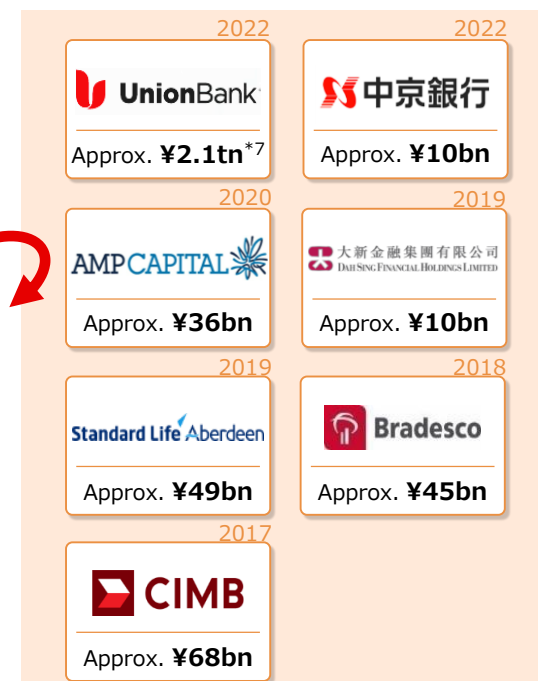
Current situation of consideration

- Focus on capturing returns in existing investments
- In spite of continuous consideration, no major investment projects will be considered for the time being
- If there is no candidate satisfying our criteria, excess capital is planned to be allocated to additional shareholder return

## Strategic Investment



## Divestment



\*1 JPY equivalent of planned investment of THB5,501mm using actual exchange rates as of end Jun 2022 \*2 Initial investment amount \*3 JPY equivalent of commitment amount of US\$100mm using actual exchange rate as of end Jan 2023 \*4 JPY equivalent of MUFG's LP commitment (incl. plan) using actual exchange rates as of end Mar 2023 \*5 JPY equivalent of share acquisition from FreakOut Holdings, inc. \*6 Internal managerial basis \*7 Approx. US\$15.6bn of total transaction value as converted into ¥ using actual exchange rates as of Dec 1, 2022

# Digital transformation

- Decided to invest approx. ¥200bn during FY22 to meet digital financial needs mainly in Asia

## Investments in digital financial players in Asia

### Home Credit | Approx. ¥87bn



(HC Indonesia, HC Philippines)

With dominant market shares in terms of POS loans\*1 in Indonesia and the Philippines

### Akulaku | Approx. ¥26bn



Akulaku

Providing digital financial services such as Buy Now Pay Later etc., mainly in Indonesia

### DMI Finance | Approx. ¥31.7bn



DMI FINANCE

Non-Bank Financial Company (NBFC) with a focus on consumer digital lending in India

### MUFG Ganesha Fund | Approx. ¥37bn\*2

Plans to invest US\$300mm in Indian middle-to late-stage startups. Have made in a total of three investments

### MUIP\*3 Garuda Fund | Approx. 13bn\*4

A fund to invest in Indonesian startups

**Take a multi-faceted approach to fulfill the growing financial needs in Asia**

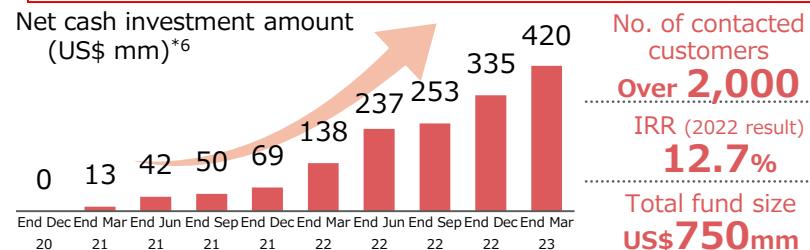
## Expansion of financial capabilities through open innovation

### Mars Growth Capital | Approx. ¥133bn\*5

- Utilize AI technology through joint venture with Liquidity Capital



**Development of AI based financing model in fund structure: Aiming to expand financial capabilities through technology**



