

Financial Highlights  
under Japanese GAAP  
for 3rd Quarter of  
Fiscal Year Ending  
March 31, 2023

February 2, 2023

Mitsubishi UFJ Financial Group, Inc.



# Key Message

- FY2022 3Q net operating profits was **¥1,381.5bn (up by ¥448.4bn YoY)**, and progress ratio for the FY2022 target (¥1,500.0bn) was **92%**. Net operating profits in customer segments **increased by ¥370.6bn YoY** as a result of progress of strategies for growth.
- Profits attributable to owners of parent decreased YoY significantly to ¥343.1bn mainly due to losses associated with accounting treatment related to the sale of all shares of MUB. However, considering gains of ¥801.7bn<sup>\*1</sup> among these losses that will be recorded as an extraordinary gains in 4Q, profits attributable to owners of parent was ¥1,144.9bn<sup>\*2</sup> (progress ratio was 114%) **which exceeded our full year target.**
- **FY22 target for profits attributable to owners of parent of ¥1tn remains unchanged** considering an uncertainty of business environment such as economic outlook and financial market.

\*1 Figure as of the end of FY2022 3Q (approx.). As for details, please refer to Page 12 \*2 Approx.

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

# Income statement summary

## Income statement

(¥bn)	FY21 1Q-3Q	FY22 1Q-3Q	YoY
1 <b>Gross profits</b> (before credit costs for trust accounts)	2,950.8	1 3,579.8	628.9
2 Net interest income	1,491.3	2,313.7	822.3
3 Trust fees			
+ Net fees and commissions	1,130.5	1,247.9	117.4
4 Net trading profits			
+ Net other operating profits	328.9	18.1	(310.8)
5 Net gains (losses) on debt securities	66.1	(572.3)	(638.5)
6 <b>G&amp;A expenses</b>	2,017.8	2 2,198.3	180.4
7 <b>Net operating profits</b>	933.0	1,381.5	448.4
8 <b>Total credit costs</b>	(27.2)	3 (484.5)	(457.2)
9 <b>Net gains (losses) on equity securities</b>	194.8	203.1	8.2
10 Net gains (losses) on sales of equity securities	200.7	216.0	15.2
11 Losses on write-down of equity securities	(5.8)	(12.9)	(7.0)
12 <b>Equity in earnings of equity method investees</b>	324.5	357.6	33.1
13 <b>Other non-recurring gains (losses)</b>	(31.5)	4 (608.8)	(577.3)
14 <b>Ordinary profits</b>	1,393.6	848.9	(544.6)
15 <b>Net extraordinary gains (losses)</b>	62.5	(64.5)	(127.1)
16 <b>Total of income taxes-current and income taxes-deferred</b>	(326.3)	(381.5)	(55.1)
17 <b>Profits attributable to owners of parent</b>	1,070.3	5 343.1	(727.2)
18 After considering reversal on MUB transfer	1,070.3	1,144.9	74.5
19 EPS (¥)	83.44	27.69	(55.75)
<Reference>			
20 <b>ROE</b>	9.93%	2.88%*2	(7.04%)
21 <b>Expense ratio</b>	68.3%	2 61.4%	(6.9%)

### 1 Gross profits

- Net interest income increased due to improvement of lending spread as well as an increase of overseas interest income of loans and deposits during the period as interest rates rose globally.
- Treasury recorded ¥540.4bn in gains on investment trusts cancellation (as net interest income) and also recorded ¥(572.3)bn in net losses on debt securities due to portfolio re-balance mainly in foreign bonds considering gains on hedges with derivatives.
- Thus, gross profits increased ¥628.9bn YoY.

### 2 G&A expenses / Expense Ratio

- G&A expenses remained almost unchanged excluding the impact of FX translation\*1 and the impact of accounting treatment associated with sale of MUB\*2.
- Expense ratio decreased to 61.4%.

### 3 Total credit costs

- Credit costs associated with accounting treatment in connection with our decision to sell all shares of MUB (valuation losses on loans held by MUB etc.) was recorded by ¥(442.4)bn.

### 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 ¥(517.6)bn.

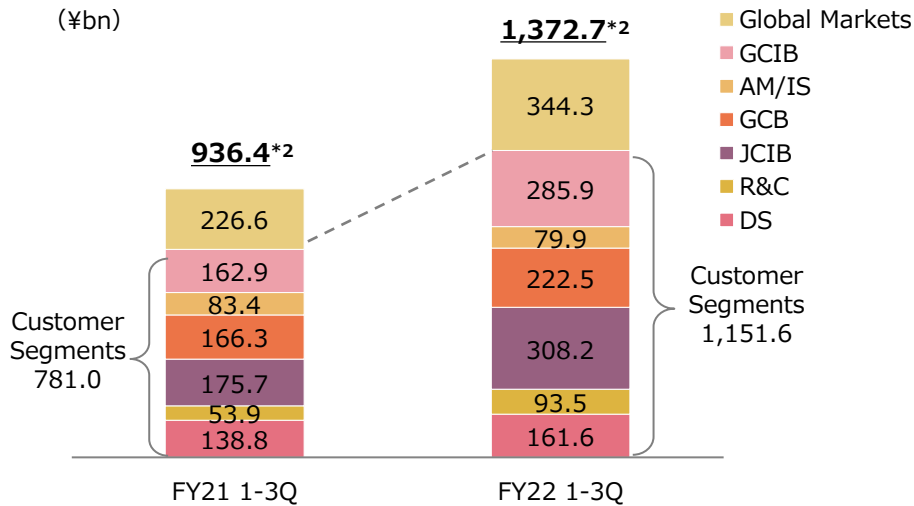
### 5 Profits attributable to owners of parent

- Although profits attributable to owners of parent decreased by ¥(727.2)bn to ¥343.1bn, which exceeded the FY22 target considering gains of ¥801.7bn that will be recorded as an extraordinary gains upon MUB's transfer.

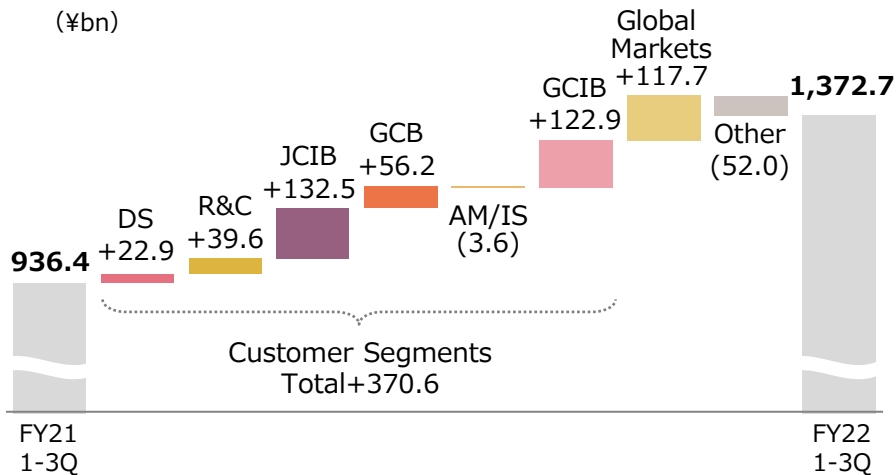
\*1 Impact of FX translation was approximately +¥166.5bn \*2 The impact of difference between Japanese GAAP and U.S. GAAP and the impact of transfers across entities with different consolidation periods : approx. +¥20.0bn. \*3 ROE considering reversal on MUB transfer : approx. 9.3%

# Outline of results by business segment①

## Net operating profits by business segment\*1



## Breakdown of changes in net operating profits



## Overview

### DS

Profits increased due to increases in CF\*3 and FX revenue as well as a decrease in expense by channel reforms and lower deposit insurance premium despite lower domestic exchange fees.

### R&C

Profits increased due to earnings of deposits reflecting improved interest margin partly due to a rise in U.S. interest rates, earnings on FX and FX derivatives that captured market fluctuations, and earnings on real estate.

### JCIB

Profits increased due to earnings of domestic and foreign interest income reflecting improving interest margin and a rise in U.S. interest rates, earnings on FX that captured market fluctuations, and earnings on fees such as real estate finance.

### GCB

Profits increased due to higher interest income due to higher policy interest rate in U.S. as well as strong loan revenue and improvement in interest margin in Thailand.

### AM/IS

Despite higher number of deals in Global IS\*4, profits decreased due to lower performance fees in FSI and the impact of stock price declines due to weak market conditions.

### GCIB

Profits increased due to strong demand for loans in reaction to the sluggish direct money market and increase in cross-selling transactions, as well as higher deposit earnings from rising U.S. interest rates.

### Global Markets

Treasury business conducted flexible operations with managing risks. Profits increased in customer business which increased flow transactions that captured market fluctuations, and the absence of losses in overseas securities in the previous year.

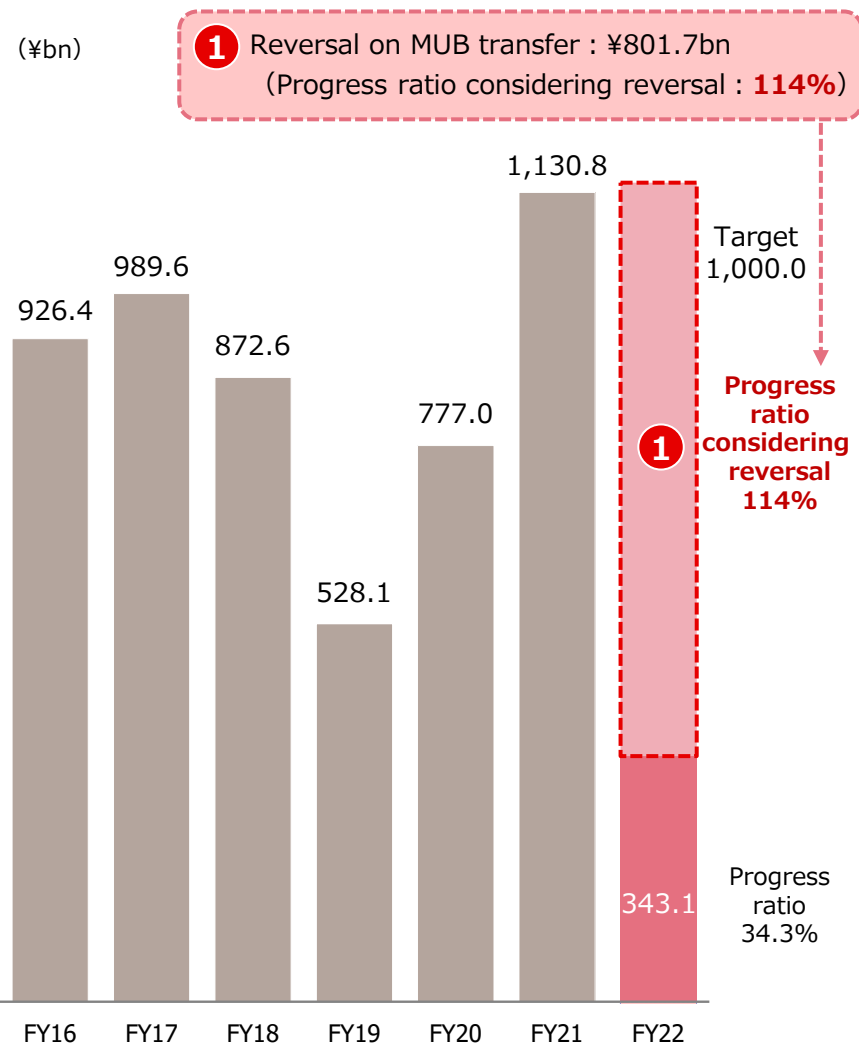
\*1 On a managerial accounting basis \*2 Include net operating profit for "Other" segment (FY21 1-3Q: ¥(71.3)bn, FY22 1-3Q : ¥(123.3)bn)

