

Mitsubishi UFJ Financial Group, Inc. (MUFG)
MUFG Bank, Ltd.

Recording of Extraordinary Losses Associated with One-Time Amortization of Goodwill Posted on Financial Statements for the 3rd Quarter of Fiscal Year Ending March 2020 (under J-GAAP)

Tokyo/Jakarta, December 30, 2019 --- MUFG's core commercial banking subsidiary MUFG Bank has recognized impairment losses on shares of PT Bank Danamon Indonesia, Tbk., a large Indonesian commercial bank and consolidated subsidiary of MUFG Bank. As a result, MUFG has decided to post extraordinary losses from the one-time amortization of goodwill on its consolidated financial statements for the 3rd quarter of the fiscal year ending in March 2020 (under J-GAAP).

1. Details

MUFG and MUFG Bank have strengthened their commercial banking business through the establishment of business platforms across Southeast Asia via strategic investments and other measures. The strategic investment in Bank Danamon has proceeded in stages since December 2017, and as announced on April 29, 2019, Bank Danamon became a consolidated subsidiary of MUFG and MUFG Bank upon the 3rd step of additional investment.^[1] MUFG Bank currently holds 94.1% of Bank Danamon's ordinary shares.

The market value of Bank Danamon stock as of December 30, 2019 was down 50% or more from the purchase cost, and MUFG Bank is treating the decrease in stock value as an impairment loss. As a result, MUFG has decided to record the amortization on its consolidated financial statements on the basis of provisions contained in the Practical Guidelines for Consolidation Procedures in the Consolidated Financial Statements.

2. Impact on Business Performance and Operations

The recording of the amortization is expected to have a monetary impact of JPY 207.4 billion on the 3rd quarter profits attributable to owners of parent and recorded in its financial statements for the 3rd quarter of the fiscal year ending March 2020 (under J-GAAP). The amortization amount can be adjusted (including a reversal if Bank Danamon's share price undergoes a recovery) at the end of the fiscal year, at which point it becomes final.

Should there be any change to MUFG's full-year consolidated business performance target^[2] of JPY 900 billion in profits attributable to owners of parent (which does not

take this issue into account), it will be disclosed appropriately.

Bank Danamon boasts an extensive and robust business base in Indonesia as well as a high level of profitability, and it plays an extremely important role in MUFG's global commercial banking (GCB) business strategy. There will be no change in MUFG's GCB business strategy, which includes Bank Danamon, after posting the loss. Going forward, MUFG will drive further synergies and will pursue the provision of comprehensive financial services to customers doing business in the Indonesian market, along with contributing to the growth of the Indonesian economy.

^[1] For the press release issued on April 29, 2019, please refer to the following link.

https://www.mufg.jp/dam/pressrelease/2019/pdf/news-20190429-001_en.pdf

^[2] For the Financial Highlights issued on November 13, 2019, please refer the following link.

https://www.mufg.jp/dam/ir/fs/2019/pdf/highlights1909_en.pdf

MUFG is engaged in financial service businesses such as banking business, trust banking business, securities business and credit card/loan businesses. Because there are various uncertainties caused by economic situation, market environments and other factors in these businesses, MUFG discloses a target of its profits attributable to owners of parent instead of a forecast of its performance.

-End-

Cautionary Statement Regarding MUFG's Forward-Looking Statements

This communication contains forward-looking statements. We use words such as expects, intends, and similar expressions to identify forward-looking statements. Actual results could differ materially from those projected or forecast in the forward-looking statements. MUFG assumes no obligation to update the information in this communication, except as otherwise required by law. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof.