

Financial Highlights
under Japanese GAAP
for 1st Quarter of
Fiscal Year Ending
March 31, 2023

August 2, 2022

Mitsubishi UFJ Financial Group, Inc.



Key Message

- FY2022 1Q net operating profits was **¥425.1bn (up by ¥141.7bn YoY)**, and progress ratio for the FY2022 target (¥1,300.0bn) was **33%**. **Net operating profits in customer segments increased by ¥83.0bn YoY** as a result of progress of strategies for growth.
- Profits attributable to owners of parent was ¥113.6bn and **decreased YoY significantly** due to record of losses of ¥(254.4)bn associated with accounting treatment in connection with our decision to sell all shares of MUB. However, considering gains of ¥157.9bn^{*1} among these losses that will be recorded as an extraordinary gains upon MUB's transfer, profits attributable to owners of parent was ¥271.5bn (progress ratio was 27%) **which is online toward the FY2022 target**.
- Although losses on MUB's holding of bonds and other instruments recorded in H1 are expected to increase due to hikes in interest rates since the end of March 2022, MUFG have countered these losses through hedging. The impact on the full-year results (approx. ¥(200.0)bn after taking into account the tax effect) has been included in the financial targets, **therefore FY22 target for profits attributable to owners of parent of ¥1tn remains unchanged**.

*1 As for details, please refer to P12

* Definitions of figures and abbreviations used in this document can be found on the last page

Income statement summary

Income statement

| (¥bn) | FY21 1Q | FY22 1Q | YoY |
|--------------------------------------------------------------------|---------|---------|---------|
| 1 Gross profits (before credit costs for trust accounts) | 957.1 | 1,124.8 | 167.6 |
| 2 Net interest income | 496.9 | 986.8 | 489.9 |
| 3 Trust fees | 365.3 | 369.1 | 3.8 |
| 4 + Net fees and commissions | | | |
| Net trading profits | 94.8 | (231.2) | (326.0) |
| 4 + Net other operating profits | | | |
| 5 Net gains (losses) on debt securities | 38.7 | (406.1) | (444.8) |
| 6 G&A expenses | 673.6 | 699.6 | 25.9 |
| 7 Net operating profits | 283.4 | 425.1 | 141.7 |
| 8 Total credit costs | (5.1) | (73.9) | (68.8) |
| 9 Net gains (losses) on equity securities | 66.0 | 19.0 | (47.0) |
| 10 Net gains (losses) on sales of equity securities | 69.2 | 65.4 | (3.7) |
| 11 Losses on write-down of equity securities | (3.1) | (46.4) | (43.3) |
| 12 Equity in earnings of equity method investees | 119.4 | 123.0 | 3.5 |
| 13 Other non-recurring gains (losses) | (3.5) | (230.3) | (226.7) |
| 14 Ordinary profits | 460.3 | 262.9 | (197.3) |
| 15 Net extraordinary gains (losses) | 36.4 | (21.9) | (58.3) |
| 16 Total of income taxes-current and income taxes-deferred | (93.7) | (107.1) | (13.3) |
| 17 Profits attributable to owners of parent | 383.0 | 113.6 | (269.3) |
| 18 EPS (¥) | 29.84 | 9.03 | (20.80) |
| <Reference> | | | |
| 19 ROE | 10.85% | 2.93% | (7.91%) |
| 20 Expense ratio | 70.3% | 62.1% | (8.1%) |

1 Gross profits

- Net interest income increased due to improvement of lending spread as well as an increase of overseas interest income of lending and deposit during the period when interest rates in U.S. rose.
- Treasury recorded ¥444.2bn in gains on investment trusts cancellation (as net interest income) and recorded ¥(406.1)bn in net losses on debt securities due to portfolio re-balance considering gains on hedges with derivatives.
- Thus, gross profits increased ¥167.6 YoY.

2 G&A expenses / Expense Ratio

- G&A expenses excluding the impact of FX translation*1 decreased YoY.
- Expense ratio decreased to 62.1%.

3 Total credit costs

- Total credit costs increased mainly due to credits costs of ¥44.2bn occurred from fluctuation of fair value of loans in connection with our decision to sell all shares of MUB.

4 Other non-recurring gains (losses)

- Losses associated with accounting treatment in connection with our decision to sell all shares of MUB (valuation losses on bonds held by MUB etc.) was recorded by ¥(210.2)bn.

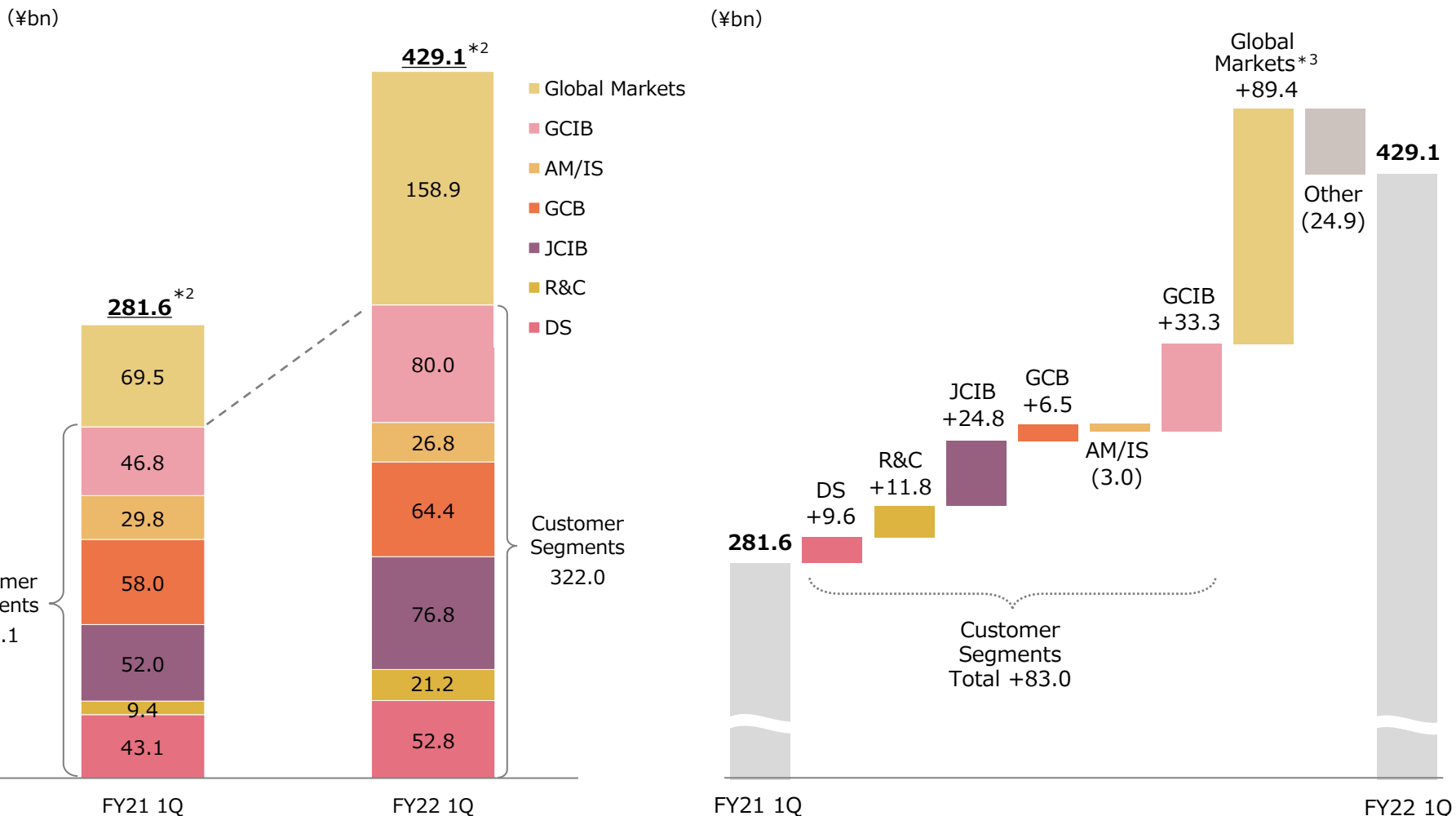
5 Profits attributable to owners of parent