\*3 Consumer Finance \*4 Investor Services

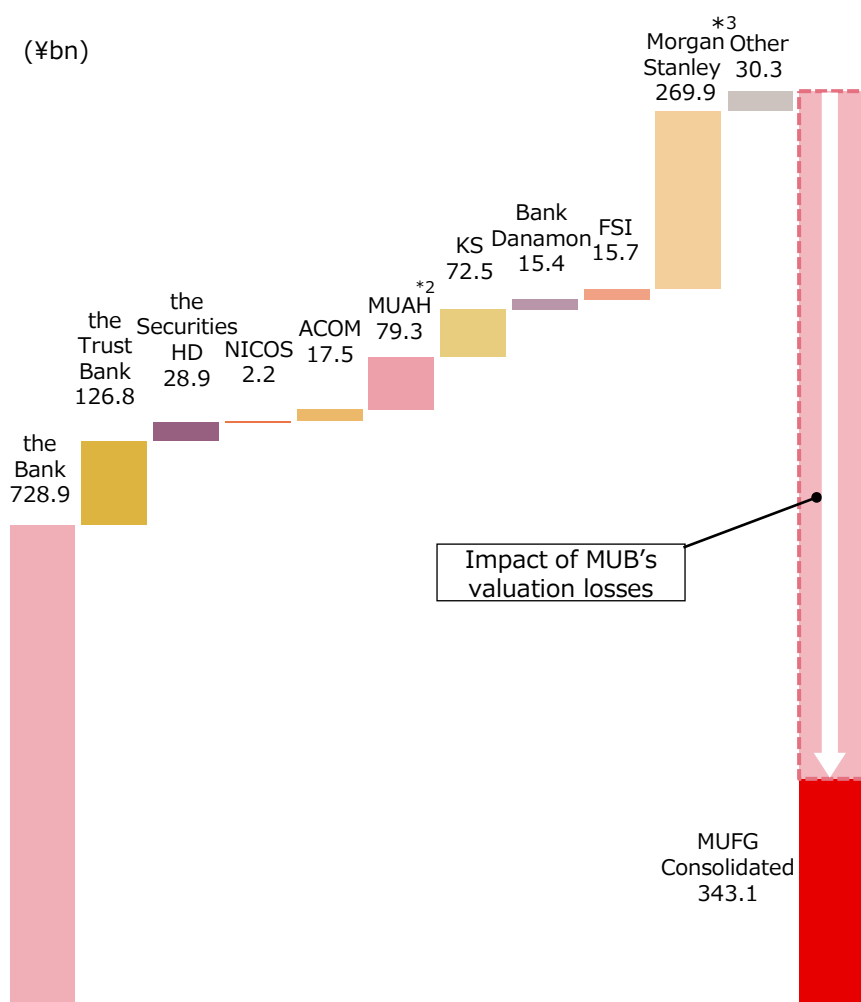


# Progress ratio of FY22 and breakdown by entity

## History of profits attributable to owners of parent



## Breakdown of profits attributable to owners of parent\*1



\*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

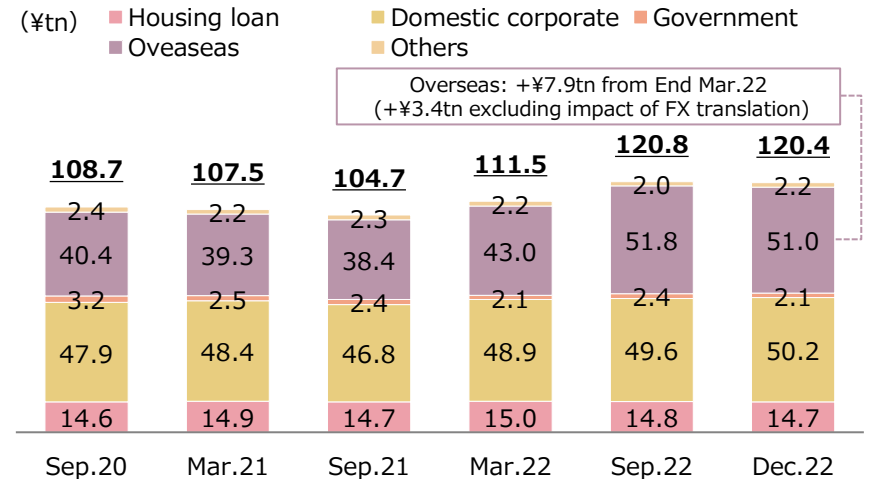
(¥bn)	End Dec.22	Changes from End Mar.22
1 <b>Total assets</b>	391,386.5	17,654.6
2 Loans (Banking + Trust accounts)	120,459.3	8,912.6
3 Loans (Banking accounts)	119,232.8	8,806.6
4 Housing loans <sup>*1</sup>	14,755.3	(315.6)
5 Domestic corporate loans <sup>*1*2</sup>	50,260.8	1,320.4
6 Overseas loans <sup>*3</sup>	51,035.0	7,935.1
7 Investment securities (Banking accounts)	82,443.7	2,883.1
8 Domestic equity securities	4,986.6	(458.5)
9 Japanese government bonds	34,832.6	1,672.7
10 Foreign bonds	22,355.2	90.1
11 <b>Total liabilities</b>	373,693.2	17,949.6
12 Deposits	220,385.4	4,958.1
13 Domestic individuals <sup>*4</sup>	91,367.1	3,098.3
14 Domestic corporates etc. <sup>*4</sup>	76,852.0	(3,154.8)
15 Overseas and others	52,166.1	5,014.6
16 <b>Total net assets</b>	17,693.2	(294.9)
17 <b>Non-performing loans</b>	1,377.7	(94.0)
18 <b>NPL ratio</b>	1.02%	(0.16%)
19 <b>Net unrealized gains (losses) on available-for-sale securities</b>	800.9	(1,590.9)

