Annual Securities Report

"Yukashoken Hokokusho"

(Excerpt)

for the fiscal year ended March 31, 2022

MUFG Bank, Ltd.

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[Document Submitted]	Annual Securities Report (“Yukashoken Hokokusho”)
[Article of the Applicable Law Requiring Submission of This Document]	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Submitted to]	Director, Kanto Local Finance Bureau
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[Accounting Period]	The 17th Fiscal Year (from April 1, 2021 to March 31, 2022)
[Company Name]	Kabushiki-Kaisha Mitsubishi UFJ Ginko
[Company Name in English]	MUFG Bank, Ltd.
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I. Overview of the Company

1. Key Financial Data and Trends

(1) Key consolidated financial data and trends over the current and previous four fiscal years

(Millions of yen, unless otherwise stated)

	Fiscal 2017 From April 1, 2017 to March 31, 2018	Fiscal 2018 From April 1, 2018 to March 31, 2019	Fiscal 2019 From April 1, 2019 to March 31, 2020	Fiscal 2020 From April 1, 2020 to March 31, 2021	Fiscal 2021 From April 1, 2021 to March 31, 2022
Consolidated ordinary income	4,277,820	4,863,987	5,338,180	4,120,160	4,050,858
Consolidated ordinary profit	901,550	851,241	711,942	430,887	824,838
Net income attributable to the shareholders of MUFG Bank	575,260	612,437	97,921	307,761	503,001
Consolidated comprehensive income	859,875	487,183	(29,768)	727,726	45,564
Consolidated total equity	12,708,722	12,869,567	12,285,505	12,571,975	12,242,901
Consolidated total assets	239,228,925	253,312,157	270,418,512	290,269,735	299,610,983
Total equity per share (yen)	964.46	987.52	960.19	984.24	954.38
Net income per common share (yen)	46.57	49.58	7.92	24.91	40.72
Diluted net income per common share (yen)	46.57	49.58	7.92	24.91	40.72
Capital ratio (%)	4.97	4.81	4.38	4.18	3.93
Consolidated return on equity (%)	4.90	5.08	0.81	2.56	4.20
Net cash provided by operating activities	10,425,832	10,615,956	6,490,423	33,234,771	2,115,348
Net cash used in investing activities	(1,324,719)	(7,878,185)	(4,115,796)	(9,680,070)	(533,106)
Net cash provided by (used in) financing activities	(271,096)	(65,856)	739,323	(126,285)	(178,550)
Cash and cash equivalents at end of period	57,688,651	60,389,520	63,234,971	86,975,271	89,394,022
Number of employees [Besides the above, average number of temporary employees]	86,058 [22,100]	87,876 [21,800]	106,895 [25,300]	106,023 [22,300]	102,767 [19,200]

(Notes)
1. National and local consumption taxes of MUFG Bank, Ltd. (hereinafter referred to as the “Bank”) and its domestic consolidated subsidiaries are accounted for using the tax-excluded method.
2. Capital ratio is calculated by dividing (“total equity at the end of fiscal year” - “subscription rights to shares at the end of fiscal year” - “noncontrolling interests at the end of fiscal year”) by “total assets at the end of fiscal year.”
3. Consolidated price earnings ratio is not applicable as shares of the Bank are unlisted.
4. The average number of temporary employees includes contractors and figures are rounded to the nearest hundred. The number of contractors as temporary employees was 5,400, 4,800, 4,500, 4,100 and 2,900, respectively, for the fiscal years 2017, 2018, 2019, 2020 and 2021.

(2) Key non-consolidated financial data and trends of the Bank over the current and previous four fiscal years

(Millions of yen, unless otherwise stated)

Fiscal period	13th Term	14th Term	15th Term	16th Term	17th Term
Period of account	March 2018	March 2019	March 2020	March 2021	March 2022
Ordinary income	3,067,560	3,568,249	3,661,200	2,635,402	2,557,193
Ordinary profit	637,091	624,464	459,184	202,247	407,057
Net income (loss)	437,710	663,215	(653,072)	144,479	188,344
Capital stock	1,711,958	1,711,958	1,711,958	1,711,958	1,711,958
Total number of shares issued (thousands of shares)	Common stock 12,350,038 1st series Class 2 preferred stock 100,000 1st series Class 4 preferred stock 79,700 1st series Class 6 preferred stock 1,000 1st series Class 7 preferred stock 177,000	Common stock 12,350,038 1st series Class 2 preferred stock 100,000 1st series Class 4 preferred stock 79,700 1st series Class 6 preferred stock 1,000 1st series Class 7 preferred stock 177,000	Common stock 12,350,038 1st series Class 2 preferred stock 100,000 1st series Class 4 preferred stock 79,700 1st series Class 6 preferred stock 1,000 1st series Class 7 preferred stock 177,000	Common stock 12,350,038 1st series Class 2 preferred stock 100,000 1st series Class 4 preferred stock 79,700 1st series Class 6 preferred stock 1,000 1st series Class 7 preferred stock 177,000	Common stock 12,350,038 1st series Class 2 preferred stock 100,000 1st series Class 4 preferred stock 79,700 1st series Class 6 preferred stock 1,000 1st series Class 7 preferred stock 177,000
Total equity	10,420,190	10,913,954	9,801,968	9,897,602	8,890,653
Total assets	212,246,573	225,596,992	239,788,548	259,975,251	267,638,266
Balance of deposits	145,492,629	152,870,674	158,248,564	182,239,930	183,356,877
Balance of loans and bills discounted	79,213,244	87,877,986	88,258,295	88,447,036	90,421,234
Balance of securities	43,375,328	48,739,675	50,781,265	61,787,561	61,212,185
Total equity per share (yen)	843.73	883.71	793.67	801.42	719.88
Dividends per share (yen) [Of the above, interim dividends per share (yen)]	Common stock 31.92 [12.12]	Common stock 8.51 [–]	Common stock 26.16 [11.45]	Common stock 18.44 [11.27]	Common stock 35.06 [12.18]
Net income (loss) per common share (yen)	35.44	53.70	(52.88)	11.69	15.25
Diluted net income per common share (yen)	–	–	–	–	–
Capital ratio (%)	4.90	4.83	4.08	3.80	3.32
Return on equity (%)	4.23	6.21	(6.30)	1.46	2.00
Dividend payout ratio (%)	90.06	15.84	–	157.62	229.89
Number of employees [Besides the above, average number of temporary employees]	34,101 [11,996]	33,524 [11,742]	32,186 [10,783]	30,554 [9,973]	28,843 [9,280]

(Notes)
1. National and local consumption taxes are accounted for using the tax-excluded method.
2. Diluted net income per common share is not stated due to the absence of residual securities.
3. Dividends per share for the 13th, 14th, 15th and 17th Terms include special dividends of ¥13.64, ¥4.28, ¥3.40 and ¥10.21, respectively.
4. The Bank paid dividends in kind in the 13th and 14th Terms but these dividends are not included in the dividends per share and dividend payout ratio.
5. Capital ratio is calculated by dividing (“total equity at the end of fiscal year” - “subscription rights to shares at the

end of fiscal year") by "total assets at the end of fiscal year."

6. Price earnings ratio is not applicable as shares of the Bank are unlisted.
7. Dividend payout ratio is calculated by dividing the total dividends on common stock by net income after the deduction of the total dividends on preferred stock.
8. The number of employees excludes employees loaned to other companies but includes employees loaned to the Bank and locally hired overseas staff members.
9. The average number of temporary employees includes contractors, which was 2,744, 2,263, 2,178, 1,941 and 1,778, respectively, for the 13th, 14th, 15th, 16th and 17th Terms.
10. Total shareholder return is not applicable as shares of the Bank are unlisted.
11. The highest and lowest share prices by fiscal year are not applicable as shares of the Bank are unlisted.

2. History

August 1919	The Mitsubishi Bank, Limited was founded with capital of ¥50.00 million (of which ¥30.00 million was paid in), inheriting the business of the Banking Division of Mitsubishi Goshi Kaisha, and started operation on October 1, 1919.
December 1933	The Sanwa Bank, Limited was founded with capital of ¥107.20 million (of which ¥72.20 million was paid in), as a result of the merger of The Thirty-Fourth Bank Limited, The Yamaguchi Bank, Ltd. and The Konoike Bank, Limited.
June 1941	The Tokai Bank, Limited was founded with capital of ¥37.60 million (of which ¥27.25 million was paid in), as a result of the merger of The Aichi Bank, Ltd., The Bank of Nagoya, Ltd. and The Itoh Bank Limited.
December 1946	The Bank of Tokyo, Ltd. was founded with capital of ¥50.00 million (fully paid in), on the basis of business transfer from The Yokohama Specie Bank, Ltd. and started operation on January 4, 1947.
April 1996	The Mitsubishi Bank, Limited and The Bank of Tokyo, Ltd. were merged to become The Bank of Tokyo-Mitsubishi, Ltd.
April 2001	The Bank of Tokyo-Mitsubishi, Ltd., Nippon Trust Bank Limited and The Mitsubishi Trust and Banking Corporation jointly established by share transfer the wholly-owning parent company, Mitsubishi Tokyo Financial Group, Inc.
	The Sanwa Bank, Limited, The Tokai Bank, Limited and The Toyo Trust and Banking Company, Limited jointly established by share transfer the wholly-owning parent company, UFJ Holdings, Inc.
January 2002	The Sanwa Bank, Limited and The Tokai Bank, Limited were merged to become UFJ Bank Limited.
October 2005	Mitsubishi Tokyo Financial Group, Inc. and UFJ Holdings, Inc. were merged to become Mitsubishi UFJ Financial Group, Inc.
January 2006	The Bank of Tokyo-Mitsubishi, Ltd. and UFJ Bank Limited were merged to become The Bank of Tokyo-Mitsubishi UFJ, Ltd.
June 2016	The Bank of Tokyo-Mitsubishi UFJ, Ltd. transformed its governance structure from a Company with Board of Corporate Auditors into a Company with an Audit & Supervisory Committee.
April 2018	The Bank of Tokyo-Mitsubishi UFJ, Ltd. changed its company name to MUFG Bank, Ltd.
April 2019	PT Bank Danamon Indonesia, Tbk. became a subsidiary of the Bank

3. Business Outline

Under its parent company, Mitsubishi UFJ Financial Group, Inc. (“MUFG”), the Group (MUFG Bank, Ltd. and its subsidiaries and affiliates) comprises the Bank, 115 consolidated subsidiaries, and 46 equity method investees, and is engaged in banking and other financial services (including leasing).

The Bank has established its business units according to the characteristics of its customers and the nature of its business. Each business unit engages in business activities based on comprehensive strategies developed for and aimed at respective targeted customers and businesses. Accordingly, the Bank’s operations comprise segments classified by customers and business; namely, the Digital Service Business Unit, Retail & Commercial Banking Business Unit, Japanese Corporate & Investment Banking Business Unit, Global Commercial Banking Business Unit, Global Corporate & Investment Banking Business Unit, Global Markets Business Unit and Other units.

Positions of main subsidiaries and affiliates in relation to each business unit are illustrated in the following organizational chart. The Bank has reclassified its reportable segments from the current fiscal year. For details, please refer to “(1) Reportable segments” under “32. SEGMENT INFORMATION” in “Notes to Consolidated Financial Statements” of “V. Financial Information.”

Digital Service Business Unit	: Providing financial services to individual customers and corporate clients mainly involving non-face-to-face transactions, as well as driving Bank-wide digital transformation
Retail & Commercial Banking Business Unit	: Providing financial services to Japanese individual and corporate customers
Japanese Corporate & Investment Banking Business Unit	: Providing financial services to major Japanese corporate customers globally
Global Commercial Banking Business Unit	: Providing financial services to individual and small to medium-sized corporate customers by overseas commercial banks of the Group
Global Corporate & Investment Banking Business Unit	: Providing financial services to major non-Japanese corporations
Global Markets Business Unit	: Providing services related to foreign currency exchange, funds and investment securities to customers, as well as conducting market transactions and managing liquidity and cash for the Group
Other units	: Other than the businesses mentioned above

(As of March 31, 2022)

Mitsubishi UFJ Financial Group, Inc. (Parent Company)

*consolidated subsidiaries, ** equity method investees

	Reportable segments (*1)						
	Digital Service	Retail & Commercial Banking	Japanese Corporate & Investment Banking	Global Commercial Banking	Global Corporate & Investment Banking	Global Markets	Other
MUFG Bank, Ltd.							
**JACCS CO., LTD.	●						
**au Jibun Bank Corporation	●						
**The Chukyo Bank, Limited							●
* MUFG Americas Holdings Corporation			●	●	●	●	
* Banco MUFG Brasil S.A.			●		●	●	●
* MUFG Bank Mexico, S.A.			●		●	●	●
* AO MUFG Bank (Eurasia)			●		●	●	●
* MUFG Bank (Europe) N.V.			●		●	●	●
* MUFG Bank Turkey Anonim Sirketi			●		●	●	●
* Bank of Ayudhya Public Company Limited				●		●	
* MUFG Bank (China), Ltd.			●		●	●	●
* PT Bank Danamon Indonesia, Tbk.				●			
**Vietnam Joint Stock Commercial Bank for Industry and Trade				●			
**Security Bank Corporation				●			

Mitsubishi UFJ Trust and Banking Corporation (*2)

Mitsubishi UFJ Securities Holdings Co., Ltd. (*2)

Mitsubishi UFJ NICOS Co., Ltd. (*2)

Mitsubishi HC Capital Inc. (*2)

*1. "●" indicates major reportable segments under which the respective companies are classified.

*2. Mitsubishi UFJ Trust and Banking Corporation, Mitsubishi UFJ Securities Holdings Co., Ltd., Mitsubishi UFJ NICOS Co., Ltd., and Mitsubishi HC Capital Inc. are the MUFG Group's major subsidiaries and affiliates.

4. Information on Subsidiaries and Affiliates

(Parent company)

Company name	Address	Ratio of voting rights holding (held) (%)
Mitsubishi UFJ Financial Group, Inc.	Chiyoda-ku, Tokyo	100.00

(Consolidated subsidiaries)

Company name	Address	Ratio of voting rights holding (held) (%)
The Mitsubishi UFJ Factors Limited	Chiyoda-ku, Tokyo	100.00
Mitsubishi UFJ Research and Consulting Co., Ltd.	Minato-ku, Tokyo	44.92 (9.53)
MU Frontier Servicer Co., Ltd.	Nakano-ku, Tokyo	96.47
Mitsubishi UFJ Personal Financial Advisers Co., Ltd.	Chiyoda-ku, Tokyo	47.33
TOKYO CREDIT SERVICES, LIMITED	Chiyoda-ku, Tokyo	47.50 (21.50)
Business Tech Co., Ltd	Chiyoda-ku, Tokyo	50.99
Mitsubishi UFJ Financial Partners Co., Ltd.	Minato-ku, Tokyo	100.00
MUFG Americas Holdings Corporation	New York, New York, the United States	95.00
Banco MUFG Brasil S.A.	Sao Paulo, Sao Paulo, Federative Republic of Brazil	99.77
MUFG Bank Mexico, S.A.	Mexico City, United Mexican States	100.00 (0.10)
AO MUFG Bank (Eurasia)	Moscow, the Russian Federation	100.00
MUFG Bank (Europe) N.V.	Amsterdam, Kingdom of the Netherlands	100.00
MUFG Bank Turkey Anonim Sirketi	Istanbul, Republic of Turkey	99.99
Bank of Ayudhya Public Company Limited	Bangkok, Kingdom of Thailand	76.88
MUFG Bank (China), Ltd.	Shanghai, People's Republic of China	100.00
PT Bank Danamon Indonesia, Tbk.	Jakarta, Republic of Indonesia	92.47 (1.00)
MUFG Bank (Malaysia) Berhad	Kuala Lumpur, Malaysia	100.00
MUFG Participation (Thailand) Co., Ltd.	Bangkok, Kingdom of Thailand	12.29 (2.29) [52.78]
97 Other companies		

(Equity method investees)

Company name	Address	Ratio of voting rights holding (held) (%)
Biz Forward, Inc.	Minato-ku, Tokyo	49.00 (10.00)
Recruit MUFG Business Co., Ltd.	Chuo-ku, Tokyo	49.00
JACCS CO., LTD.	Hakodate City, Hokkaido	20.34
au Jibun Bank Corporation	Chuo-ku, Tokyo	29.47
Mitsubishi UFJ Capital Co., Ltd.	Chuo-ku, Tokyo	27.89 (5.29)
Cotra Ltd.	Chuo-ku, Tokyo	25.00
The Mitsubishi Asset Brains Company, Limited	Minato-ku, Tokyo	25.00
JALCARD, INC.	Shinagawa-ku, Tokyo	0.01 [49.36]
BOT Lease Co., LTD.	Chuo-ku, Tokyo	17.57 (12.57)
The Chukyo Bank, Limited	Naka-ku, Nagoya City	39.36
Nippon Mutual Housing Loan Co., Ltd.	Taito-ku, Tokyo	4.96 [43.79]
Vietnam Joint Stock Commercial Bank for Industry and Trade	Hanoi, the Socialist Republic of Vietnam	19.72
Security Bank Corporation	Makati, Republic of the Philippines	20.00
Bangkok MUFG Limited	Bangkok, Kingdom of Thailand	20.00 (10.00) [25.00]
Mars Growth Capital Pte. Ltd.	Singapore, Republic of Singapore	50.00
MUFG Holding (Thailand) Co., Ltd.	Bangkok, Kingdom of Thailand	11.11 [29.86]
30 Other companies		

(Notes)
1. Of the above affiliates, Bank of Ayudhya Public Company Limited and MUFG Bank (China), Ltd. are classified as Specified Subsidiaries.
2. Of the above affiliates, Mitsubishi UFJ Financial Group, Inc., JACCS CO., LTD. and The Chukyo Bank, Limited submit annual securities reports or securities registration statements.
3. Of the above affiliates, the ordinary income of MUFG Americas Holdings Corporation and Bank of Ayudhya Public Company Limited (excluding intercompany transactions between consolidated companies) represents more than 10% of the ordinary income in the consolidated financial statements.
   The ordinary income, ordinary profit, net income, total equity and total assets of MUFG Americas Holdings Corporation are ¥578,771 million, ¥230,279 million, ¥195,492 million, ¥2,015,953 million and ¥19,210,446 million, respectively.
   The ordinary income, ordinary profit, net income, total equity and total assets of Bank of Ayudhya Public Company Limited are ¥480,914 million, ¥89,625 million, ¥101,170 million, ¥1,065,029 million and ¥8,758,113 million, respectively.
   Key information, including profit and loss figures of MUFG Americas Holdings Corporation and Bank of Ayudhya Public Company Limited, are presented above on a consolidated basis and do not represent the performance of the stand-alone entities.
4. ( ) in the “Ratio of voting rights holding (held)” column refers to indirect ownership via subsidiaries, while [ ] indicates the ratio of ownership by “persons who are found to exercise their voting rights in the same manner as the Company due to having a close relationship with the Company in terms of contribution, personnel affairs, funds, technology, transactions or other matters” or “persons who agree to exercise their voting rights in the same manner as the Company.”

5. Employees

(1) Number of employees in consolidated companies

As of March 31, 2022

	Digital Service Business Unit	Retail & Commercial Banking Business Unit	Japanese Corporate & Investment Banking Business Unit	Global Commercial Banking Business Unit	Global Corporate & Investment Banking Business Unit	Global Markets Business Unit	Other units	Total
Number of employees	2,570 [1,400]	17,641 [7,400]	3,990 [400]	53,379 [4,800]	2,135 [100]	1,115 [0]	21,937 [5,200]	102,767 [19,200]

(Notes) 1. Number of employees includes locally hired overseas staff members, but excludes 3,159 contract employees and 18,900 temporary employees.
2. Numbers within brackets indicate average number of temporary employees for the current fiscal year.
3. Number of temporary employees includes contractors and is rounded to the nearest hundred.
4. Number of contractors counted as temporary employees was 2,700 at the end of the current fiscal year while 2,900 on average over the year (rounded to the nearest hundred).

(2) Employees of the Bank

As of March 31, 2022

Number of employees	Average age (Years)	Average years of service (Years)	Average annual salary (Thousands of yen)
28,843 [9,280]	38.7	15.2	7,710

	Digital Service Business Unit	Retail & Commercial Banking Business Unit	Japanese Corporate & Investment Banking Business Unit	Global Commercial Banking Business Unit	Global Corporate & Investment Banking Business Unit	Global Markets Business Unit	Other units	Total
Number of employees	2,056 [1,096]	15,380 [6,913]	3,130 [435]	4 [1]	1,278 [49]	997 [17]	5,998 [768]	28,843 [9,280]

(Notes) 1. Number of employees excludes employees loaned to other companies but includes employees loaned to the Bank, while it includes locally hired overseas staff members, but excludes 1,338 contract employees and 8,882 temporary employees.
2. Number of employees excludes 102 Executive Officers (16 of whom serving as Directors concurrently).
3. Numbers within brackets indicate average number of temporary employees for the current fiscal year.
4. Number of temporary employees includes contractors. Number of contractors was 1,671 at the end of the current fiscal year and 1,778 on average over the year.
5. Neither locally hired overseas staff members nor employees loaned to the Bank are included in the average age, average years of service and average annual salary.
6. Average annual salary includes bonus and extra wages.
7. Employees union of the Bank is called The MUFG Bank Union with the membership of 27,271.
No significant issues exist between the union and the management.

II. Business Overview

1. Management Policy, Business Environment and Issues to be Addressed, etc.

Forward-looking statements in this section reflect the Bank's view as of the end of the current fiscal year.

(1) Management policy

Japan faces challenges such as a declining birth rate, an aging society and a shrinking population, while low growth has become normalized throughout the world. The environment we operate in has been affected by issues including growing awareness of environmental and social issues, advances in digital technologies that continue to drive the entry of new competitors in the financial sector and, more recently, the COVID-19 pandemic, as well as concerns over inflation. These developments are changing the business environment in significant ways and with unprecedented speed.

The MUFG Group seeks to meet these changes with clear eyes and to make the most of these challenges as opportunities for growth to become a leading force in the new era. It is with this goal that we have defined our purpose that we have set in April 2021: "Committed to empowering a brighter future." In our Medium-term Business Plan for the three years starting from fiscal 2021, we have defined "Corporate Transformation," "Strategies for Growth" and "Structural Reforms" as the three strategic pillars, and we were able to promote these strategies on a groupwide basis and achieve results during fiscal 2021.

From fiscal 2022, we will continue to strive to meet the expectations of all our stakeholders—including customers and employees—by structuring our business model to suit the changes in our environment and achieving higher profitability and improved return on equity.

In our Medium-term Business Plan, our goal is to leverage our financial and digital capabilities to be the leading business partner that pioneers the future. We set this goal with the desire to help all our stakeholders take the next step forward in a time of constant change. The key words for the transformative change we will be pursuing are (1) Digitalization, (2) Sustainability Management, and (3) New Challenges/Speed. We will address the issues that confront our customers and wider society, working to provide optimal solutions.

These initiatives share three management policy keywords: "digital transformation," "resilience," and "engagement."

The first is "to digitize the way we operate." While we consider the reality of challenges we face in our digitization efforts, we have raised this keyword first to respond to the digital shift of society.

The second is a "focus on our resilience as a business." The recent crisis has reminded us that MUFG must continue to be trusted under any environment. We will emphasize our reliability as a financial institution and place our management resources in focus areas in which the MUFG Group has strengths.

The final keyword is "engagement-focused management." While significant changes are required of the Bank and of each employee, we value a direction of reforms that induces empathy. We want to create an attractive company where everyone can feel a sense of participation, enabling empathy between employees, organizations, customers, and society.

(2) Business environment

Despite facing several waves of COVID-19, the global economy continued to recover during fiscal 2021. This was due to a normalization of economic activities driven by vaccination programs and government policies in many countries. On the other hand, there was a rise in global inflationary pressure caused by a recovery of demand amid continued COVID-19 restrictions on movement and supply constraints. During the fourth quarter, the situation between Russia and Ukraine took a sharp turn and strict economic sanctions were imposed on Russia, particularly by major developed countries. Natural resources and grains of which Russia accounts for a high percentage of production, such as oil, natural gas and wheat, experienced a sharp price rise and uncertainty about the future of the economy increased, which led to a deterioration of business and household sentiment globally. In Japan, measures were taken to prevent the spread of infection, such as declaring a state of emergency and applying priority preventative measures at times when the number of cases were rising, and the country tried to balance this with economic normalization.

Turning to the financial situation, stock prices were generally high as economies followed a trend of recovery; however, there was a period towards the end of the fiscal year when stock prices fell significantly owing to the situation between Russia and Ukraine. There was a clear shift towards monetary policy normalization in the United States and Europe in response to economic recovery and a rise in inflation rates, resulting in an upward trend in market interest rates. In Japan, the Bank of Japan maintained its policy of large-scale monetary easing, which meant short-term interest rates remained at low levels. However, long-term interest rates increased a little towards the end of the fiscal year as they followed the upward trend of those in the United States and Europe. In terms of currency exchange, the widening of the gap between U.S. and Japanese interest rates encouraged JPY selling and JPY depreciation/USD appreciation accelerated considerably with the JPY hitting JPY125 per USD at the end of fiscal 2021.

(3) Issues to be Addressed

Each of the MUFG Group's operating companies, Business Groups, and corporate centers are working together to drive "Corporate Transformation," "Strategies for Growth" and "Structural Reforms," which are defined as the major strategic pillars.

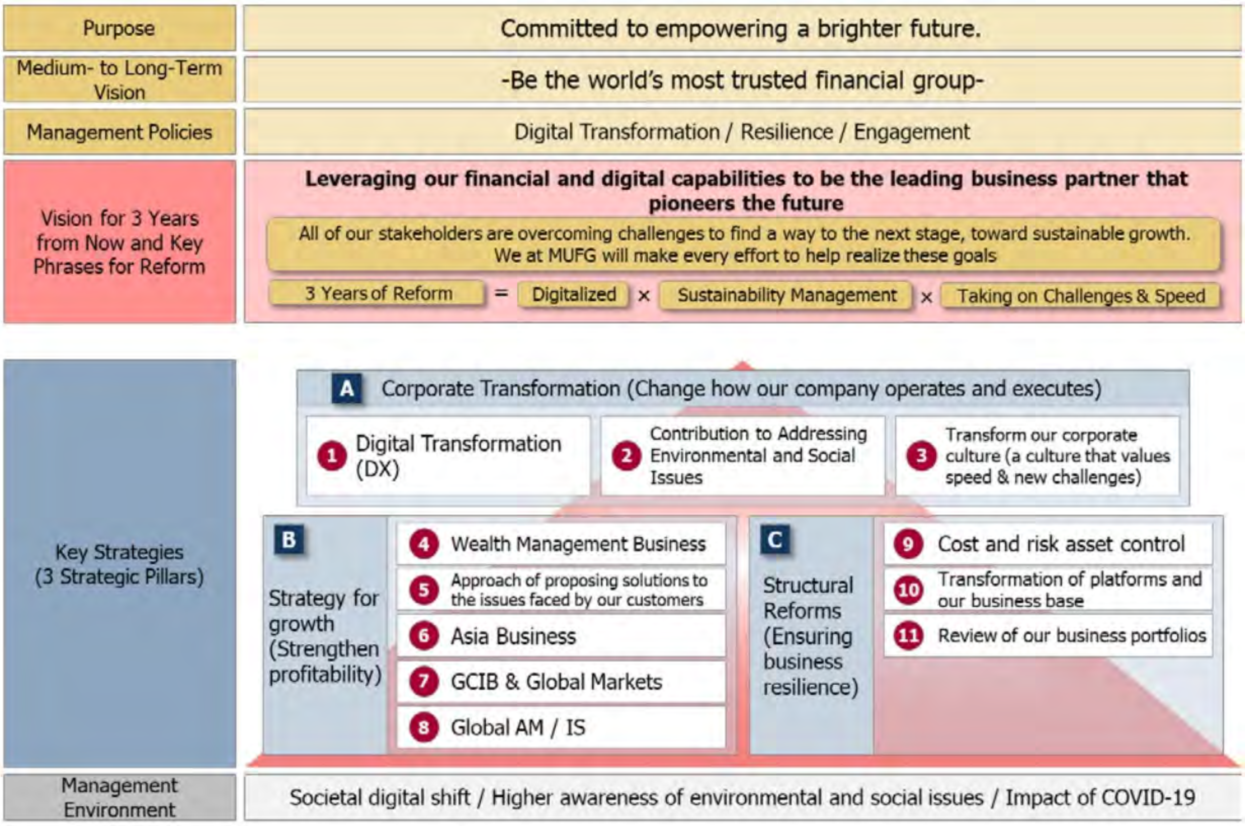
In "Corporate Transformation," to change how our company operates and executes, while focusing on "Digital transformation" and "Contribution to addressing environmental and social issues," we will also aim to "Transform our corporate culture" pivoting on speed and challenges.

In "Strategy for Growth," in order to strengthen profitability, we will promote our "Wealth Management Business," "Approach of proposing solutions to the issues faced by our corporate customers," "Asia Business," "GCIB and Global Markets" and "Global Asset Management / Investor Services."

In "Structural Reforms," to ensure resilience, we will promote "Cost and risk weighted asset control," "Transformation of our platforms and business base," and a "Review of our business portfolios" by reconsidering our non-profitable segments and undertaking to find new business opportunities.

Although progress on some measures may be delayed due to the impact of policies taken for the current COVID-19 situation, we will carefully identify the extent of the impact on our measures.

The Group prioritizes the safety of all stakeholders including customers and employees, and will continue implementing measures such as providing financing support to enterprises, as a part of the financial infrastructure that is essential for society to maintain its functions.



(A) Corporate Transformation

1) Digital transformation (DX)

We will strengthen digital service contact points with all customers and promote the digitalization of products and services. We will use digital technologies to reduce operation volume.

2) Contribution to addressing environmental and social issues

We will prioritize the issues of "climate change," "the aging population and low birth rate," and "inclusion & diversity," while implementing business strategies, risk management, and social contribution measures.

3) Transform our corporate culture (Speed / Challenges)

We will promote activities based on our Purpose, cultivate a free and natural corporate culture, accelerate strategies, and encourage employees to actively take on new challenges on their own.

(B) Strategy for Growth

4) Wealth management business

We will develop infrastructure and assign personnel to support comprehensive asset management. We will strengthen business by providing solutions to corporate owners

5) Approach of proposing solutions to the issues faced by our corporate customers

We will take on the management issues of our corporate customers, enhance our risk-taking capabilities, and work as a united Group to solve problems.

6) Asia business

We will achieve growth through Asia as a whole and promote digitalization, focusing primarily on our consolidated subsidiaries of Krungsri (Bank of Ayudhya, Thailand) and Bank Danamon (Indonesia).

7) GCIB & global markets

We will enhance asset velocity and flow business (O&D/O to D*, cross-selling) by increasing transactions with institutional investors.

* Abbreviation for "Origination & Distribution/Origination to Distribution," which is a business strategy for structuring financing and sales to investors. While "O&D" is a general term for all such business strategy, "O to D" refers specifically to efforts to structure deals based on investor needs.

8) Global asset management/investor services

We will promote contract business, which leverage our strengths, in overseas asset operation and management fields with the potential for industry growth.

(C) Structural Reforms

9) Cost and risk weighted asset control

We will make necessary growth investment, while thoroughly cutting base costs. We will control risk-weighted assets by switching to highly profitable investments.

10) Transformation of our platforms and business base

We will implement effective and efficient investments necessary for digital shifts. We will streamline procedures and rules necessary for transformation and review decision-making processes.

11) Review of our business portfolios

We will improve ROE by reconsidering non-profitable segments. We will enhance business capabilities through collaboration with other companies, including companies in other industries.

(4) Financial Targets

In its medium-term business plan, Mitsubishi UFJ Financial Group, the Bank's parent company, has set financial targets for fiscal 2023, the final year of the medium-term business plan (announced in May 2021) as follows:

[Target for ROE / Capital management]

	FY2020 results	FY2023 targets	Mid- to long-term targets
ROE	5.63%	7.5%	9%-10%
CET1 ratio (Finalized Basel III reforms basis*1)	9.7%	9.5%-10.0%	

[3 Drivers to achieve ROE target]

Profits	Expenses*2	RWA
Net operating profits: ¥1.4 trillion Profits attributable to owners of parent: ¥1 trillion or more	Lower than FY2020 level (excluding performance-linked expenses)	Maintain end of FY2020 level (improve profitability by replacing assets)

*1 Estimated CET1 ratio reflecting the RWA increase calculated on the finalized Basel III reforms basis, excluding net unrealized gains on available-for-sale securities
*2 Medium- to long-term target for expense ratio (approximately 60%) is unchanged

(5) Human Resource Strategy

1) Basic policy

In line with the MUFG Way, we have positioned "Integrity and Responsibility," "Professionalism and Teamwork" and "Challenge Ourselves to Grow" as values to be shared by all employees as defined by the MUFG Human Resources Principles, which serve as the basis for human resources management. Based on these principles, all Group companies engage in the planning and implementation of their respective human resources management policies.

2) Transformation of corporate culture to encourage employees' challenge

The MUFG Group has positioned the current medium-term business plan as the three years of "innovation and challenges," and is promoting the transformation of the corporate culture. In its human resource strategy, the MUFG Group is strongly encouraging employees to grow and take on challenges by providing the Career Challenge System that allows them to take on a variety of experiences both within and outside the Group.

3) Developing and securing human resources who create value

In order to secure highly professional human resources who are active in various fields for the sustainable growth of the MUFG Group, various training and on-the-job training programs are provided at each Group company. In addition, we are actively promoting mid-career recruitment, as we need people with expertise in new fields that can make an immediate impact when entering into and developing new businesses.

4) Inclusion & diversity

The MUFG Group has set "inclusion & diversity" as one of the ten priority issues of its sustainability management, and is working to foster an organization and culture in which employees with diverse values, backgrounds, and work attitudes can respect one another working hard together, and in which each individual can grow and flourish. With the commitment of top management, we have set a target to raise the ratio of women in management positions (i.e. line managers or higher positions) in Japan to 20% by March 31, 2024 (the target will be raised from 18% to 20% in fiscal 2022).

5) Promotion of workstyle reforms and health and productivity management

The MUFG Group has set promotion of workstyle reforms as one of the ten priority issues to be addressed via sustainability management in order to maximize the potential of employees, and has been promoting the free and flexible workstyles of employees through such measures as building infrastructure for remote work and paperless work. We are also supporting employees to maintain mental and physical health as part of our efforts to respect employees' human rights and create a pleasant workplace environment with a positive atmosphere.

(6) Climate Change Initiatives

In order to contribute to the realization of a sustainable society, the MUFG Group has identified climate change measures & environmental protection as one of its priority environmental and social issues.

MUFG participates in a variety of initiatives to address climate change, including but not limited to, the Partnership for Carbon Accounting Financials (PCAF), Net Zero Banking Alliance (NZBA) and Glasgow Financial Alliance for Net Zero (GFANZ). MUFG also supports the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), established by the Financial Stability Board (FSB).

1) Governance

Climate change-related issues are managed by the Executive Committee under the supervision of the Board of Directors, which has established various committees under its supervision.

The Sustainability Committee is a committee under the Executive Committee and is chaired by the Chief Sustainability Officer. The committee regularly deliberates on policies for addressing climate change-related issues, including climate change risks and opportunities, and monitors the progress of the MUFG Group's initiatives. The Sustainability Committee makes reports to the Executive Committee and, when necessary, to the Board of Directors.

The MUFG Group positions climate change-related risks as one of its top risks. They are deliberated by the Credit & Investment Management Committee, Credit Committee, and Risk Management Committee, which are committees under the Executive Committee based on their respective expertise. Each of these committees makes reports to the Executive Committee.

In addition, the Credit & Investment Management Committee and Risk Management Committee make reports to the Risk Committee, a committee under the Board of Directors, which deliberates and reports on matters related to risk management for the entire Group and top risks.

The Executive Committee has been established as the decision-making body for business execution, and deliberates and decides on important overall management matters based on the basic policies decided by the Board of Directors.

The Board of Directors supervises how the climate change-related matters are managed in line with business strategies, risk management, and financial monitoring activities. Supervision is performed based on the PDCA cycle. The Board of Directors considers climate change-related matters to be of the highest priority and discusses and deliberates on these matters on a regular basis or as needed, based on an annual plan.

For details of the governance structure, please refer to "3. Corporate Governance" of "IV. Company Information."

2) Strategy

The MUFG Group recognizes its responsibility as a global financial institution to address the issue of global warming, and supports initiatives towards the transition to a decarbonized society through the products and services it provides to customers, as well as through measures to reduce the environmental impact arising from its business activities.

As a financial institution, the MUFG Group classifies climate change-related risks into two categories for its initiatives. One is the "physical risk" that arises from physical damage caused by the increasing intensity and frequency of severe weather events, such as extreme storms and floods, and long-term changes in climate patterns, such as increases in temperature and rises in sea level, and changes in precipitation amounts and distribution. The other is the "transition risk" that arises from changes in regulations, market preferences, and technologies, associated with the transition to a decarbonized society.

The MUFG Group is committed to expanding products and services that address climate change to enhance its capability to provide sustainable financial solutions that help customers achieve their goals and contribute to the transition to a decarbonized society. For example, we are working to finance renewable energy projects and start-up companies that are expected to have a positive environmental impact.

3) Risk management

Currently, risk management related to climate change is integrated into the risk management framework under the governance structure described above, with the aim of better understanding, measuring, and mitigating risks related to climate change and their potential impact on the Group's portfolio, business, and finances from a Group-wide perspective. The MUFG Group's risk management framework is designed to address physical and transition risks.

In addition, we established the MUFG Environmental and Social Policy Framework to manage environmental and social risks associated with our financing*. Concerning coal-fired power generation, mining (coal), oil and gas, and other specific sectors in which concerns are raised over environmental and social impacts, including climate change, we have established our finance policy and a due diligence process to identify and assess the environmental and social risks or impacts associated with transactions has been introduced.

* Credit, bond and equity underwriting for corporate clients of MUFG's main subsidiaries, the Bank, the Mitsubishi Trust and Banking Corporation, and Mitsubishi UFJ Securities Holdings Co., Ltd.

For risks related to climate change, please refer to "2. Risks Related to Business" of "II. Business Overview," and for the risk management framework, please refer to "3. Corporate Governance" of "IV. Company Information."

4) Metrics and Targets

In May 2021, the MUFG Group announced its target of achieving net zero in terms of the greenhouse gas emissions from its investment and financing portfolio by the end of 2050, and from its own operations by the end of 2030. These targets demonstrate the MUFG Group's support for the goals of the Paris Agreement and its recognition of the risks and opportunities associated with climate change as a top priority for the MUFG Group.

2. Risks Related to Business

We determine the significance of various risk scenarios based on their impact and probability and identify potential risk events that are deemed to require close monitoring and attention for the next one-year period as top risks. The main top risks identified by our Risk Committee in March 2022 are listed below. By identifying these top risks, we seek to implement necessary risk management measures designed to minimize such risks to the extent possible and manage them in such a manner that they can be effectively resolved in the event that they materialize. In addition, through management's participation in discussions on such top risks, we strive to take effective measures based on a shared assessment of risks.

Main top risks

Risk events	Risk scenarios
A decline in profitability (including a decline in net interest income)	- Our overall profitability may be adversely affected by, among other things, a decline in our net interest income due to low interest rates in yen, an increase in net valuation losses on debt securities due to a rise in foreign currency (such as U.S. dollar) interest rates, and an increase in our funding costs.
Foreign currency liquidity risk	- Deterioration in market conditions may result in a depletion of foreign currency funding liquidity and an increase in our foreign currency funding costs.
An increase in credit costs	- Sudden deterioration in global economic activities may result in an increase in our credit costs. - Deterioration in the credit quality of particular industries or counterparties, to which we have relatively larger exposures, may result in an increase in our credit costs.
IT risk	- Cyber-attacks may result in customer information leakage, suspension of our services, and reputational damage. - System problems may result in our payment of financial compensation and damage to our reputation.
Risks relating to external circumstances or events (such as health pandemics, earthquakes, floods, terrorism and other political and social conflicts)	- External factors including health pandemics, natural disasters, conflicts, terrorism, geopolitical conflicts and economic sanctions arising from those events may result in disruptions to all or part of our operations or an increase in costs and expenses in addressing such circumstances or events.
Risks relating to climate changes	- If our efforts to address climate change-related risks or to make appropriate disclosure are deemed insufficient, our corporate value may be impaired. - Our credit portfolio may be adversely affected by the negative impact of climate change on our borrowers and transaction counterparties.

* These risk events are among the risk events that were reported to the Bank's Board of Directors following the Risk Committee's discussion in March 2022. These risk events include risk events of general applicability.

Based on our analysis of the top risks described above, we have described below major matters relating to risks to our business and other risks that we believe may have a material impact on your investment decision. In addition, to proactively disclose information to investors, we have described matters that do not necessarily correspond to such risk factors, but that we believe are material to you in making an investment decision. We will, with the understanding that these risks may occur, endeavor to avoid the occurrence of such risks and to address such risks if they occur.

This section contains forward-looking statements, which, unless specifically stated otherwise, reflect our understanding as of the date of filing of this annual securities report.

Risks relating to our business environment

(1) Risks relating to deterioration in economic conditions in Japan and globally

Economic conditions in Japan and around the world may deteriorate due to various factors such as the COVID-19 pandemic and measures being implemented in response to the pandemic, including restrictions on travel, store operations and other economic activities, in Japan and other countries and regions. Despite some signs of economic activity gradually returning to normal, uncertainty over the Japanese and global economies still remains because of the unpredictability of the timing of containment of COVID-19. Uncertainty is also caused by such other factors as concerns over political developments in the United States, concerns over the U.S.-China conflict, inflation concerns worldwide, global geopolitical risks, interruptions in global supply of commodities and international trade, political turmoil in various regions around the world, changes in the monetary and fiscal policies in major jurisdictions, and rapid and significant fluctuations in foreign exchange rates. In addition, external events, such as political and social conflicts, terrorism, geopolitical conflicts and ensuing economic sanctions, earthquakes, typhoons, floods and other natural disasters, and health pandemics or epidemics, may cause deterioration in economic conditions and market instability in affected areas.

Worsening economic conditions in Japan and around the world may result in, among other things, impairment or valuation losses on securities and other assets that we hold due to declines in the market value of such assets, an increase in our non-performing loans and credit costs due to deterioration in borrowers' business performance, a decrease in our profits due to deterioration in the creditworthiness of counterparties in market transactions, a reduction in foreign currency funding liquidity, an increase in our foreign currency funding costs, and an increase in the level of risk in the risk assets that we hold. Our profitability may be adversely affected by various other factors, including a decline in our net interest income caused by such factors as changes in the monetary policies of central banks in various jurisdictions. In addition, an economic downturn may result in a decline in new investments and business transactions by customers due to stagnation in economic activity, weak consumer spending, diminished investor appetite for making investments in uncertain financial markets, and a decrease in our assets under custody or management.

In the event of a financial market turmoil or depression resulting from significant volatility in bond and stock markets or foreign currency exchange rates, or a global financial crisis, the market value of financial instruments that we hold may significantly decline, properly quoted market prices of such instruments may become unavailable for valuation purposes, or financial markets may become dysfunctional. As a result, we may incur impairment or valuation losses on financial instruments in our portfolio.

Any of the foregoing factors may materially and adversely affect our business, operating results and financial condition.

(2) Risks relating to external circumstances or events (such as conflicts, terrorist attacks and natural disasters)

As a major financial institution incorporated in Japan and operating in major international financial markets, our business operations, ATMs and other information technology systems, personnel, and facilities and other physical assets are subject to the risks of earthquakes, typhoons, floods and other natural disasters, terrorism, geopolitical conflicts and ensuing economic sanctions, political and social conflicts, health pandemics or epidemics, and other disruptions caused by external events, which are beyond our control. Such external events may result in loss of facility and human and other resources, suspension or delay in all or part of our operations, inability to implement business strategic measures or respond to changes in the market or regulatory environment as planned, and other disruptions to our operations. In addition, we may be required to incur significant costs and expenses, including those incurred for preventive or remedial measures, to deal with the consequences of such external events. As a result, our business, operating results and financial condition may be materially and adversely affected.

For example, the COVID-19 pandemic has required us to temporarily close some of our business locations, resulted in reduction in our and our vendors' operational capacity due to restrictions on mobility, and had other negative impact on us. Although we have taken various measures, including establishing response and control headquarters headed by our Group CEO and implementing remote work and off-peak commute policies and programs, designed to ensure the safety of our employees and vendors as well as the continuity of our operations, if the COVID-19 pandemic impacts our workforce or vendors and results in disruptions in our business operations or if our workforce management adjustments result in cybersecurity vulnerabilities and data leakage, we may be further adversely affected.

As with other Japanese companies, we are exposed to heightened risks of large-scale natural disasters, particularly earthquakes. In particular, a large-scale earthquake occurring in the Tokyo metropolitan area and other areas where we have our important business functions may have a material adverse effect on our business, operating results and financial condition. In response to these risks including natural disasters, we have been developing a business continuity structure pursuant to regulations of the relevant authorities of each country and conducting verifications mainly through various drills to constantly strengthen our operational resilience (the general ability to continue significant operations even in the face of conflicts, terrorism including cyberterrorism, natural disasters, etc.). However, such efforts may be insufficient to address the consequences of these external events.