- Although profits attributable to owners of parent decreased by ¥(269.3)bn to ¥113.6bn, it is online toward the FY2022 target considering gains of ¥157.9bn that will be recorded as an extraordinary gains upon MUB's transfer.

*1 Impact of FX translation was approximately +¥36.0bn

Outline of results by business segment①

Net operating profits by business segment*1



*1 On a managerial accounting basis *2 Include net operating profit for "Other" segment (FY21 1Q: ¥(27.0)bn, FY22 1Q: ¥(51.9)bn)

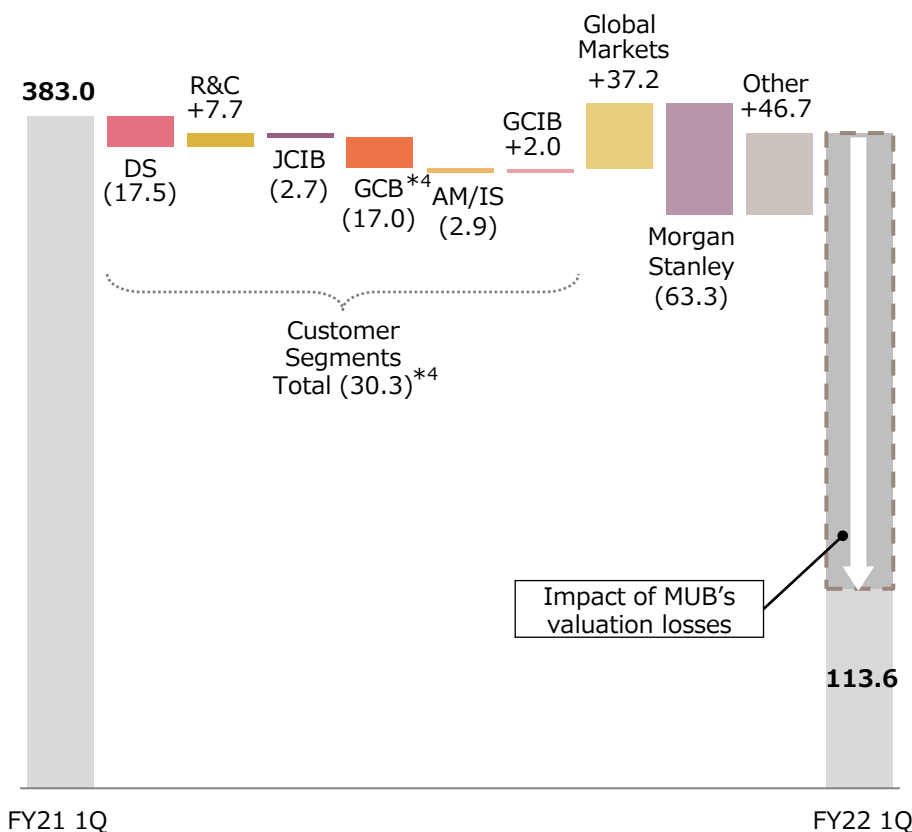
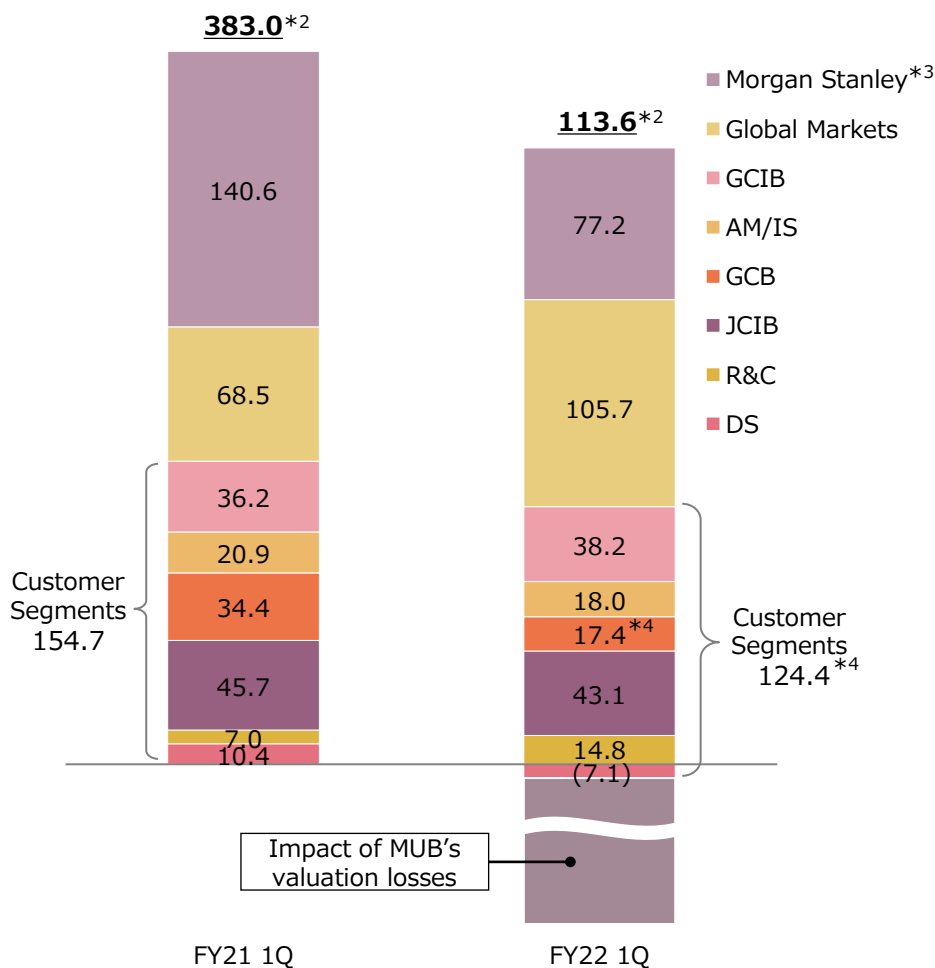
*3 Global Markets business segment manages profits including accounts such as net gains(losses) on equity securities which are not included in net operating profits. The YoY change including the impact of those accounts (¥(33.7)bn) was +¥55.7bn