\*1 Non-consolidated + trust accounts \*2 Excluding loans to government and governmental institutions and including foreign currency-denominated loans (Excluding impact of FX translation: ¥+0.8tn from the end of Mar.22)

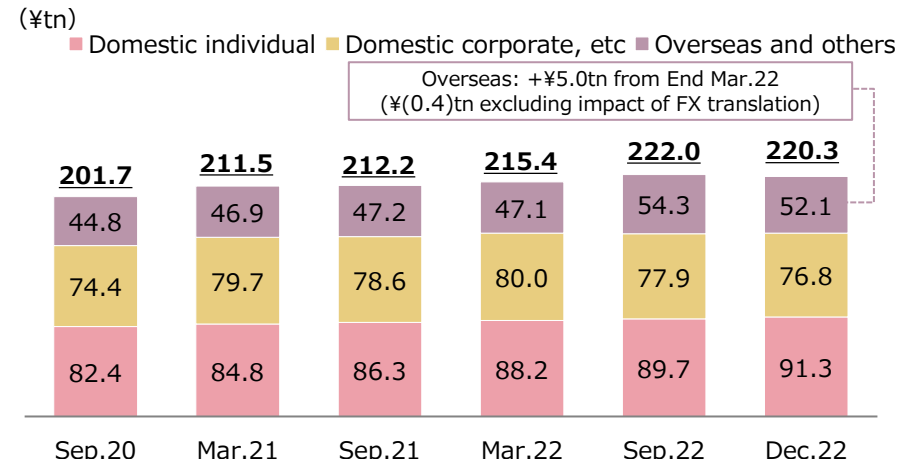
\*3 Loans booked in overseas branches, MUAH, KS, Bank Danamon, the Bank (China), the Bank (Malaysia) and the Bank (Europe)