(3) Risks relating to reforms of London Interbank Offered Rate and other interest rate benchmarks

We still have various transactions, including derivatives, loans, bonds, and securitized products referencing London Interbank Offered Rate, or LIBOR, and other interest rate benchmarks. ICE Benchmark Administration Limited, the LIBOR administrator, ceased publication of the one-week and two-month U.S.

dollar LIBOR tenors and all non-U.S. dollar LIBOR tenors on a representative basis after December 31, 2021, with plans to cease publication of all other U.S. dollar LBIOR tenors after June 30, 2023.

In anticipation of the discontinuation of the publication of LIBOR after the end of calendar year 2021, we have been taking measures to deal with the reform of LIBOR and other interest rate benchmarks and the transition to alternative reference rates, and our transition away from LIBOR with respect to transactions referencing LIBOR tenors which ceased to be published at the end of calendar year 2021 have been mostly completed, with a strategy in place for the remainder of such transactions. However, with respect to transactions referencing U.S. dollar LIBOR tenors which are expected to cease to be published at the end of June of calendar year 2023, we continue to take measures to complete our transition away from LIBOR. Such transition from LIBOR and other interest rate benchmarks to alternative reference rates is complex and entails uncertainty, including as to the economic characteristics and performance, market acceptance, and accounting and regulatory treatment of such alternative reference rates and the transition to such rates, and may have various adverse impacts on our business, financial position and operating results. In particular, among other things,

- such transition may adversely affect the price, liquidity, profitability, and tradability of a wide range of financial instruments, such as loans and derivatives, included in our financial assets and liabilities that reference LIBOR and other interest rate benchmarks;
- we may be unable to modify contracts with our counterparties to replace the reference rate for existing contracts based on or linked to LIBOR and other interest rate benchmarks with alternative reference rates by the dates set for cessation of LIBOR and other interest rate benchmarks;
- such transition may result in disputes with customers and counterparties concerning the interpretation of affected contracts or economic adjustments to the alternative reference rate adopted in connection with the reform of LIBOR and other interest rate benchmarks and the transition to alternative reference rates, or disputes concerning inappropriate trade practices or abuse of a dominant bargaining position in transactions with customers;
- such transition may require us to respond to regulatory authorities in connection with the reform of LIBOR and other interest rate benchmarks and the transition to alternative reference rates; and
- our operational and risk management systems may not be fully effective to deal with the reform of LIBOR and other interest rate benchmarks and the transition to alternative reference rates.

(4) Risks relating to climate change

Physical damage caused by extreme weather conditions and natural disasters resulting from climate change, as well as the transition to a decarbonized society including measures to strengthen climate change-related regulations and adoption of decarbonization technologies, may directly affect our operations or have other indirect effects on us, including our loan portfolio management due to adverse effects on the business and financial performance of our borrowers. These direct and indirect effects may negatively impact our results of operations and financial condition.

We support the recommendations of the TCFD and continue to make an effort to improve our understanding and evaluation of the relevant risks and to enhance our related disclosure. We also seek to provide assistance with responses to climate change and measures to transition to a decarbonized society. However, if our effort to address climate change-related risks or to make appropriate disclosure proves or is deemed inappropriate, if our strategy to provide assistance with responses to climate change and measures to transition to a decarbonized society does not proceed as planned, if our climate change-related risk management proves not to be as effective as expected, if we fail, or are deemed to have failed, to comply with regulatory requirements relating to climate change, or if, as a result of any of the foregoing, we are considered to be failing to fulfill our responsibility to society, then our corporate value may be impaired and our business, financial condition and results of operations may be adversely affected.

Risks relating to our strategies and investees

(5) Risks relating to competitive pressures and failure to achieve business plans or operating targets

Competition in the financial services industry may further intensify due to the increase in the number of non-financial institutions entering the financial services industry with alternative services such as electronic payment services as a result of development of new technologies as well as deregulations.

We have been implementing various business strategies on a global basis designed to strengthen our competitive position and profitability. However, competition may further increase as other global financial institutions enhance their competitive strength through mergers, acquisitions, strategic alliances, and profit improvement and other measures.

Under such circumstances, our business, financial condition and results of operations may be adversely affected if our strategies fail to produce the results we expect or if we are required to delay or otherwise change our strategies. Our competitiveness may decline because of various factors, including where:

- the volume of loans made to borrowers is not maintained or does not increase as anticipated;
- our income from interest spreads on the existing loans does not improve as anticipated;
- our loan interest spread further narrows as a result of the “quantitative and qualitative monetary easing with yield curve control” program being maintained in Japan for an extended period or the negative interest rate being lowered from the current level;
- our fee income does not increase as much or quickly as planned;
- our strategy to build a business infrastructure for new services and products through digital transformation or otherwise does not proceed as planned;
- clients and business opportunities are lost, or costs and expenses significantly exceed our expectations, because of ongoing or planned reviews of our business portfolio and system integration or operational efficiency plans not proceeding as expected;
- we are unable to hire or retain necessary human resources;
- our foreign currency funding becomes limited or unavailable; and
- we are restricted in agility or flexibility in investing in non-financial institutions under applicable laws and regulations in and outside of Japan.

(6) Risks accompanying the expansion of our operations and the range of products and services as well as overseas businesses

As we expand our business operations and engage in overseas businesses, we may become exposed to new and increasingly complex risks. We may not be able to establish appropriate internal controls or risk management systems or to hire or retain necessary human resources to effectively respond to compliance, regulatory and other risks entailing the expanded scope of our operations, products and services in all cases and, as a consequence, our financial condition and results of operations may be adversely affected.

As a strategic measure implemented in an effort to become the world’s most trusted financial group, we acquire businesses, make investments and enter into capital alliances globally. We may continue to pursue opportunities to acquire businesses, make investments and enter into capital alliances. Our major overseas subsidiaries include MUFG Americas Holdings Corporation (“MUFG Americas Holdings”), Bank of Ayudhya Public Company Limited and PT Bank Danamon Indonesia, Tbk. Our acquisition, investments and capital alliances may not proceed as planned or may be changed or dissolved, we may not achieve the synergies or other results that we expected, or we may incur impairment or valuation losses on securities acquired or intangible assets, including goodwill, recorded in connection with such business acquisitions, investments or business alliances, because of, among other things, political and social instability, stagnation of the economy, fluctuations of the financial market, inability to obtain regulatory approvals, changes in the laws, regulations or accounting standards, changes in the strategies or financial condition of our acquirees, investees or alliance partners that are inconsistent with our interests, and unanticipated changes in the local market, industry or business environment affecting our acquirees, investees or alliance partners. These and other similar circumstances may adversely affect our business strategies, financial condition and results of operations. In addition, we may be unable to achieve the benefits expected from our efforts to expand business operations if our expansion strategy does not proceed as planned.

(7) Risks relating to the sale of MUFG Union Bank, N.A.

On September 21, 2021, the Bank agreed with U.S. Bancorp (USB) to sell all shares in MUFG Union Bank, N.A. (MUB), which is owned through MUFG Americas Holdings Corporation (MUAH), the Bank’s U.S. subsidiary, and has entered into a Share Purchase Agreement.

Although the transfer of the MUB shares to USB (the Share Transfer) was originally expected to become effective in the first half of calendar year 2022, the U.S. regulatory approval process remains ongoing. Therefore, considering the current timing, the expected closing date has shifted to the second half of calendar year 2022, subject to obtaining required regulatory approvals and the satisfaction of other closing conditions. If these conditions precedent are not satisfied or if there is any unexpected delay in satisfaction of these conditions precedent, the Share Transfer may not be completed as we currently expect or at all.

The MUB businesses that the Bank will transfer to USB through the Share Transfer exclude the GCIB (Global Corporate & Investment Banking) business (with certain exceptions as agreed to by the parties, including certain deposits of the GCIB business that will be retained by MUB), the Global Markets business to the extent related to the GCIB business, which consist of transactions with clients and investors, and certain assets and liabilities, etc. that are part of shared middle and back office functions, etc. Such businesses, and the customer assets and liabilities, etc. related to these businesses (including related transactions with such customers), are planned to be transferred to the Bank's U.S. branches or affiliates prior to the Share Transfer.

In addition, the Bank and USB plan to enter into a Transitional Service Agreement (TSA) and a Reverse Transitional Service Agreement (RTSA) with an aim for both companies to be able to collaborate to smoothly continue MUB's customer transactions by MUB and/or the Bank even after the Share Transfer and to provide even higher quality financial services. These planned business transfer and provision of services under the TSA and the RTSA are expected to require implementation of multiple complex measures in a short period of time and, especially with respect to systems, require, among other things, provision of assistance to USB in integrating certain systems and preparation for sharing certain systems with USB. These requirements are expected to impose various burdens on the Bank. Such burdens on the Bank may be greater than currently expected due to unanticipated future developments.

If the Share Transfer is not completed as planned by the Bank, including for any of the reasons described above, or if our actual costs and other requirements in connection with the Share Transfer exceed our current expectations, our business strategies, financial condition and results of operations may be adversely affected.

Risks related to our ability to meet regulatory capital requirements

(8) Risks relating to regulatory capital ratio and other related requirements

1) Capital ratio and other regulatory ratio requirements and factors that can adversely affect our ratios

The Bank is subject to capital adequacy ratio and leverage ratio requirements adopted in Japan in accordance with Basel III. Final Basel III reforms are expected to become applicable to Japanese banking institutions with international operations conducted through foreign offices, including us, on March 31, 2024, as announced by the FSA in its public notice relating to partial amendments to the capital ratio requirements, dated April 28, 2022. The leverage ratio surcharge is expected to become applicable in 2023.

If the Banks' capital ratios or leverage ratios fall below the required levels, including various capital buffers, the FSA may require us to take a variety of corrective actions, including abstention from making capital distributions and suspension of our business operations.

In addition, some of our bank subsidiaries are subject to the local capital adequacy ratio and other capital requirements of various foreign countries, including the United States, and if their ratios fall below the required levels, the local regulators may require them to take a variety of corrective actions.

Factors that will affect our and our bank subsidiaries' capital ratios or leverage ratios include:

- fluctuations in our or our banking subsidiaries' portfolios due to deterioration in the creditworthiness of borrowers and the issuers of equity and debt securities,
- difficulty in refinancing or issuing instruments upon redemption or at maturity of such instruments to raise capital under terms and conditions similar to prior financings or issuances,
- declines in the value of our or our banking subsidiaries' securities portfolios,
- adverse changes in foreign currency exchange rates,
- adverse revisions to the capital ratio and other regulatory ratio requirements,
- reductions in the value of our or our banking subsidiaries' deferred tax assets, and
- other adverse developments.

2) Regulations applicable to G-SIBs

The Financial Stability Board has identified MUFG as one of the G-SIBs, which are subject to a capital surcharge. As such, we may be required to meet stricter capital requirements.