Outline of results by business segment②

Net income by business segment *1

(¥bn)

(¥bn)



*1 On a managerial accounting basis (preliminary results). Local currency basis *2 Include other net income (FY21 1Q : ¥19.3bn, FY22 1Q : ¥66.0bn) *3 These figures include gains/losses on change in equity (FY21 1Q : ¥36.8bn, FY22 1Q : ¥(23.7)bn)

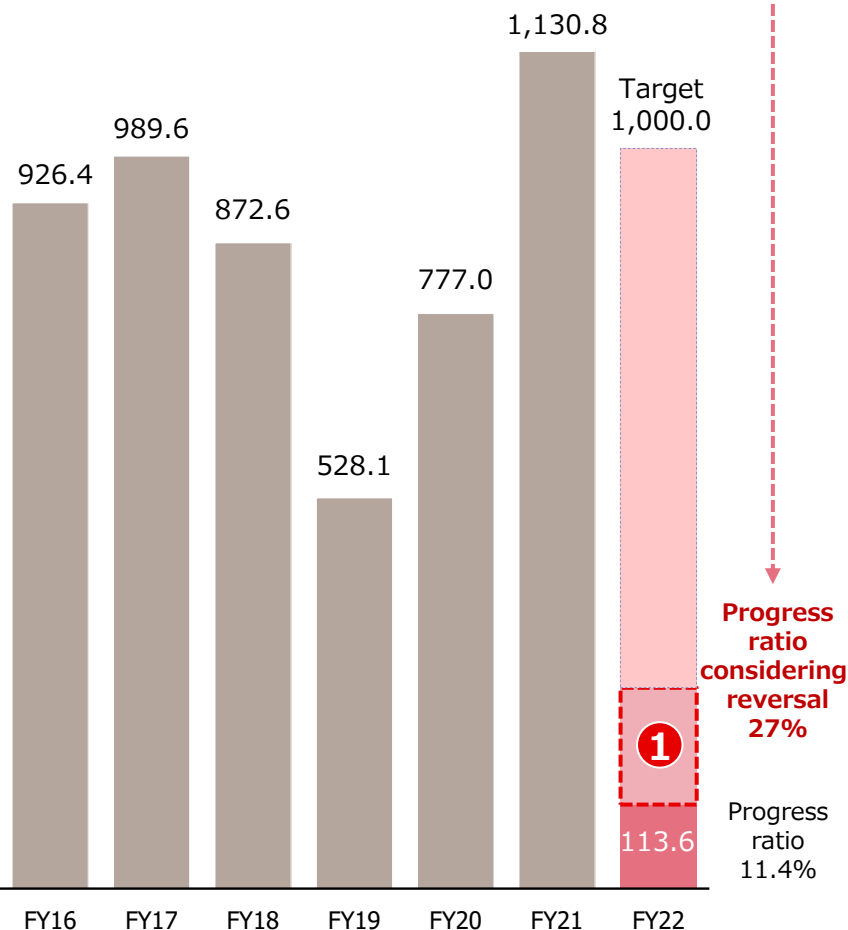
*4 Exclude the impact of MUB's valuation losses

Progress ratio of FY22 and breakdown by entity

History of profits attributable to owners of parent

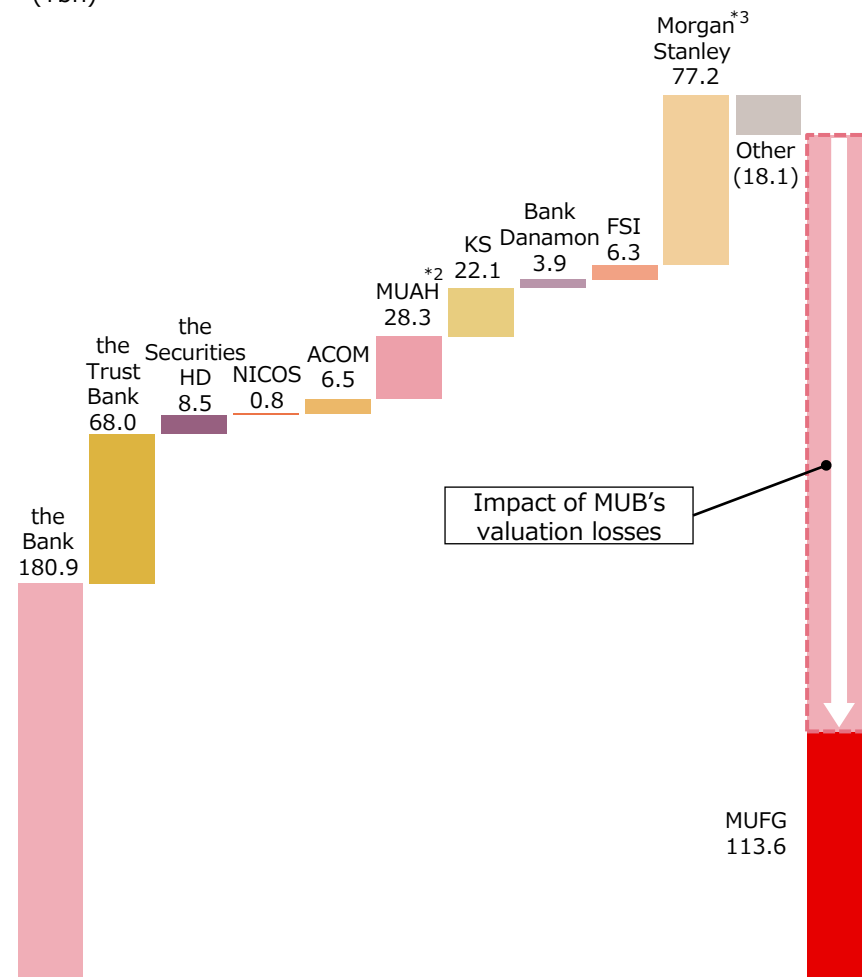
(¥bn)

1 Reversal on MUB transfer : ¥157.9bn
(Progress ratio considering reversal : **27%**)



Breakdown of profits attributable to owners of parent*1

(¥bn)



*1 The figures reflect the percentage holding in each subsidiaries and equity method investees

*2 Exclude the impact of MUB's valuation losses *3 The figure includes ¥(23.7)bn of losses on change in equity