\*4 Non-consolidated

## Loans (Period end balance)

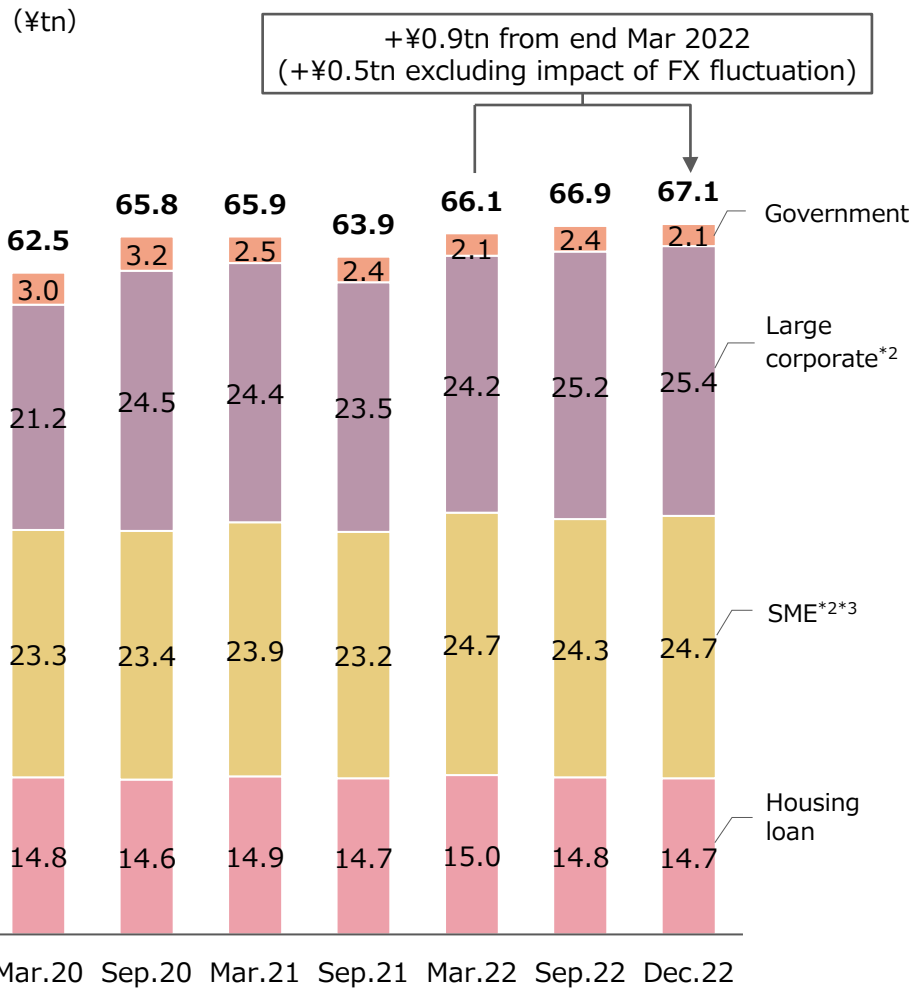


## Deposits (Period end balance)

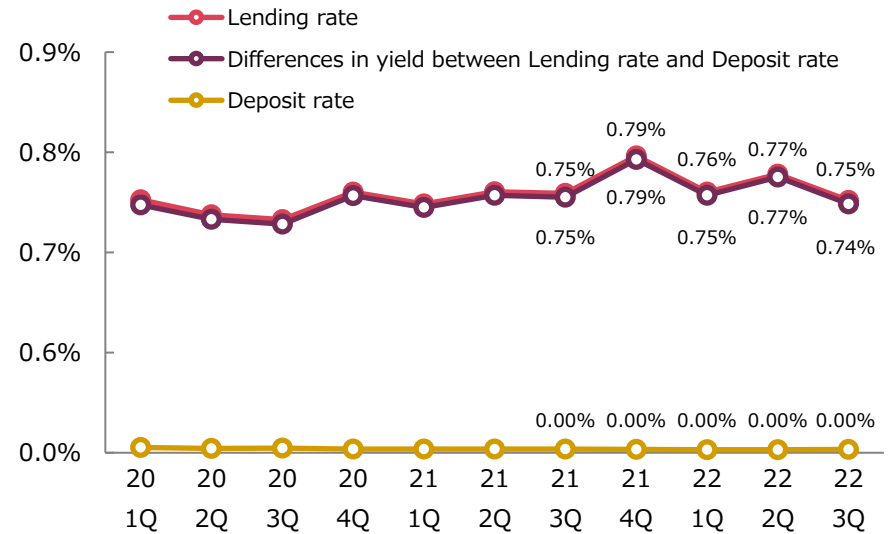


# Domestic loans

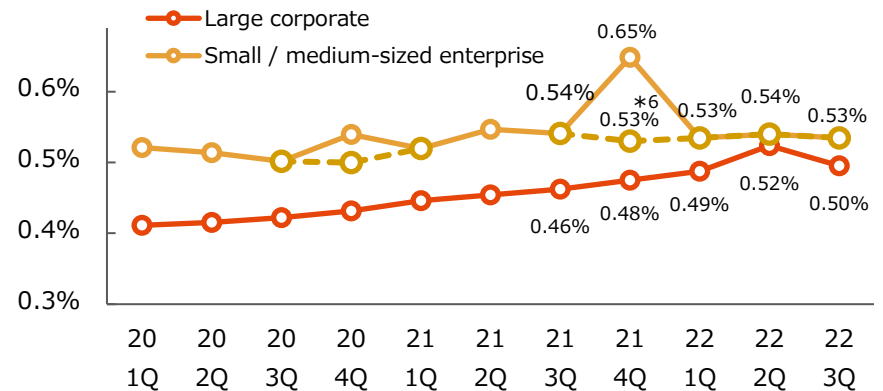
## Loan balance (Period end balance)\*1



## 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)

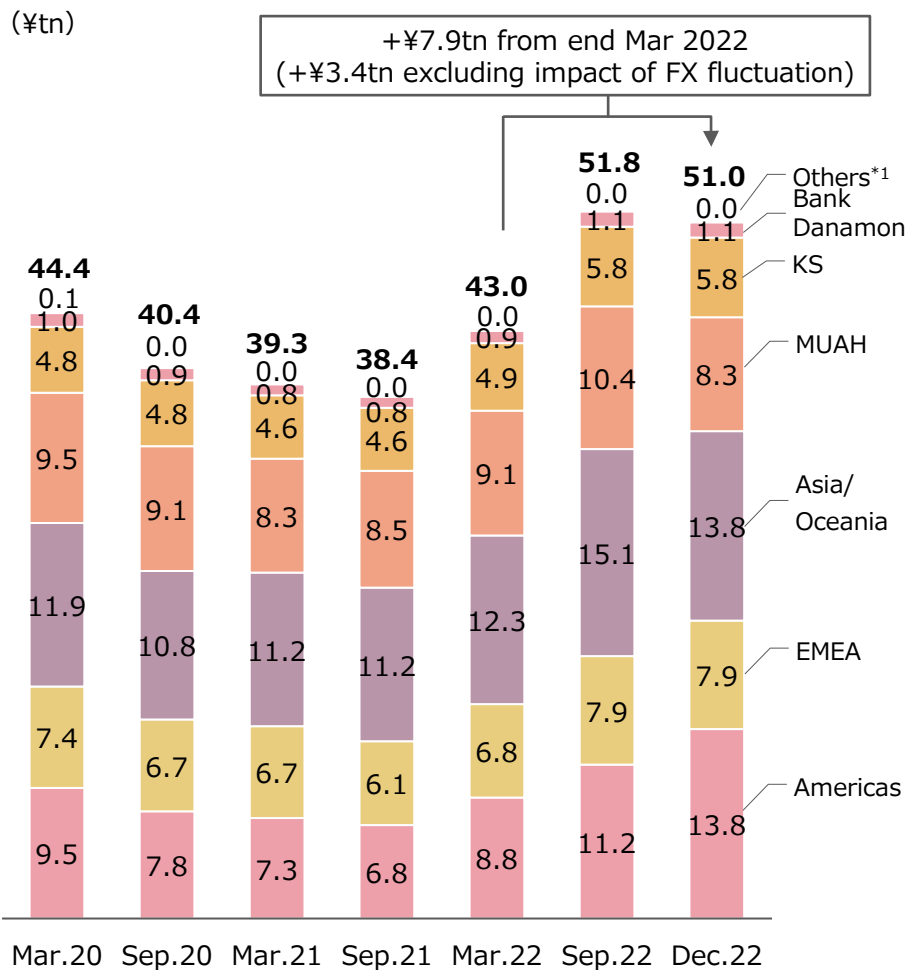
\*4 Excluding loans to government \*5 On a managerial accounting basis. Non-consolidated