3) Total loss absorbing capacity in resolution

The Financial Stability Board issued "Principles on Loss-absorbing and Recapitalisation Capacity of G-SIBs in Resolution" in November 2015 and "Guiding Principles on the Internal Total Loss-Absorbing Capacity of G-SIBs ('Internal TLAC')" in July 2017. These principles are designed to ensure that if a G-SIB fails, it has sufficient total loss-absorbing capacity, or TLAC, available in resolution. Based on these principles, in Japan, G-SIBs, including the MUFG Group, are required to maintain certain minimum levels of capital and liabilities that are deemed to have loss-absorbing and recapitalization capacity, or External TLAC, and allocate a certain minimum level of External TLAC to any material subsidiary within their respective groups of companies, or Internal TLAC, starting in the fiscal year ended March 31, 2019. The applicable minimum requirements were raised in the fiscal year ended March 31, 2022. Within the MUFG Group, the Bank, Mitsubishi UFJ Trust and Banking Corporation ("Mitsubishi UFJ Trust and Banking"), Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. and MUFG Americas Holdings are designated as our material subsidiaries. We may become subject to various regulatory actions, including restrictions on capital distributions, if we are unable to maintain our External TLAC ratios or the amount of Internal TLAC allocated to any of our material subsidiaries in Japan above the minimum levels required by the standards imposed by the FSA. Our External TLAC ratios and the amount of our Internal TLAC are affected by various factors described in 1) and 2) above pertaining to the capital adequacy ratio and other related regulations. Although we plan to issue TLAC-qualified debt in an effort to meet the minimum required levels of External TLAC ratios and Internal TLAC amounts, we may fail to do so if we are unable to issue or refinance TLAC-qualified debt as planned.

In addition, MUFG Americas Holdings, a U.S. banking subsidiary within our group, is subject to local TLAC regulations and may become subject to various regulatory actions in the United States if the subsidiary fails to meet the minimum required levels.

(9) Risks relating to foreign exchange rate

We operate our business globally and we hold assets and liabilities denominated in foreign currencies. The Japanese yen translation amounts of our assets and liabilities denominated in foreign currencies will fluctuate due to fluctuations in the foreign currency exchange rate. To the extent that our foreign currency-denominated assets and liabilities are not matched in the same currency or appropriately hedged, fluctuations in foreign currency exchange rates against the Japanese yen may adversely affect our capital ratios, financial condition, and results of operations. For information on the status of assets and liabilities held overseas, please refer to "3. Management Analyses of Financial Position, Results of Operations and Cash Flows" in this Annual Securities Report.

Credit risk (risk of loss resulting from deterioration in financial condition of borrowers or transaction counterparties)

(10) Risks relating to our lending business

The lending business is one of our primary businesses. To the extent that our measures designed to mitigate credit risk, including collateral, guarantee and credit derivatives, are insufficient, our credit costs may significantly increase if borrowers fail to meet their interest payment or principal repayment obligations as expected or if we fail to effectively and adequately anticipate and deal with deterioration in the credit quality of our borrowers. Any such failure may adversely affect our financial condition and results of operations and may also result in a decrease in our capital ratios. For information on the status of credit costs and non-performing loans disclosed based on the Banking Act and the Financial Reconstruction Act, please refer to "3. Management Analyses of Financial Position, Results of Operations and Cash Flows" in this Annual Securities Report, and for information on credit derivatives transactions, please refer to "28. DERIVATIVES" in "Notes to Consolidated Financial Statements" under "Consolidated Financial Statements" of "V. Financial Information." Our credit costs and non-performing loans may increase in the future due to deterioration in economic conditions in Japan and other parts of the world, including emerging countries, fluctuations in oil and other commodity prices, declines in real estate and stock prices, depreciation of currencies of emerging markets, or financial difficulties of our borrowers due to such factors as intensifying competition within their respective industries.

1) Status of our allowance for credit losses

Our allowance for credit losses is based on assumptions and estimates of the condition of borrowers, the value of collateral and the economy as a whole. Because of deterioration in general economic conditions or in the financial performance of specific borrowers, we may be required to increase our provision for credit losses. We may also incur additional credit losses if our actual loan losses exceed our allowance for credit losses. In addition, the regulatory standards or guidance on establishing allowances may also change, causing us to change some of the evaluations used in determining the allowances. As a result, we may need to provide for additional allowance for credit losses. As of March 31, 2022, the balance of our allowance for credit losses was ¥1,110.6 billion. For information on the recording of allowance for credit losses, please refer to "(25) Significant Accounting Estimates" in "Notes to Consolidated Financial Statements" under "Consolidated Financial Statements" of "V. Financial Information."

2) Concentration of loan and other credit exposures to particular industries and counterparties

When we make loans and other extensions of credit, we seek to diversify our portfolio to avoid any concentration of exposure to a particular industry or counterparty. However, our credit exposures to the real estate industry are relatively high in comparison to other industries, and we are consequently susceptible to adverse changes particularly in that industry. While we continue to monitor and respond to changes in circumstances and other developments relating to particular industries and individual counterparties as well as each relevant country and region, including emerging countries, the quality of our credit portfolio may deteriorate to an extent greater than expected due to changes in economic conditions in Japan and other countries and regions, including the impact of climate change, the COVID-19 pandemic and the geopolitical developments in Ukraine, and fluctuations in real estate prices, oil and other commodity prices, and foreign currency exchange rates.

3) Our response to borrowers

Even in the event that a borrower defaults, based on the efficiency and effectiveness of collecting on loans and other factors, we may not exercise all of our legal rights as a creditor against the borrower.

In addition, if we determine that it is reasonable, we may forgive debt or provide additional loans or equity capital to support borrowers. If such support is provided, our outstanding loans may increase significantly, our credit costs may increase and the price of the additional equity purchased may decline.

(11) Transactions with other financial institutions

Declining asset quality and other financial problems may exist at some domestic and foreign financial institutions, including banks, non-bank lenders and credit institutions, securities companies and insurance companies, and these problems may worsen or may arise as new issues. If the financial difficulties of these financial institutions continue, worsen or arise, they may not only lead to liquidity and insolvency problems of such financial institutions but also result in systemic problems adversely affecting the financial market and the wider economy, and may adversely affect us for the following reasons:

- we have credit extended to some financial institutions;
- we are shareholders of some financial institutions;
- financial institutions that face problems may terminate or reduce financial support to borrowers. As a result, these borrowers may become distressed or our problem loans to these borrowers may increase;
- we may be requested to participate in providing support to distressed financial institutions;
- if the government elects to provide regulatory, tax, funding or other benefits to financial institutions controlled by the government to strengthen their capital, increase their profitability or for other purposes, they may adversely affect our competitiveness against them;
- our deposit insurance premiums may rise if deposit insurance funds prove to be inadequate;
- bankruptcies or government control of financial institutions may generally undermine the confidence of depositors in, or adversely affect the overall environment for, financial institutions; and
- negative media coverage of the financial industry or system, regardless of its accuracy and applicability to us, may harm our reputation and market confidence.

Risk relating to our strategic equity portfolio (risk of loss resulting from a decline in the value of equity securities we hold)

(12) Risks relating to our equity portfolio

We hold large amounts of marketable equity securities, including those held for strategic investment purposes. As of March 31, 2022, the market value of such securities was approximately ¥3.8 trillion, and the book value of such securities was approximately ¥1.5 trillion. In view of mitigating the risk of equity price volatility, our basic policy is to reduce the amount of equity securities held for strategic investment purposes. We examine the objective and economic rationale for strategically held equity securities, and if we determine that it no longer makes reasonable sense to continue to hold them, we will seek to dispose of such equity securities. For our strategic equity portfolio, we endeavor to manage the risk of stock price fluctuations by hedging a portion of the portfolio using total return swaps and other hedging instruments.

However, if stock prices decline, we may incur significant impairment losses or valuation losses on our equity investment portfolio. In addition, since unrealized gains and losses on equity securities are reflected in the calculation of regulatory capital amounts, a decline in stock prices may result in a decrease in our capital ratios and other regulatory ratios. As a result, our financial condition and results of operations may be adversely affected.

Market risk (risk of loss resulting from fluctuations in interest rates, prices of securities and foreign currency exchange rates)

(13) Risks relating to our financial markets operations

We undertake extensive financial market operations involving a variety of financial instruments, including derivatives, and hold large volumes of such financial instruments. For example, if market interest rates decline due to such factors as changes in the monetary policies of central banks in various jurisdictions, the yield on the Japanese government bonds and foreign government bonds that we hold may also decline. Furthermore, if short-term interest rates rise to a larger extent than long-term interest rates, or if long-term interest rates decline to a larger extent than short-term interest rates, our interest income may be adversely affected. If interest rates in and outside of Japan rise, we may incur significant losses on sales of, and valuation losses on, our bond portfolio. In addition, an appreciation of the Japanese yen will cause the value of our foreign currency-denominated investments recorded on our financial statements to decline and may cause us to recognize losses on sales or valuation losses. Furthermore, if stock prices decline, the value of marketable equity securities and trading account equity securities that we hold also declines, we may incur significant losses on sales of, and valuation losses on, our marketable equity securities and trading account equity securities portfolios. Although we seek to manage market risk, which is the risk of incurring losses due to various market changes including interest rates, foreign currency exchange rates and stock prices, market risk exposure amounts that we calculate cannot accurately reflect the actual risk that we face in all cases, and we may realize actual losses that are greater than our estimated market risk exposure.

Funding liquidity risk (risk of unavailability of funds)

(14) Risks relating to difficulty in our funding operations following a downgrade of our credit ratings

A downgrade of our credit ratings by one or more of the credit rating agencies may adversely affect our financial market operations and other aspects of our business. Any downgrade could increase the cost, or decrease the availability, of our funding, particularly in U.S. dollars and other foreign currencies, adversely affect our liquidity position or net interest margin, trigger additional collateral or funding obligations, and result in losses of depositors, investors and counterparties willing or permitted to transact with us, thereby reducing our ability to generate income and weakening our financial position. For example, assuming the relevant credit rating agencies downgraded the credit ratings of the Bank as of March 31, 2022 by one-notch or two-notches on the same date, we estimate that the Bank would have been required to provide approximately ¥148.2 billion or ¥176.9 billion, respectively, of additional collateral, under their derivative contracts.

Rating agencies regularly evaluate the Bank. Their ratings are based on a number of factors, including their assessment of the relative financial strength of the Bank or of the relevant subsidiary, as well as conditions generally affecting the financial services industry in Japan or on a global basis, some of which are not entirely within our control. In addition, changes in their evaluation or rating methodologies are beyond our control. We strive to ensure appropriate funding liquidity by, for example, setting and monitoring certain indicators for funding liquidity risk management purposes. However, as a result of changes in rating agencies' evaluations based on the above factors or the rating methodologies, our ratings or the ratings of our subsidiaries may be downgraded. Such downgrade may adversely affect the profitability of our markets operations and other operations as well as our financial condition and results of operations.

Operational risk (risk of loss resulting from inappropriate management of operations or external factors)

(15) Risks of being deemed to have engaged in inappropriate or illegal practices or other conduct and, as a result, becoming subject to regulatory actions

We conduct our business subject to laws, regulations, rules, policies and voluntary codes of practice in Japan and other markets where we operate. We are subject to various regulatory inquiries or investigations from time to time in connection with various aspects of our business and operations. Our compliance risk management systems and programs, which are continually enhanced, may not be fully effective in preventing all violations of laws, regulations and rules.

If we are deemed not compliant with applicable laws, regulations or rules, including those relating to money laundering, economic sanctions, bribery, corruption, financial crimes, or other inappropriate or illegal transactions, or if our conduct is deemed to constitute unfair or inappropriate in light of social norm, business practices or market or industry rules or standards and we are deemed to have failed to meet customer protection requirements, or corporate behavior expectations, we may become subject to penalties, fines, public reprimands, reputational damage, issuance of business improvement, suspension or other administrative orders, or withdrawal of authorization to operate. These consequences may result in loss of customer or market confidence in us or otherwise may adversely affect our financial condition and results of operations. Our ability to obtain a license or an authorization to operate for future strategic initiatives may also be adversely affected.