**Expand into new areas**

- | Region | Investment Amount              | Key Initiatives  |
|--------|--------------------------------|--|
| Global | Mars Europe<br>Up to US\$250mm | • Enter European startup market  |
| Global | Mars NEXI<br>Up to US\$100mm   | • Invite Japanese investors through NEXI*7 insurance   |
| Japan  | Mars Japan<br>Up to ¥20bn      | • Support Japanese unicorn companies to accelerate growth<br>• Bring "AI based financing model" of Mars to Japan |

**Strengthen relationships with Liquidity Capital through investment from MUFG Bank**

\*1 Point of sale loan is an installment loan provided at automobile and household appliance dealerships \*2 JPY equivalent of planned investment of US\$300mm using actual exchange rates as of end Mar 2022 \*3 MUFG Innovation Partners \*4 JPY equivalent of commitment amount of US\$100mm using actual exchange rate as of end Jan 2023

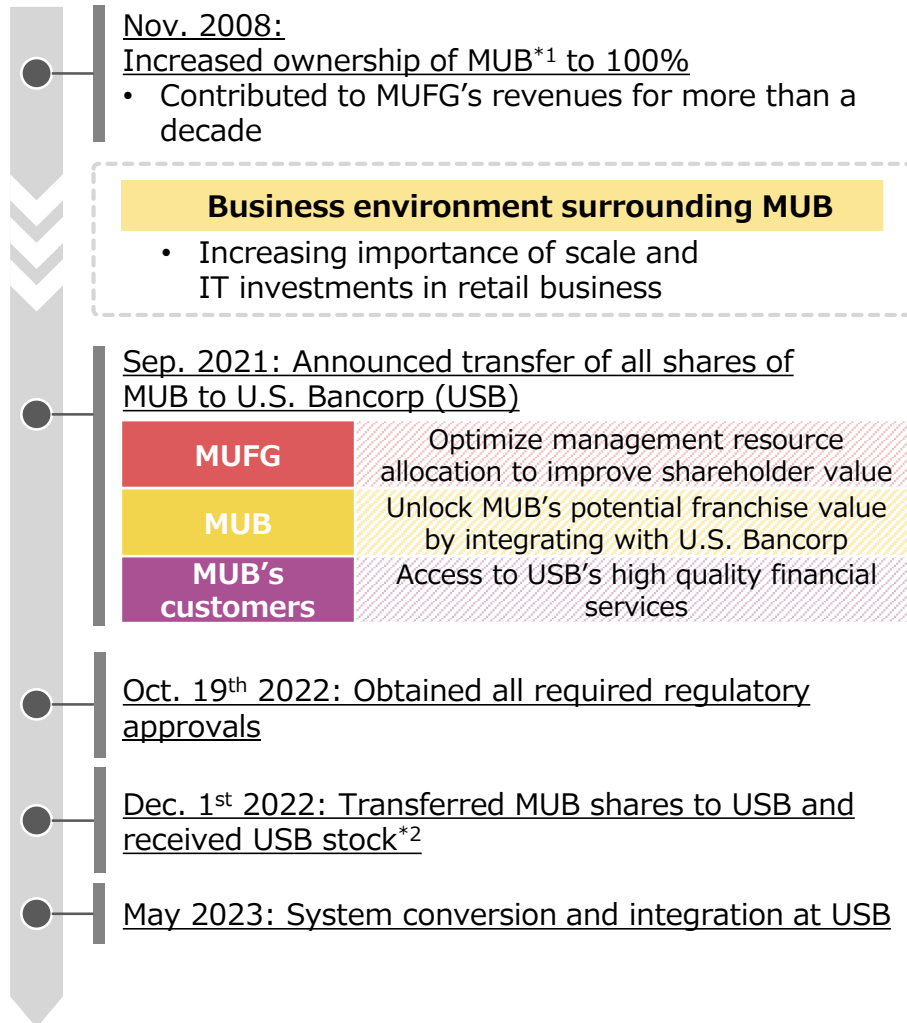
\*5 JPY equivalent of MUFG's LP commitment (including planned amount) using actual exchange rates as of end Mar 2023. Increased amount during FY22 was US\$250mm (¥33bn) \*6 Aggregate net commitment amount of the transactions considering amortizations during investment period