Balance sheet summary

Balance sheet

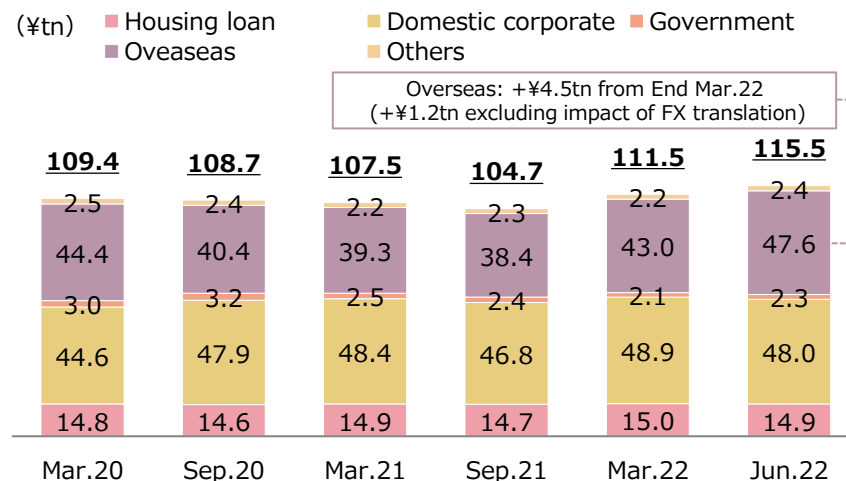
| (¥bn) | End Jun.22 | Changes from End Mar.22 |
|--------------------------------------------------------------------------|------------|-------------------------|
| 1 Total assets | 386,909.2 | 13,177.2 |
| 2 Loans (Banking + Trust accounts) | 115,552.9 | 4,006.2 |
| 3 Loans (Banking accounts) | 114,489.7 | 4,063.5 |
| 4 Housing loans*1 | 14,980.4 | (90.5) |
| 5 Domestic corporate loans*1*2 | 48,051.1 | (889.3) |
| 6 Overseas loans*3 | 47,645.1 | 4,545.2 |
| 7 Investment securities (Banking accounts) | 82,452.9 | 2,892.3 |
| 8 Domestic equity securities | 5,221.9 | (223.2) |
| 9 Japanese government bonds | 36,571.1 | 3,411.2 |
| 10 Foreign bonds | 22,228.3 | (36.8) |
| 11 Total liabilities | 369,276.3 | 13,532.7 |
| 12 Deposits | 220,140.2 | 4,712.9 |
| 13 Domestic Individuals*4 | 89,750.0 | 1,481.1 |
| 14 Domestic corporates etc.*4 | 78,478.9 | (1,527.8) |
| 15 Overseas and others | 51,911.2 | 4,759.6 |
| 16 Total net assets | 17,632.8 | (355.4) |
| 17 Non-performing loans | 1,424.2 | (47.5) |
| 18 NPL ratio | 1.10% | (0.08%) |
| 19 Net unrealized gains (losses) on available-for-sale securities | 1,395.3 | (996.5) |

*1 Non-consolidated + trust accounts *2 Excluding loans to government and governmental institutions and including foreign currency-denominated loans (Excluding impact of FX translation: ¥(1.4)tn from the end of Mar.22)

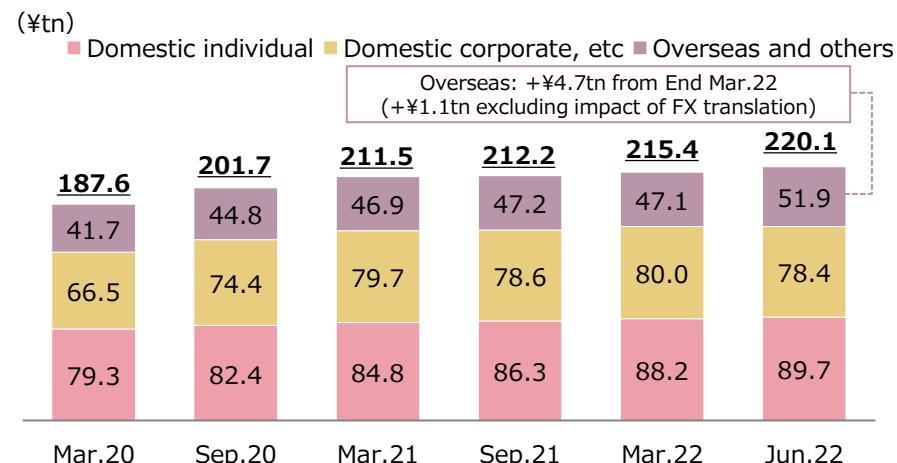
*3 Loans booked in overseas branches, MUAH, KS, Bank Danamon, the Bank (China), the Bank (Malaysia) and the Bank (Europe)

*4 Non-consolidated

Loans (Period end balance)



Deposits (Period end balance)