In February 2019, the Bank entered into a consent order with the U.S. Office of the Comptroller of the Currency, or OCC, relating to deficiencies identified by the OCC in the Bank Secrecy Act/Anti-Money Laundering compliance program of the Bank's U.S. branches in New York, Los Angeles, and Chicago. The consent order requires the Bank and its U.S. branches to implement various remedial measures to address the deficiencies found in the OCC examination, including a comprehensive action plan satisfactory to the OCC, implementation of measures to ensure effective compliance management and qualified staffing, the adoption of comprehensive Bank Secrecy Act/Anti-Money Laundering risk assessment policies and procedures, and other remedial actions. The Bank is undertaking necessary actions relating to the consent order.

We have received requests and subpoenas for information from government agencies in some jurisdictions that are conducting investigations into past submissions made by panel members, including us, to the bodies that set various interbank benchmark rates as well as investigations into foreign exchange related practices of global financial institutions. Some of the investigations into foreign exchange related practices resulted in our payment of monetary penalties to the relevant government agencies. We are cooperating with the ongoing investigations and have been conducting an internal investigation, among other things. In connection with these matters, we and other financial institutions are involved as defendants in a number of civil lawsuits, including putative class actions in the United States.

These developments or other similar events, including potential additional regulatory actions against us, agreements to make significant additional settlement payments, may result in significant adverse financial and other consequences to us.

(16) Risks relating to loss or leakage of confidential information

We are required to appropriately handle customer information or personal information in accordance with laws and regulations in Japan and other parts of the world. We possess a large amount of customer information and personal data, and we are working to improve our information management system by preparing management policies and procedures concerning the storage and handling of information and implementing information system enhancements. However, due to improper management, unauthorized access from external sources such as cyber-attacks, or computer virus infection, we may not be able to completely prevent the loss or leakage of customer information and personal data. In such event, we may be subject to penalties, administrative sanctions and other direct losses such as compensation paid to customers. In addition, loss of customer and market confidence may adversely affect our business, financial condition and results of operations. We may also incur additional costs to deal with the consequences of these events.

(17) Risks relating to cyber-attacks

Our information, communications and transaction management systems (including our own proprietary systems as well as those third-party systems which are provided for our use or to which our systems are connected) constitute a core infrastructure for our accounting and other business operations and are of critical importance particularly in the current business environment with increasing dependence on remote or online networks and our strategy to promote digitization. We are working to prevent system failures through appropriate design and testing and other means and to establish security-conscious systems. However, we may not be able to completely prevent system failures, cyber-attacks, unauthorized access, computer virus infection, human errors, equipment malfunctions, defects in services provided by third parties such as communications service providers, and failure to appropriately deal with technological advances and new systems and tools. In addition, we may be unable to strengthen our system functionalities to meet all of the business requirements or increasingly stricter regulatory requirements applicable to financial institutions. Furthermore, our system development or improvement projects, many of which are critical to our ability to operate in accordance with market and regulatory standards, may not be completed as planned due to the complexity and other difficulty relating to such projects. Such failures and inability may lead to errors and delays in transactions, information leakage and other adverse consequences, and, if serious, could lead to the suspension of our business operations and financial losses such as those incurred in connection with compensation for damages caused by such suspension, diminish confidence in us, impair our reputation, subject us to administrative sanctions, or result in our incurring additional costs to deal with the consequences of these events.

(18) Risks relating to transactions with counterparties in countries designated as state sponsors of terrorism

We enter into limited transactions with entities in or affiliated with Iran and other countries designated by the U.S. Department of State as "state sponsors of terrorism." In addition, we have a representative office in Iran.

U.S. law generally prohibits or limits U.S. persons from doing business with state sponsors of terrorism. In addition, we are aware of initiatives by U.S. governmental entities and U.S. institutional investors, such as pension funds, to prohibit or restrict transactions with or investments in entities doing business with Iran and other countries identified as state sponsors of terrorism. It is possible that such initiatives may result in our being unable to gain or retain business with U.S. governmental entities, U.S. institutional investors, such as pension funds, and entities subject to such prohibition or restrictions as customers or as investors in our shares. In addition, depending on socio-political developments, our reputation may suffer because of our associations with these countries. The above circumstances may adversely affect our financial condition, results of operations and the price of our shares.

The U.S. Government sanctions against Iran apply to prohibit, among other things, U.S. persons from conducting transactions relating to Iran, subject to limited exceptions. In addition, in May 2018, the United States withdrew from participation in the Joint Comprehensive Plan of Action. Under subsequently issued executive orders, the United States may impose secondary sanctions against non-U.S. persons who engage in or facilitate a broad range of transactions and activities involving Iran. We will continue to monitor and implement measures to address this heightened risk of U.S. measures, including any possible secondary sanctions.

Companies registered with the U.S. Securities and Exchange Commission (including non-U.S. companies) are subject to the disclosure requirement relating to certain Iran-related transactions. Moreover, certain Japanese sanctions measures are in effect, including freezing the assets of persons involved in Iran's sensitive nuclear activities and development of nuclear weapon delivery systems. We continue to work to improve our policies and procedures to comply with such regulatory requirements. There remains a risk of potential regulatory action against us, however, if regulators perceive our policies and procedures not to be in compliance with applicable regulations. For more information on the relevant regulatory actions, please refer to "(15) Risks of being deemed to have engaged in inappropriate or illegal practices or other conduct and, as a result, becoming subject to regulatory actions."

(19) Risks relating to regulatory changes

As a global financial services provider, our business is exposed to risks of ongoing changes in laws, regulations, rules, policies, accounting standards, voluntary codes of practice and interpretations in Japan and other markets where we operate as well as global financial regulations. Major global financial institutions currently face increasing pressure arising from a stricter set of laws, regulations and standards as a result of emerging technologies, political and geopolitical developments, environmental, social and governance concerns, and other concerns enveloping the global financial sector. There is also growing political pressure to demand even greater internal compliance and risk management systems following several high-profile scandals and risk management failures in the financial industry. The laws, regulations and standards that apply to us are often complex and, in many cases, we must make interpretive decisions in applying such laws, regulations and standards to our business activities. Future developments or changes in laws, regulations, rules, policies, accounting standards, voluntary codes of practice, interpretations and their effects are expected to require greater capital, human and technological resources as well as significant management attention, and may require us to modify our business strategies and plans. We may be unable to enhance our compliance management programs and systems, which, in some cases, are supported by third-party service providers, as required or planned. Our failure or inability to comply fully with applicable laws and regulations may lead to penalties, fines, public reprimands, damage to reputation, issuance of business improvement and other administrative orders, enforced suspension of operations, our inability to obtain regulatory approvals for future strategic initiatives or, in extreme cases, withdrawal of license to operate, adversely affecting the business and results of operations of the Bank.

(20) Risks relating to our consumer lending business

We have subsidiaries and affiliates in the consumer finance industry as well as loans outstanding to consumer finance companies. Changes in the business or regulatory environment for consumer finance companies may adversely affect our results of operations. The results of a series of court cases, including the stricter interpretation of the requirements for deemed payments, or "*minashi bensai*," have made a borrower's claim for reimbursement of previously collected interest payments in excess of the limits stipulated by the

Interest Rate Restriction Law easier, and, as a result, there have been a significant number of such claims. In addition to the refund of overpaid interest by our subsidiaries and affiliates engaged in the consumer finance business, we may incur additional credit costs due to deterioration in the financial performance of consumer finance companies to which we extend credit. Moreover, any adverse changes in judicial decisions or regulatory requirements may result in our incurring additional costs and expenses.

(21) Risks relating to our reputation

Mitsubishi UFJ Financial Group is one of the leading financial institutions in Japan and one of the few G-SIBs in the world, and we aim to be the world's most trusted financial group. Our ability to conduct business is indispensably dependent on the trust and confidence of our customers and local and international communities. Our reputation is critical in maintaining our relationships with customers, investors, regulators and the general public. Our reputation may be damaged by their negative perceptions of us and our operations in light of their concerns over human rights, the environment, public health and safety, or other corporate social responsibilities, or by our transactions or operations if they are deemed repugnant to the intent and policy underlying applicable laws and regulations such as anti-money laundering, economic sanctions and competition laws as well as the prohibition on relationship with anti-social forces. Failure to prevent or properly address these issues may result in impairment of our corporate brand, loss of our existing or prospective customers or investors, or increased public or regulatory scrutiny, and may adversely affect our business, financial condition and results of operations.

3. Management Analyses of Financial Position, Results of Operations and Cash Flows

(1) Overview of Results of Operations, etc.

(Financial position and results of operations)

Results for the current fiscal year are as follows:

Assets as of the end of the current fiscal year increased by ¥9,341.2 billion to ¥299,610.9 billion. Major components were loans and bills discounted of ¥107,350.6 billion, cash and due from banks of ¥89,394.0 billion and securities of ¥63,978.5 billion. Liabilities as of the end of the current fiscal year increased by ¥9,670.3 billion to ¥287,368.0 billion. Major components were deposits and negotiable certificates of deposit of ¥212,519.9 billion.

As for profits and losses, ordinary income decreased by ¥69.3 billion over the previous fiscal year to ¥4,050.8 billion and ordinary expenses decreased by ¥463.2 billion over the previous fiscal year to ¥3,226.0 billion. As a result, the Bank posted ordinary profit of ¥824.8 billion, with an increase of ¥393.9 billion from the previous fiscal year and net income attributable to the shareholders of MUFG Bank of ¥503.0 billion, with an increase of ¥195.2 billion from the previous fiscal year.

Results by reportable segment are as follows:

1. Digital Service Business Unit
   Net operating income was ¥11.6 billion, with an increase of ¥12.3 billion from the previous fiscal year.
2. Retail & Commercial Banking Business Unit
   Net operating income was ¥34.8 billion, with an increase of ¥15.1 billion from the previous fiscal year.
3. Japanese Corporate & Investment Business Unit
   Net operating income was ¥236.8 billion, with an increase of ¥45.2 billion from the previous fiscal year.
4. Global Commercial Banking Business Unit
   Net operating income was ¥243.4 billion, with a decrease of ¥32.7 billion from the previous fiscal year.
5. Global Corporate & Investment Banking Business Unit
   Net operating income was ¥230.2 billion, with an increase of ¥95.5 billion from the previous fiscal year.
6. Global Markets Business Unit
   Net operating income was ¥110.8 billion, with a decrease of ¥159.3 billion from the previous fiscal year.
7. Other units
   Recorded a net operating loss of ¥58.8 billion, with an improvement of ¥5.6 billion from the previous fiscal year.

From the current fiscal year, the Group aligned its business units with the reorganization of business groups of MUFG, the Bank’s parent company.

Segment information for the previous fiscal year that was prepared in accordance with the business units after the reorganization is provided in “SEGMENT INFORMATION” in “Notes to Consolidated Financial Statements” under the Section entitled “Consolidated Financial Statements” of “V. Financial Information.”

(Summary of cash flows)

With regard to cash flows, operating activities generated net cash of ¥2,115.3 billion, with a decrease of ¥31,119.4 billion in cash inflows from the previous fiscal year. Investing activities resulted in net cash outflow of ¥533.1 billion, with a decrease of ¥9,146.9 billion in cash outflows from the previous fiscal year. Financing activities resulted in net cash outflow of ¥178.5 billion, with a ¥52.2 billion increase in cash outflows from the previous fiscal year.