\*7 Nippon Export and Investment Insurance

# Review of our business portfolio (the Americas)

- Aim to improve the growth and profitability of the Americas business by focusing management resources towards the wholesale business which can leverage MUFG's strengths

## Timeline of the sale of MUB



## Future strategy of the Americas

**Future direction**

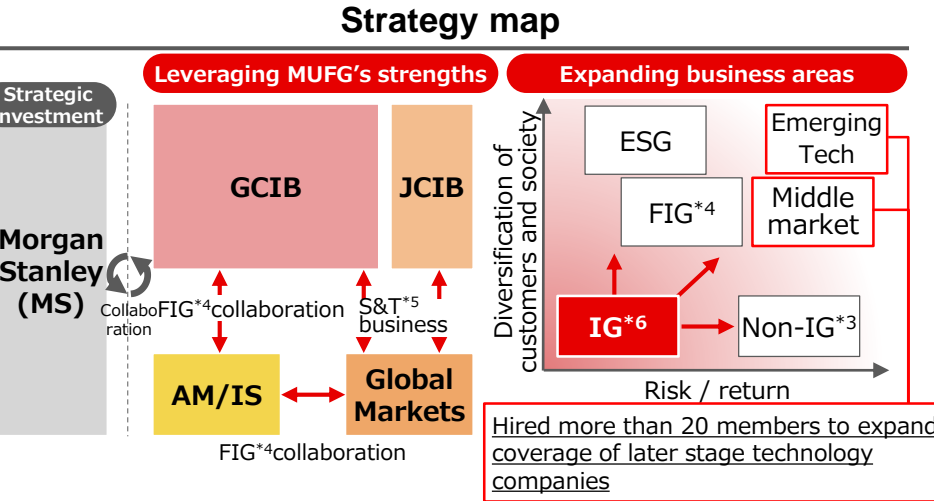
- Focus management resources towards the wholesale business which can leverage MUFG's strengths
- Strengthen collaboration between the Bank, the Trust Bank and the Securities HD as well as the alliance with Morgan Stanley
- Build a foundation which fits the renewed business models and pursue higher efficiency

**Core businesses**

- GCIB & Global Markets
- JCIB
- AM/IS

**Areas of focus**

- Non-IG\*3/Middle Market
- Sales & Trading
- ESG business



\*1 Increased to 100% ownership of UnionBanCal Corporation (currently MUAH), parent company of Union Bank of California (currently MUB)

\*2 MUB's GCIB portfolio (Loans approx. US\$20bn, etc.) were transferred to the Bank, prior to the transfer \*3 Non-Investment Grade

\*4 Financial corporations and institutional investors such as asset management companies, financial sponsors, etc. \*5 Sales & Trading \*6 Investment Grade

# Financial impact of MUB's share transfer

## Fair value assessments of and accounting treatment applied to assets held by MUB

- Valuation losses totaling ¥952.5bn on MUB's holding of bonds and other instruments were recorded
- Through hedging transactions, ¥84.8bn gains were recorded
- Valuation losses on assets held by MUB were mostly reversed since ¥735.0bn was recorded as extraordinary gains upon MUB's share transfer and the impact on FY22 profits attributable to owners of parent after tax was ¥(158.6)bn

(¥bn)	Account	Valuation losses	Reversal as extraordinary gains	Impact on FY22 results
<b>Available-for-sale Securities</b>	Other non-recurring gains (losses)	(294.4)	76.9	(217.5)
<b>Held-to-maturity Bond, etc.</b>	Other non-recurring gains (losses)	(264.1)	264.1	0
<b>Loans<sup>*1</sup></b>	Total credit costs	(393.9)	393.9	0
<b>Subtotal</b>		<b>(952.5)</b>	<b>735.0</b>	<b>(217.5)</b>
<b>Hedging Effect</b>	Other non-recurring gains (losses)	84.8		84.8
<b>Impact on MUFG PL before tax</b>		<b>(867.7)</b>		<b>(132.7)</b>
<b>Impact on MUFG PL after tax</b>		<b>(893.7)</b>		<b>(158.6)</b>