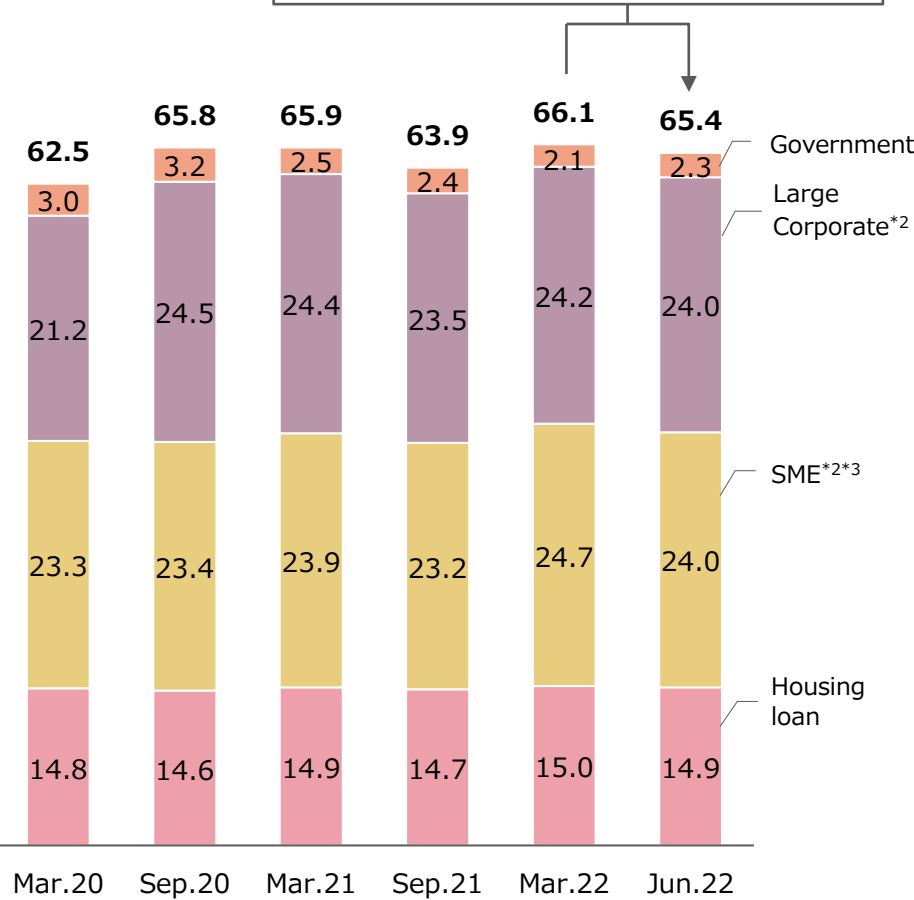


Domestic loans

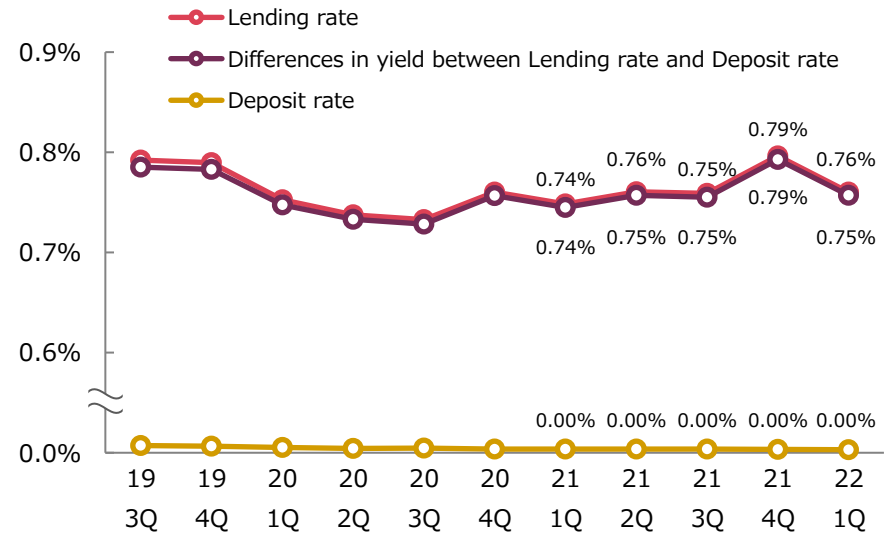
Loan balance (Period end balance)*1

(¥tn)

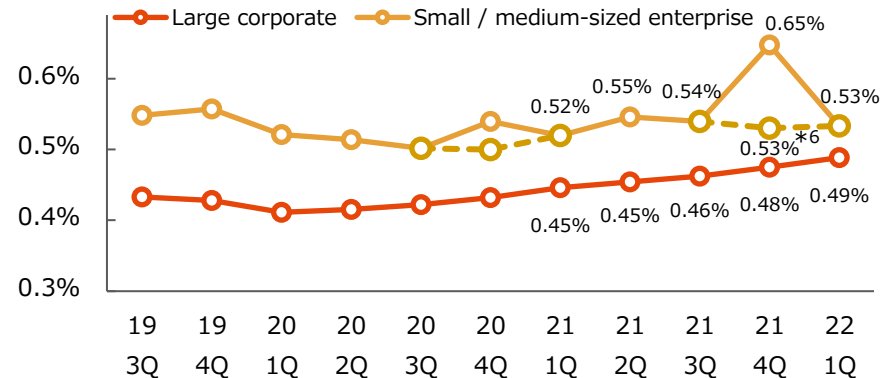
(¥0.7)tn from end Mar 2022
((¥1.3)tn excluding impact of FX fluctuation)



Changes in domestic deposit / lending rates*4



Domestic corporate lending spread*2 *4 *5



*1 Bank + trust accounts *2 Including foreign currency-denominated loans

*3 Domestic loans to small / medium-sized companies and proprietors (excluding domestic consumer loans)

*4 Excluding loans to government *5 On a managerial accounting basis. Non-consolidated

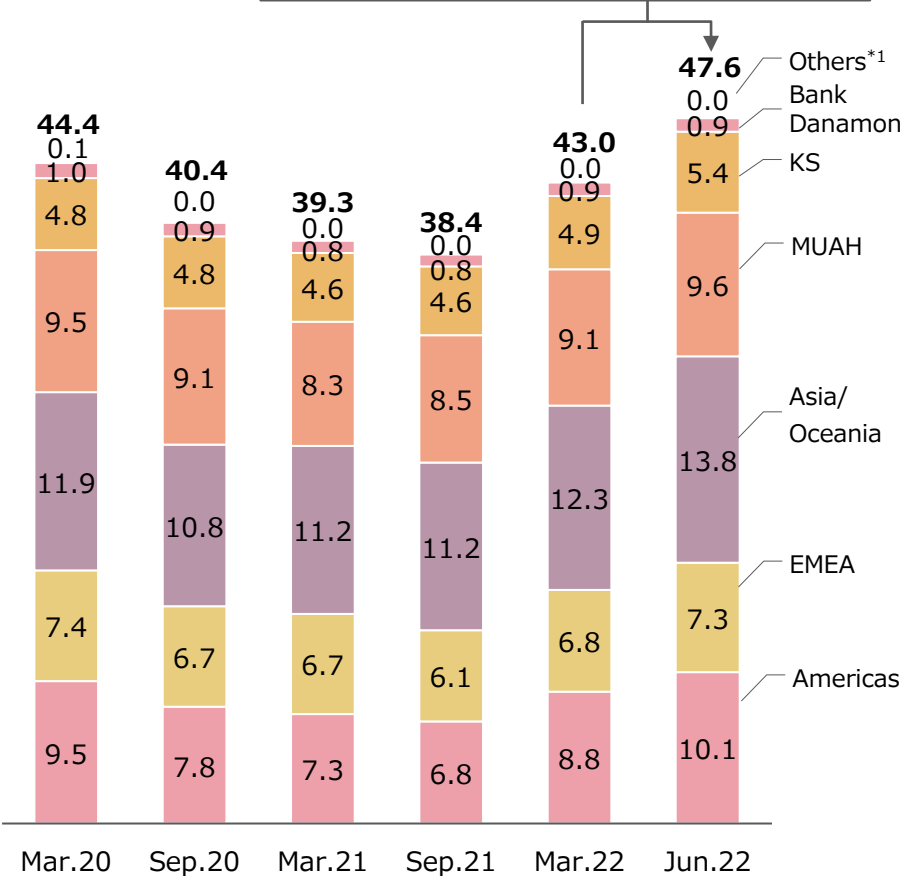
*6 Excluding impact of the collective recording of interest received at fiscal year-end via subsidized interest payment programs