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

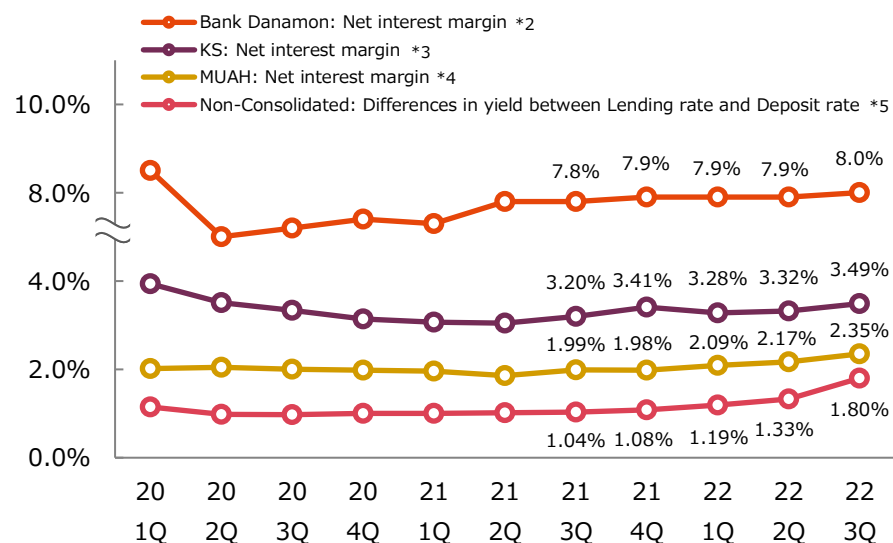


# Overseas loans

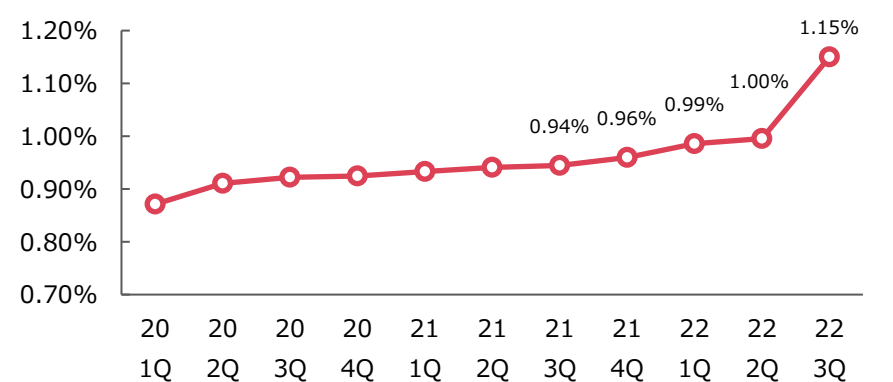
## Loan balance (Period end balance)



## Changes in overseas deposit / lending rates



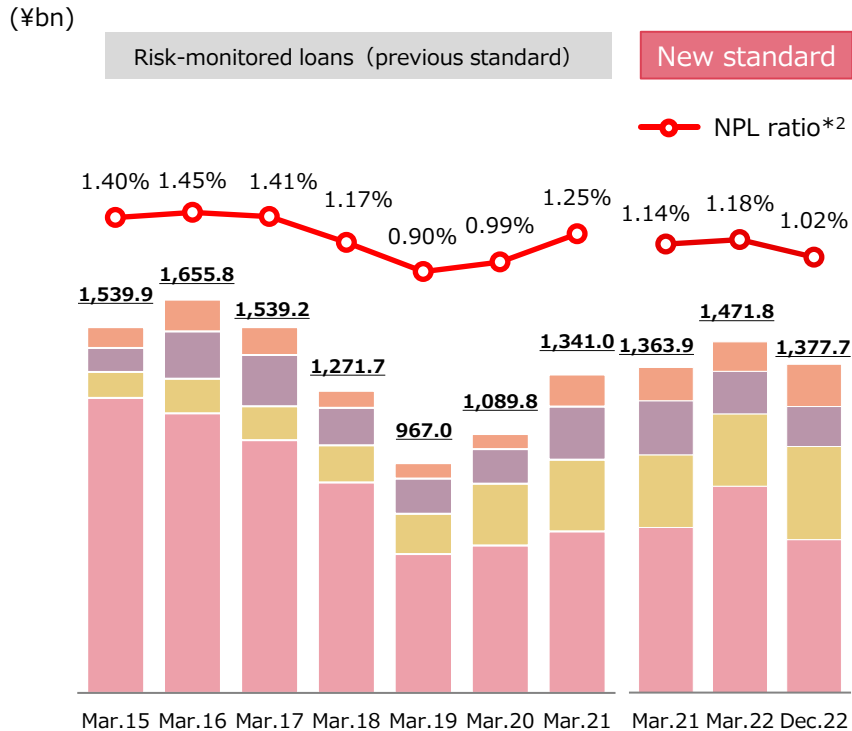
## Overseas lending spread\*5



\*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 1Q 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