\*1 Including valuation losses on loans and reversal of allowance for credit losses

\*2 Amounts received within five years are expected to be recognized at discounted present value calculated at closing, and the difference from US \$3.5 billion is expected to be amortized and accrued over 5 years (estimation using actual exchange rates as of end Dec 2022)

\*3 As of end Mar 2023

## Other financial and capital impact

### Transaction gain

	Amount
Total gain on sale	Approx. ¥110bn

Recorded in FY21 Approx. ¥60bn	<ul style="list-style-type: none"> <li>Reversal of allowance for doubtful accounts due to the decision to sell MUB</li> </ul>
Expected to be recorded within 5 years from FY22 Approx. ¥50bn	<ul style="list-style-type: none"> <li>The accounting treatment associated with receiving US\$3.5bn from U.S. Bancorp within 5 years will result in recording much of the gain on sale over a period of up to 5 years*2</li> </ul>

### Impact on CET1 ratio\*3

	Amount
Decrease in RWA	Approx. +50bps
Investment in U.S. Bancorp	Approx. (5)bps

# Adjusted presentation of income statement summary

Consolidated	(¥bn)	FY22		FY22 (adjusted presentation)		Re-allocation of amounts
		Results	YoY	Results	YoY	
1	Gross profits* <sup>1</sup>	4,503.0	539.0	–	–	
2	Net interest income	2,907.5	863.8	2,351.8	342.8	Re-allocation of ¥555.7bn in gains on investment trusts cancellation from net interest income to net gains (losses) on debt securities (YoY +¥521.0bn)
3	Net trading profits + Net other operating profits	(99.9)	(445.5)	455.8	75.5	
4	Net gains (losses) on debt securities	(884.6)	(744.1)	(328.9)	(223.1)	
5	G&A expenses* <sup>1</sup>	2,908.7	161.4	–	–	
6	Net operating profits* <sup>1</sup>	1,594.2	377.5	–	–	
7	Total credit costs	(674.8)	(343.4)	(280.8)	50.5	Re-allocation of amounts recorded as extraordinary gains to reduce the valuation losses on assets held by MUB to <ul style="list-style-type: none"> <li>Total credit costs: ¥393.9bn</li> <li>Other non-recurring gains (losses): ¥341.0bn</li> </ul> resulting in <ul style="list-style-type: none"> <li>Ordinary profits: ¥735.0bn</li> <li>Net extraordinary gains (losses): ¥(735.0)bn</li> </ul>
8	Other non-recurring gains (losses)	(612.5)	(490.6)	(271.4)	(149.5)	
9	Ordinary profits	1,020.7	(516.9)	1,755.7	218.1	
10	Net extraordinary gains (losses)	549.1	596.9	(185.8)	(138.0)	
11	Profits attributable to owners of parent	1,116.4	(14.3)	–	–	

\*1 Impact of FX fluctuation on gross profits, G&A expenses and net operating profits were approx. +280.0bn, +130.0bn, +150.0bn, respectively

# US GAAP consolidated financials - Balance sheet

## Balance sheet

(¥mm)

Assets	End Mar 22
Cash and due from banks	50,972,491
Interest-earning deposits in other banks	58,848,056
Call loans, funds sold, and receivables under resale agreements	13,819,157
Receivables under securities borrowing transactions	4,496,376
Trading account assets	42,668,336
Investment securities	55,815,751
Net loans	111,678,692
Premises and equipment	815,829
Accrued interest	246,271
Customers' acceptance liability	371,034
Intangible assets—net	1,148,601
Goodwill	303,611
Deferred tax assets	79,191
Other assets	26,386,622
<b>Total assets</b>	<b>367,650,018</b>

(¥mm)