Overseas loans

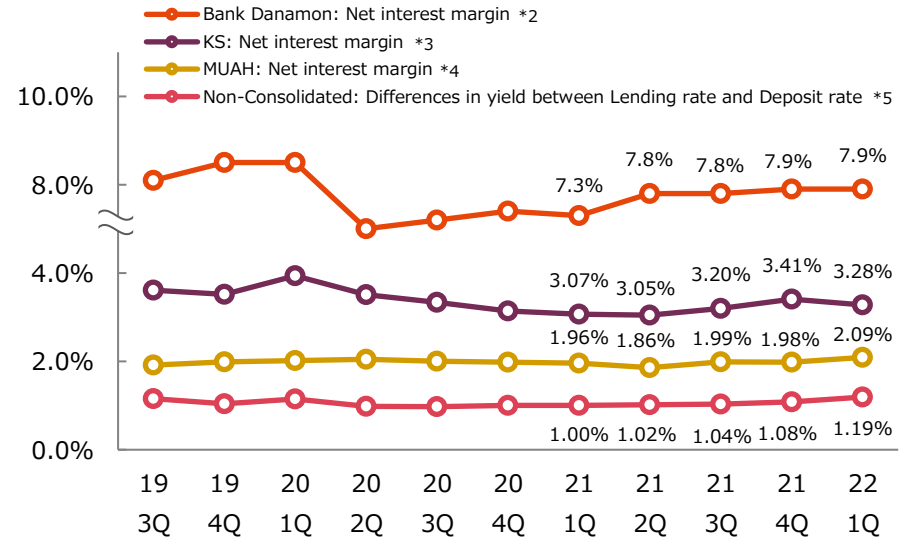
Loan balance (Period end balance)

(¥tn)

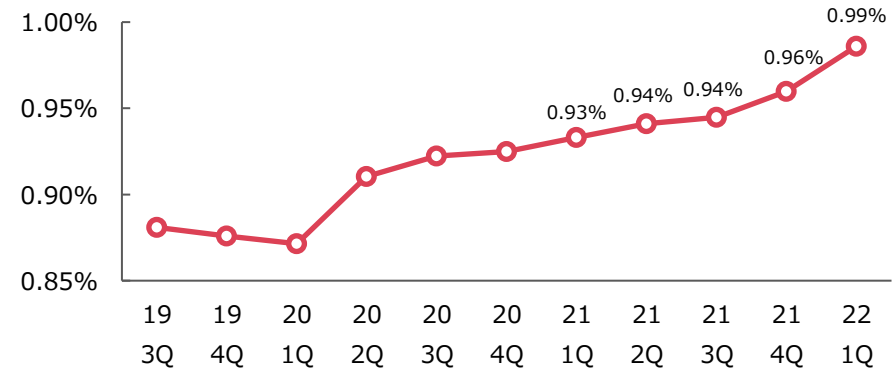
+¥4.5tn from end Mar 2022
(+¥1.2tn excluding impact of FX fluctuation)



Changes in overseas deposit / lending rates



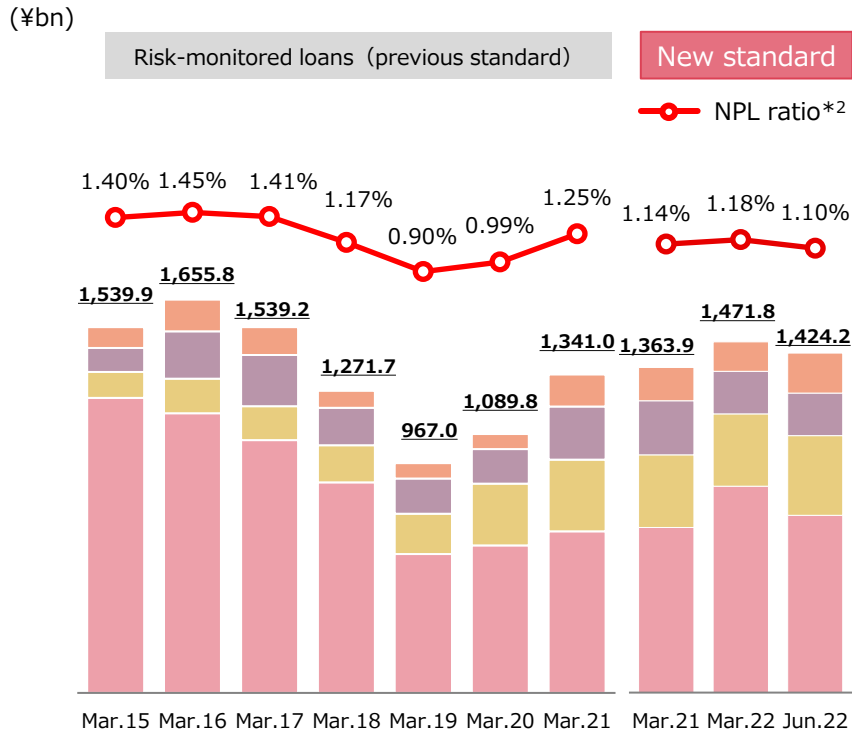
Overseas lending spread*5



*1 Loans booked at offshore markets etc. *2 Financial results as disclosed in Bank Danamon's financial reports based on Indonesia GAAP. Calculation method modified from FY21 and retroactively applied in this document
 *3 Financial results as disclosed in KS's financial reports based on Thai GAAP, and starting from January 1, 2020, Thailand adopted TFRS 9
 *4 Financial results based on U.S. GAAP including balance classified as held-for-sale account
 *5 On a managerial accounting basis. Non-consolidated

Loan assets

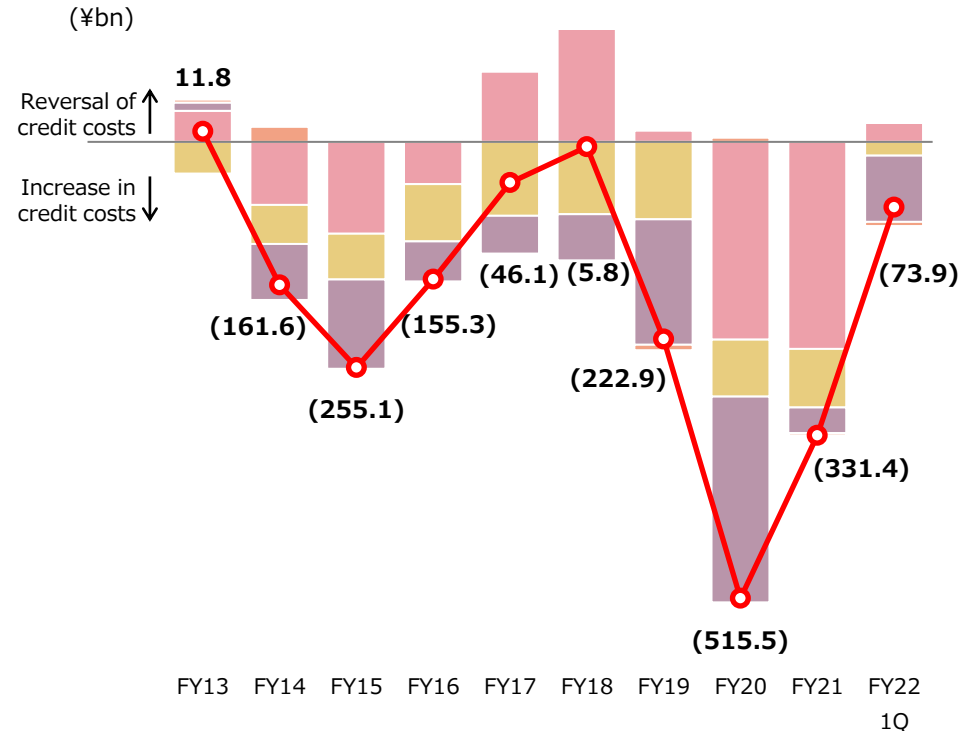
Non-performing loans*1



[Breakdown]