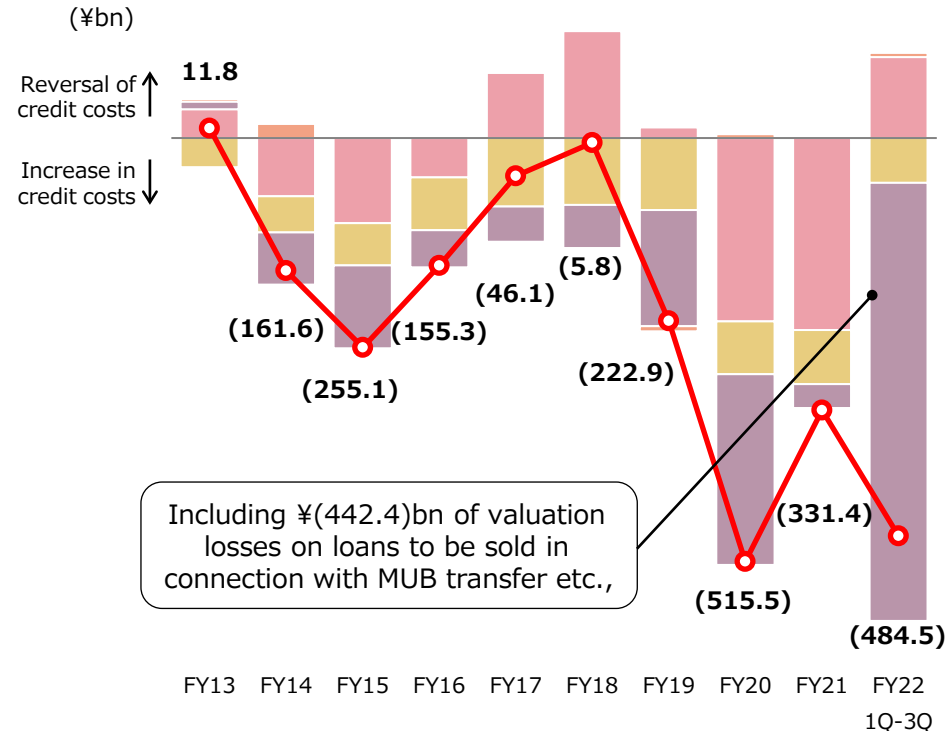
## Non-performing loans\*1



[Breakdown]

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

## Total credit costs



[Breakdown]

	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22 1Q-3Q
Non-consolidated	35.1	(71.1)	(103.7)	(47.9)	79.5	129.8	12.6	(223.2)	(233.8)	98.3
CF*3	(35.7)	(44.1)	(51.6)	(64.5)	(83.6)	(81.7)	(87.6)	(64.4)	(66.0)	(54.5)
Overseas*4	9.2	(63.2)	(100.8)	(45.0)	(42.7)	(52.3)	(141.6)	(232.3)	(28.9)	(533.5)
Others*5	3.2	16.9	1.0	2.1	0.8	(1.5)	(6.2)	4.5	(2.6)	5.2

\*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 September 30, 2022) for the quarter ended December 31, 2022 will be approx. ¥40bn reversal. The subsidiaries' total credit costs will be reflected in consolidated financial statements for the quarter ending March 31, 2023

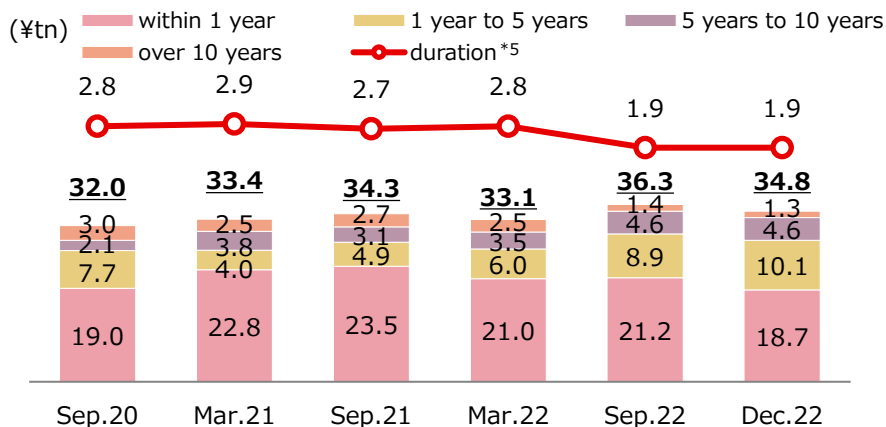
\*5 Sum of other subsidiaries and consolidation adjustment