Liabilities and shareholders' equity	End Mar 22
Total Deposits	224,589,943
Call money, funds purchased, and payables under repurchase agreements	30,141,925
Payables under securities lending transactions	1,021,887
Due to trust account and other short-term borrowings	22,850,600
Trading account liabilities	11,019,046
Obligations to return securities received as collateral	6,826,215
Bank acceptances outstanding	371,034
Accrued interest	98,183
Long-term debt	34,696,599
Other liabilities	19,738,064
<b>Total liabilities</b>	<b>351,353,496</b>
Capital stock	2,090,270
Capital surplus	5,327,772
Retained earnings	8,412,217
Accumulated other comprehensive income, net of taxes	227,033
Treasury stock, at cost	(452,224)
Noncontrolling interests	691,454
<b>Total equity</b>	<b>16,296,522</b>
<b>Total liabilities and shareholders' equity</b>	<b>367,650,018</b>

# US GAAP consolidated financials - Statement of operations

## Statement of operations

(¥mm)

### Statement of Operations Data

Fiscal year ended Mar 22

Interest income	2,530,938
Interest expense	560,357
Net interest income	1,970,581
Provision for (reversal of) credit losses	277,995
Net interest income after provision for (reversal of) credit losses	1,692,586
Non-interest income	1,394,789
Non-interest expense	3,146,102
Income (loss) before income tax expense	(58,727)
Income tax expense (benefit)	(14,511)
Net income before attribution of noncontrolling interests	(44,216)
Net income (loss) attributable to noncontrolling interests	39,104
Net income attributable to Mitsubishi UFJ Financial Group	(83,320)

(¥)

### Earnings (loss) per share

Fiscal year ended Mar 22

Basic earnings	
Earnings applicable to common shareholders of Mitsubishi UFJ Financial Group	(6.51)
Diluted earnings	
Earnings applicable to common shareholders of Mitsubishi UFJ Financial Group	(6.93)

# US GAAP consolidated financials

## - Reverse reconciliation from US GAAP to Japanese GAAP

### Reverse reconciliation of shareholders' equity and net income

(¥mm)

	End Mar 22
Total equity in accordance with U.S. GAAP	
Differences arising from different accounting for:	<b>16,296,522</b>
1 Investment securities	<b>(21,441)</b>
2 Loans	<b>1,546</b>
3 Allowance for credit losses	<b>430,694</b>
4 Fixed assets	<b>296,137</b>
5 Pension liability	<b>15,405</b>
6 Derivative financial instruments and hedging activities	<b>175,877</b>
7 Compensated absences	<b>50,396</b>
8 Long-term debt	<b>(14,482)</b>
9 Consolidation	<b>292,891</b>
10 Goodwill	<b>305,000</b>
11 Intangible assets	<b>(119,728)</b>
12 Investments in equity method investees	<b>687,738</b>
13 Others	<b>(580,857)</b>
Deferred income tax effects of the above adjustments, when applicable	<b>172,547</b>
Net assets in accordance with Japanese GAAP	<b>17,988,245</b>

(¥mm)

	Fiscal year ended Mar 22
Net Income before attribution of noncontrolling interests in accordance with U.S. GAAP	<b>(44,216)</b>
Differences arising from different accounting for:	
1 Investment securities	<b>1,163,174</b>
2 Loans	<b>(3,013)</b>
3 Allowance for credit losses	<b>32,656</b>
4 Fixed assets	<b>(43,746)</b>
5 Pension liability	<b>31,993</b>
6 Derivative financial instruments and hedging activities	<b>294,950</b>
7 Compensated absences	<b>(399)</b>
8 Long-term debt	<b>(1,034)</b>
9 Consolidation	<b>(48,485)</b>
10 Goodwill	<b>(22,547)</b>
11 Intangible assets	<b>(90,272)</b>
12 Investments in equity method investees	<b>51,121</b>
13 Others	<b>185,064</b>
Deferred income tax effects of the above adjustments, when applicable	<b>(298,799)</b>
Net Income before attribution of noncontrolling interests in accordance with Japanese GAAP	<b>1,206,447</b>