| | Mar.15 | Mar.16 | Mar.17 | Mar.18 | Mar.19 | Mar.20 | Mar.21 | Mar.21 | Mar.22 | Jun.22 |
|----------|---------|---------|---------|--------|--------|--------|--------|--------|--------|--------|
| EMEA | 88.2 | 133.9 | 116.0 | 71.3 | 64.0 | 63.7 | 134.7 | 138.7 | 124.0 | 166.7 |
| Americas | 100.7 | 199.4 | 216.0 | 157.5 | 148.2 | 145.5 | 224.7 | 226.7 | 178.1 | 178.7 |
| Asia | 108.8 | 145.3 | 142.3 | 155.8 | 170.3 | 259.1 | 300.5 | 305.8 | 302.9 | 334.5 |
| Domestic | 1,242.0 | 1,177.1 | 1,064.7 | 887.0 | 584.3 | 621.3 | 680.9 | 692.5 | 866.6 | 744.1 |

Total credit costs



[Breakdown]

| | FY13 | FY14 | FY15 | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY22 1Q |
|------------------|--------|--------|---------|--------|--------|--------|---------|---------|---------|---------|
| Non-consolidated | 35.1 | (71.1) | (103.7) | (47.9) | 79.5 | 129.8 | 12.6 | (223.2) | (233.8) | 21.2 |
| CF*3 | (35.7) | (44.1) | (51.6) | (64.5) | (83.6) | (81.7) | (87.6) | (64.4) | (66.0) | (15.7) |
| Overseas*4 | 9.2 | (63.2) | (100.8) | (45.0) | (42.7) | (52.3) | (141.6) | (232.3) | (28.9) | (74.7) |
| Others*5 | 3.2 | 16.9 | 1.0 | 2.1 | 0.8 | (1.5) | (6.2) | 4.5 | (2.6) | (4.7) |

*1 Because the definition of risk-monitored loans became the same as the definition of FRA, it is disclosed as loans under the Japanese Banking Act and the FRA. Regions are based on the borrowers' location

*2 Total non-performing loans ÷ Total loans (Previous standard : Total risk-monitored loans ÷ Total loans and bills discounted (banking accounts as of period end))

*3 Sum of NICOS and ACOM on a consolidated basis

*4 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 March 31, 2022) for the quarter ended June 30, 2022 will be approx. ¥220bn. The subsidiaries' total credit costs will be reflected in consolidated financial statements for the quarter ending September 30, 2022

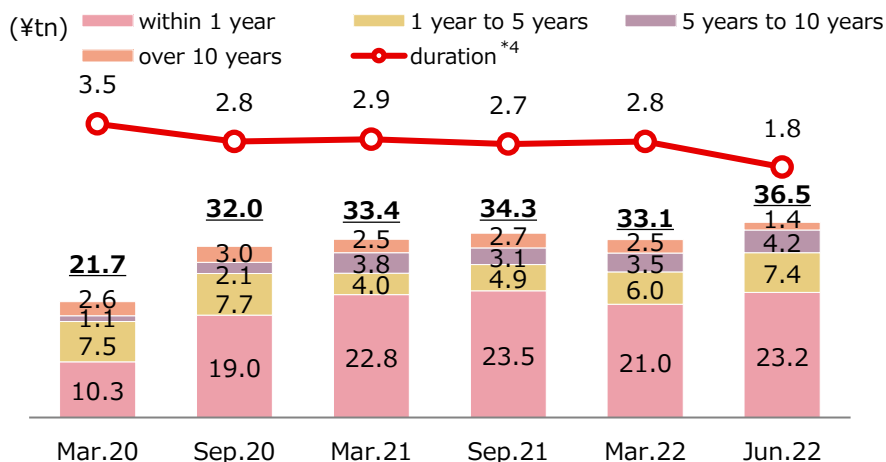
*5 Sum of other subsidiaries and consolidation adjustment

Investment securities

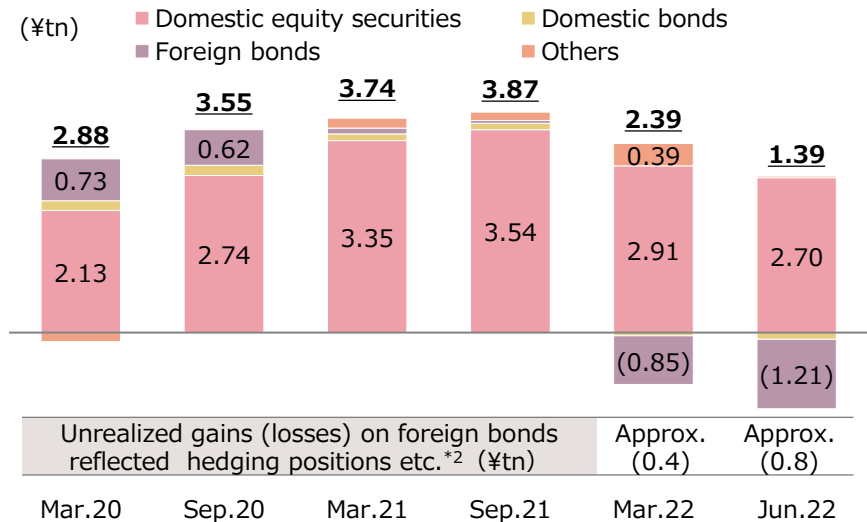
Available-for-sale securities with fair value*1

| (¥bn) | Balance | | Unrealized gains (losses) | |
|------------------------------|------------|-------------------------|---------------------------|-------------------------|
| | End Jun.22 | Changes from End Mar.22 | End Jun.22 | Changes from End Mar.22 |
| 1 Total | 72,252.1 | (2,657.4) | 1,395.3 | (996.5) |
| 2 Domestic equity securities | 4,376.3 | (237.3) | 2,700.6 | (213.5) |
| 3 Domestic bonds | 39,228.4 | (1,205.2) | (123.7) | (61.9) |
| 4 Japanese government bonds | 30,897.2 | (514.6) | (101.2) | (45.8) |
| 5 Others | 28,647.4 | (1,214.9) | (1,181.5) | (721.1) |
| 6 Foreign equity securities | 201.9 | (16.6) | 28.4 | 0.6 |
| 7 Foreign bonds | 20,567.2 | (1,463.2) | (1,218.1) | (365.2) |
| 8 Others | 7,878.1 | 264.9 | 8.2 | (356.4) |

Balance of JGB portfolio by maturity*3



Unrealized gains (losses) on available-for-sale securities



Selling amount of equity holdings (Approx.)*5

| (¥bn) | Amount of sale | Acquisition cost basis | Net gains (losses) |
|-------------------------------|----------------|------------------------|--------------------|
| FY15-20 Total | 1,545.0 | 870.0 | 675.0 |
| FY21 | 470.0 | 169.0 | 301.0 |
| FY22 1Q | 80.0 | 21.0 | 59.0 |
| FY21-23 Target | | 500.0 | |
| Agreed amount*6 (End Jun. 22) | - | 226.0 | - |