# Investment securities

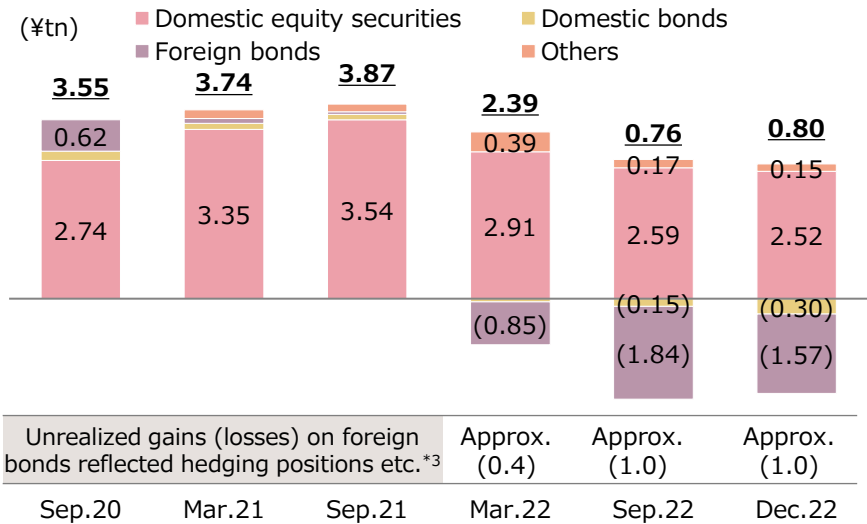
## Securities with fair value\*1

(#bn)	Balance		Unrealized gains (losses)	
	End Dec.22	Changes from End Mar.22	End Dec.22	Changes from End Mar.22
1 Held to maturity	17,843.1	13,248.0	-	-
2 Available for sale	64,259.4	(10,650.2)	800.9	(1,590.9)
3 Domestic equity securities	4,133.4	(480.2)	2,526.1	(387.9)
4 Domestic bonds	31,259.9	(9,173.7)	(306.2)	(244.4)
5 Japanese government bonds	23,972.7	(7,439.0)	(211.5)	(156.1)
6 Others	28,866.0	(996.3)	(1,418.9)	(958.5)
7 Foreign equity securities	452.1	233.5	(20.8)	(48.6)
8 Foreign bonds	18,988.7	(3,041.7)	(1,571.1)	(718.2) <sup>*2</sup>
9 Others	9,425.1	1,811.9	173.0	(191.6)

## Balance of JGB portfolio by maturity\*4



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



## Selling amount of equity holdings (Approx.)\*6

(#bn)	Amount of sale	Acquisition cost basis	Net gains (losses)
<b>FY15-20 Total</b>	<b>1,545.0</b>	<b>870.0</b>	<b>675.0</b>
<b>FY21</b>	<b>470.0</b>	<b>169.0</b>	<b>301.0</b>
<b>FY22 1-3Q</b>	<b>277.0</b>	<b>95.0</b>	<b>182.0</b>
<b>FY21-23 Target</b>		<b>500.0</b>	
Agreed amount*7 (End Dec. 22)	-	<b>185.0</b>	-

\*1 Unrealized gains (losses) excludes ¥(594.7)bn that is reflected in gains (losses) in connection with the agreement to sale all shares of MUB

\*2 Approximately ¥(0.6)tn excluding the impact of FX translation \*3 On a managerial accounting basis (¥tn)

\*4 Available-for-sale securities and held-to-maturity securities. Non-consolidated \*5 Available-for-sale securities. Non-consolidated. Unit : year

\*6 Sum of the Bank and the Trust Bank \*7 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

- Valuation losses on MUB's holding of bonds and other instruments was recorded by ¥1,044.8bn\*<sup>1</sup> in 1-3Q results. We have countered these losses through hedging and partially offset them by ¥84.8bn.
- 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 upon MUB's transfer\*<sup>2</sup>.
- Valuation losses that will not be reversed have been countered through hedging. MUFG thus forecasts that the impact on its full-year results of profits attributable to owners of parent will amount to approx. ¥(160.0)bn\*<sup>3</sup>.

	(¥bn)	Account	Impact on 1-3Q	Reversal on MUB transfer	Impact on FY22 (est, approx)	Valuation losses	Reversal as extra-ordinary gains	Accounting treatment
<b>①</b>	<b>Available-for-sale securities</b>	Other non-recurring gains (losses)	(329.0)	85.8	<b>(220.0)</b>	(300.0)	80.0	<ul style="list-style-type: none"> <li>Valuation losses are reflected in income statement on a quarterly basis</li> <li>Tax effect will be recorded as an extraordinary gains on MUB transfer</li> </ul>
<b>②</b>	<b>Held-to-maturity bond, etc.</b>	Other non-recurring gains (losses)	(273.4)	273.4	<b>0</b>	(260.0)	260.0	<ul style="list-style-type: none"> <li>Valuation losses are reflected in income statement on a quarterly basis</li> <li>Full amount will be recorded as an extraordinary gains on MUB transfer</li> </ul>
<b>③</b>	<b>Loans</b>	Total credit costs	(442.4)	442.4	<b>0</b>	(390.0)	390.0	
	<b>Subtotal</b>		<b>(1,044.8)</b>	<b>801.7</b>	<b>(220.0)</b>	<b>(950.0)</b>	<b>730.0</b>	
<b>④</b>	<b>Hedging effect</b>	Other non-recurring gains (losses)	<b>84.8</b>		<b>85.0</b>			
	<b>Impact on MUFG PL (before tax)</b>		<b>(960.0)</b>		<b>(135.0)</b>			
	<b>Impact on MUFG PL (after tax)</b>		<b>(986.0)</b>		<b>(160.0)</b>			

\*1 \$1 = ¥144.81 for FY22 1-3Q \*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. Including the net extraordinary gains associated with such valuation losses, gains on sale of MUB shares are expected to be approx. ¥700bn in full year results. \*3 \$1 = ¥132.70

# 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		

$$\text{ROE} = \frac{\text{Profits attributable to owners of parent for 1-3Q of respective fiscal year} \div 3 \times 4}{\{(\text{Total shareholders' equity at the beginning of the period} + \text{Foreign currency translation adjustments at the beginning of the period}) + (\text{Total shareholders' equity at the end of the period} + \text{Foreign currency translation adjustments at the end of the period})\} \div 2}$$