*1 Unrealized gains (losses) excludes ¥(217.7)bn that is reflected in gains (losses) in connection with the agreement to sell all shares of MUB

*2 On a managerial accounting basis *3 Available-for-sale securities and held-to-maturity securities. Non-consolidated *4 Available-for-sale securities. Non-consolidated. Unit : year *5 Sum of the Bank and the Trust Bank *6 Amount planned to be sold until FY23

Appendix. Valuation losses on bonds and other instruments held by MUB

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

- As the lower of cost or market method is applied to MUAH's financial results in connection with our decision to sell MUB, MUFG's financial results are expected to be affected by fluctuations in the fair value of MUB's asset holdings on a quarterly basis.
- Hikes in U.S. interest rates resulted in valuation losses totaling ¥271.2bn*¹ on MUB's holding of bonds and other instruments. However, we have countered these losses through hedging and partially offset them by ¥16.8bn.
- As valuation losses have been increasing due to interest rate hikes since the end of March 2022, MUFG will record an additional loss in H1 (totaling approx. ¥630.0bn before considering hedging impact).
- Among these valuation losses, **1** tax effect of available-for-sale securities, **2** held-to-maturity securities, etc., and **3** loans will be recorded as an extraordinary gains*² upon MUB's transfer.
- Valuation losses that will not be reversed have been countered through hedging*³. MUFG thus forecasts that the impact on its full-year results of profits attributable to owners of parent will amount to approx. ¥(200.0)bn*⁴.
- Although it has an impact on credit costs and ordinary profits, the impact on the full-year results (approx. ¥(200.0)bn after taking into account the tax effect) has been included in the financial targets, therefore FY22 target for profits attributable to owners of parent of ¥1tn remains unchanged.

| (JPYbn) | Account | Impact on 1Q | Reversal on MUB transfer | Impact on H1 (est, approx) | Reversal on MUB transfer* ⁵ | Impact on FY22 (est, approx) | Accounting treatment |
|--------------------------|--------------------------------------|------------------------------------|--------------------------|----------------------------|----------------------------------------|------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Available-for-sale securities | Other non-recurring gains (losses) | (153.6) | 40.2 | (250.0) | 60.0 | <ul style="list-style-type: none"> Valuation losses are reflected in income statement on a quarterly basis Tax effect will be recorded as an extraordinary gains on MUB transfer |
| 2 | Held-to-maturity bond, etc. | Other non-recurring gains (losses) | (73.3) | 73.3 | (150.0) | 150.0 | <div style="border: 1px dashed gray; padding: 5px; display: inline-block;">Offset by extraordinary gains</div> <ul style="list-style-type: none"> Valuation losses are reflected in income statement on a quarterly basis Full amount will be recorded as an extraordinary gains on MUB transfer |
| 3 | Loans | Total credit costs | (44.2) | 44.2 | (230.0) | 230.0 | |
| Subtotal | | | (271.2) | 157.9 | (630.0) | 440.0 | |
| 4 | Hedging effect | Other non-recurring gains (losses) | 16.8 | | | | |
| Impact on MUFG PL | | | (254.4) | | | (200.0) | |

*1 US\$1 = ¥122.39 for FY22 1Q, US\$1 = ¥136.68 for FY22 H1 *2 It is expected to be recorded as net extraordinary gains on MUB transfer mainly due to reduction of the book value of the assets to be sold by valuation losses *3 Although a portion of risks cannot be hedged, the impact is expected to be kept up to several tens of billion yen of losses *4 Based on the assumed exchange rate of US\$1 = ¥136.68; the figure may fluctuate in line with the exchange rates *5 The amount of reversal is estimated as of now (approx.)

Disclaimer

This document contains forward-looking statements regarding estimations, forecasts, targets and plans in relation to the results of operations, financial conditions and other overall management of the company and/or the group as a whole (the “forward-looking statements”). The forward-looking statements are made based upon, among other things, the company’s current estimations, perceptions and evaluations. In addition, in order for the company to adopt such estimations, forecasts, targets and plans regarding future events, certain assumptions have been made. Accordingly, due to various risks and uncertainties, the statements and assumptions are inherently not guarantees of future performance, may be considered differently from alternative perspectives and may result in material differences from the actual result. For the main factors that may affect the current forecasts, please see Consolidated Summary Report, Annual Securities Report, Disclosure Book, Annual Report, and other current disclosures that the company has announced.

The financial information included in this financial highlights is prepared and presented in accordance with accounting principles generally accepted in Japan (“Japanese GAAP”). Differences exist between Japanese GAAP and the accounting principles generally accepted in the United States (“U.S. GAAP”) in certain material respects. Such differences have resulted in the past, and are expected to continue to result for this period and future periods, in amounts for certain financial statement line items under U.S. GAAP to differ significantly from the amounts under Japanese GAAP. For example, differences in consolidation basis or accounting for business combinations, including but not limited to amortization and impairment of goodwill, could result in significant differences in our reported financial results between Japanese GAAP and U.S. GAAP. Readers should consult their own professional advisors for an understanding of the differences between Japanese GAAP and U.S. GAAP and how those differences might affect our reported financial results. We will publish U.S. GAAP financial results in a separate disclosure document when such information becomes available.

Definitions of figures and abbreviations used in this document

| | | | |
|------------------|----------------------------------------------------------------------------------------------------------------|-------------------|--------------------------------------|
| Consolidated | : Mitsubishi UFJ Financial Group (consolidated) | the Bank | : MUFG Bank |
| Non-consolidated | : MUFG Bank (non-consolidated) + Mitsubishi UFJ Trust and Banking (non-consolidated) (without any adjustments) | the Trust Bank | : Mitsubishi UFJ Trust and Banking |
| DS | : Digital Service Business Group | the Securities HD | : Mitsubishi UFJ Securities Holdings |
| R&C | : Retail & Commercial Banking Business Group | NICOS | : Mitsubishi UFJ NICOS |
| JCIB | : Japanese Corporate & Investment Banking Business Group | MUAH | : MUFG Americas Holdings |
| GCB | : Global Commercial Banking Business Group | MUB | : MUFG Union Bank |
| AM/IS | : Asset Management & Investor Services Business Group | KS | : Bank of Ayudhya (Krungsri) |
| GCIB | : Global Corporate & Investment Banking Business Group | FSI | : First Sentier Investors |
| Global Markets | : Global Markets Business Group | | |

$$\text{ROE} = \frac{\text{Profits attributable to owners of parent for 1Q of respective fiscal year} \times 4}{\{(\text{Total shareholders' equity at the beginning of the period} + \text{Foreign currency translation adjustments at the beginning of the period}) + (\text{Total shareholders' equity at the end of the period} + \text{Foreign currency translation adjustments at the end of the period})\} \div 2}$$