Cash and cash equivalents at the end of the current fiscal year were ¥89,394.0 billion, with an increase of ¥2,418.7 billion from the end of the previous fiscal year.

The consolidated total risk-adjusted capital ratio based on the uniform international standards as of March 31, 2022 was 12.94%.

1) Income and expenses for domestic and overseas operations

Details of income and expenses for domestic and overseas operations are as follows:

The total amount of net interest income, net fees and commissions, net trading income and net other operating income for the current fiscal year was ¥ 2,684.6 billion, which represents a decrease of ¥1.8 billion from the previous fiscal year. Of this, domestic operations posted an income of ¥1,123.8 billion, with a decrease of ¥97.8 billion from the previous fiscal year, and overseas operations posted an income of ¥1,771.1 billion, with an increase of ¥114.1 billion from the previous fiscal year.

(Millions of yen)

Item	Fiscal year	Domestic	Overseas	Amount of elimination	Total
		Amount	Amount	Amount	Amount
Net interest income	Previous fiscal year	612,362	1,016,091	(29,493)	1,598,960
	Current fiscal year	702,568	1,075,736	(28,824)	1,749,480
Of which, interest income	Previous fiscal year	814,541	1,526,006	(58,403)	2,282,143
	Current fiscal year	902,496	1,380,248	(48,885)	2,233,858
Of which, interest expenses	Previous fiscal year	202,178	509,914	(28,910)	683,183
	Current fiscal year	199,927	304,511	(20,060)	484,378
Net fees and commissions	Previous fiscal year	394,396	432,728	(162,779)	664,345
	Current fiscal year	393,128	527,837	(181,268)	739,697
Of which, fees and commissions income	Previous fiscal year	541,328	506,977	(207,735)	840,571
	Current fiscal year	539,408	600,764	(223,942)	916,231
Of which, fees and commissions expenses	Previous fiscal year	146,931	74,249	(44,955)	176,225
	Current fiscal year	146,280	72,927	(42,674)	176,533
Net trading income	Previous fiscal year	37,432	124,783	1,742	163,959
	Current fiscal year	17,492	63,408	(1,304)	79,596
Of which, trading income	Previous fiscal year	37,432	161,464	(34,937)	163,959
	Current fiscal year	17,427	139,229	(76,569)	80,088
Of which, trading expenses	Previous fiscal year	–	36,680	(36,680)	–
	Current fiscal year	(65)	75,820	(75,264)	491
Net other operating income	Previous fiscal year	177,468	83,359	(1,651)	259,176
	Current fiscal year	10,646	104,126	1,076	115,850
Of which, other operating income	Previous fiscal year	464,355	228,011	(126,368)	565,998
	Current fiscal year	212,354	192,245	(68,036)	336,563
Of which, other operating expenses	Previous fiscal year	286,886	144,652	(124,716)	306,822
	Current fiscal year	201,707	88,118	(69,113)	220,712

(Notes)
1. "Domestic" includes offices of the Bank (excluding its overseas offices) and consolidated subsidiaries whose principal offices are located in Japan (hereinafter referred to as "domestic consolidated subsidiaries"). "Overseas" includes the Bank's overseas offices and consolidated subsidiaries whose principal offices are located abroad (hereinafter referred to as "overseas consolidated subsidiaries").
2. Interest expenses are stated excluding expenses related to money held in trust.
3. "Amount of elimination" is the total amount of elimination associated with internal transactions, etc. between consolidated companies.

2) Interest-earning assets and interest-bearing liabilities for domestic and overseas offices

(i) Domestic

Status of interest-earning assets and interest-bearing liabilities in domestic offices are shown below:

The average balance of interest-earning assets in the current fiscal year was ¥158,403.3 billion, with an increase of ¥4,976.0 billion from the previous fiscal year. Yield on interest-earning assets rose by 0.03 percentage points to 0.56% and the total interest income stood at ¥902.4 billion, with an increase of ¥87.9 billion from the previous fiscal year. The average balance of interest-bearing liabilities in the current fiscal year was ¥196,007.4 billion, with an increase of ¥14,701.0 billion from the previous fiscal year. Yield on interest-bearing liabilities fell by 0.00 percentage points to 0.10% and total interest expenses stood at ¥199.9 billion, with a decrease of ¥2.2 billion from the previous fiscal year.

(Millions of yen)

Item	Fiscal year	Average balance	Interest	Yield
		Amount	Amount	(%)
Interest-earning assets	Previous fiscal year	153,427,334	814,541	0.53
	Current fiscal year	158,403,365	902,496	0.56
Of which, loans and bills discounted	Previous fiscal year	66,977,733	515,737	0.77
	Current fiscal year	65,636,133	494,922	0.75
Of which, securities	Previous fiscal year	51,258,225	238,332	0.46
	Current fiscal year	56,949,792	291,008	0.51
Of which, call loans and bills bought	Previous fiscal year	89,339	65	0.07
	Current fiscal year	661,439	(77)	(0.01)
Of which, receivables under resale agreements	Previous fiscal year	1,726,976	(1,813)	(0.10)
	Current fiscal year	646,140	550	0.08
Of which, receivables under securities borrowing transactions	Previous fiscal year	–	–	–
	Current fiscal year	–	–	–
Of which, due from banks	Previous fiscal year	30,463,228	29,976	0.09
	Current fiscal year	32,117,384	32,040	0.09
Interest-bearing liabilities	Previous fiscal year	181,306,316	202,178	0.11
	Current fiscal year	196,007,411	199,927	0.10
Of which, deposits	Previous fiscal year	148,212,413	19,795	0.01
	Current fiscal year	157,434,978	14,502	0.00
Of which, negotiable certificates of deposit	Previous fiscal year	1,031,841	186	0.01
	Current fiscal year	1,233,871	208	0.01
Of which, call money and bills sold	Previous fiscal year	512,110	(154)	(0.03)
	Current fiscal year	117,706	(44)	(0.03)
Of which, payables under repurchase agreements	Previous fiscal year	7,306,243	23,074	0.31
	Current fiscal year	7,214,803	14,877	0.20
Of which, payables under securities lending transactions	Previous fiscal year	53	0	0.00
	Current fiscal year	–	–	–
Of which, commercial paper	Previous fiscal year	–	–	–
	Current fiscal year	–	–	–
Of which, borrowed money	Previous fiscal year	30,904,659	173,128	0.56
	Current fiscal year	35,605,597	167,497	0.47

(Notes) 1. The average balance of each asset and liability was generally computed based on an average of daily balances, but figures for certain consolidated subsidiaries were calculated based on an average of month-end balances.
2. “Domestic” includes offices of the Bank (excluding its overseas offices) and domestic consolidated subsidiaries.
3. The amount of interest-earning assets is stated excluding the average balance of interest-free due from banks. The amount of interest-bearing liabilities is stated excluding the average balance of money held in trust and the corresponding interest payments.

(ii) Overseas

Status of interest-earning assets and interest-bearing liabilities in overseas offices are shown below:

The average balance of interest-earning assets in the current fiscal year increased by ¥1,765.2 billion compared to the previous fiscal year to ¥72,447.2 billion. Yield on interest-earning assets fell by 0.25 percentage points to 1.90% and total interest income stood at ¥1,380.2 billion, with a decrease of ¥145.7 billion from the previous fiscal year. The average balance of interest-bearing liabilities in the current fiscal year increased by ¥456.1 billion compared to the previous fiscal year to ¥73,219.0 billion. Yield on interest-bearing liabilities fell by 0.28 percentage points to 0.41% and total interest expenses stood at ¥304.5 billion, with a decrease of ¥205.4 billion from the previous fiscal year.

(Millions of yen)

Item	Fiscal year	Average balance	Interest	Yield
		Amount	Amount	(%)
Interest-earning assets	Previous fiscal year	70,681,999	1,526,006	2.15
	Current fiscal year	72,447,235	1,380,248	1.90
Of which, loans and bills discounted	Previous fiscal year	42,329,484	1,097,490	2.59
	Current fiscal year	41,170,247	972,921	2.36
Of which, securities	Previous fiscal year	8,690,077	145,482	1.67
	Current fiscal year	9,443,861	159,256	1.68
Of which, call loans and bills bought	Previous fiscal year	653,491	5,365	0.82
	Current fiscal year	587,287	4,809	0.81
Of which, receivables under resale agreements	Previous fiscal year	3,324,984	34,923	1.05
	Current fiscal year	2,961,806	17,903	0.60
Of which, receivables under securities borrowing transactions	Previous fiscal year	580,836	4,301	0.74
	Current fiscal year	657,355	2,192	0.33
Of which, due from banks	Previous fiscal year	9,785,189	27,231	0.27
	Current fiscal year	12,016,391	27,636	0.22
Interest-bearing liabilities	Previous fiscal year	72,762,924	509,914	0.70
	Current fiscal year	73,219,035	304,511	0.41
Of which, deposits	Previous fiscal year	47,469,021	264,370	0.55
	Current fiscal year	50,072,209	172,258	0.34
Of which, negotiable certificates of deposit	Previous fiscal year	5,349,492	38,449	0.71
	Current fiscal year	5,634,700	18,103	0.32
Of which, call money and bills sold	Previous fiscal year	324,116	1,786	0.55
	Current fiscal year	446,067	1,282	0.28
Of which, payables under repurchase agreements	Previous fiscal year	3,388,418	23,139	0.68
	Current fiscal year	3,313,089	7,408	0.22
Of which, payables under securities lending transactions	Previous fiscal year	32,742	549	1.67
	Current fiscal year	43,535	534	1.22
Of which, commercial paper	Previous fiscal year	1,147,278	7,777	0.67
	Current fiscal year	858,686	1,479	0.17
Of which, borrowed money	Previous fiscal year	2,320,706	39,911	1.71
	Current fiscal year	1,421,896	20,777	1.46

(Notes)
1. The average balance of each asset and liability was generally computed based on an average of daily balances, but figures for certain consolidated subsidiaries were calculated based on an average of month-end balances.
2. "Overseas" includes overseas offices of the Bank and overseas consolidated subsidiaries.
3. The amount of interest-earning assets is stated excluding the average balance of interest-free due from banks. The amount of interest-bearing liabilities is stated excluding the average balance of money held in trust and the corresponding interest payments.

(iii) Total

(Millions of yen)

Item	Fiscal year	Average balance			Interest			Yield (%)
		Subtotal	Amount of elimination	Total	Subtotal	Amount of elimination	Total	
Interest-earning assets	Previous fiscal year	224,109,333	(6,962,874)	217,146,459	2,340,547	(58,403)	2,282,143	1.05
	Current fiscal year	230,850,600	(6,641,661)	224,208,938	2,282,744	(48,885)	2,233,858	0.99
Of which, loans and bills discounted	Previous fiscal year	109,307,218	(1,468,451)	107,838,766	1,613,227	(16,830)	1,596,397	1.48
	Current fiscal year	106,806,380	(1,353,053)	105,453,326	1,467,844	(11,569)	1,456,275	1.38
Of which, securities	Previous fiscal year	59,948,302	(3,183,024)	56,765,278	383,815	(29,304)	354,510	0.62
	Current fiscal year	66,393,654	(3,185,622)	63,208,031	450,264	(29,507)	420,756	0.66
Of which, call loans and bills bought	Previous fiscal year	742,831	(52,917)	689,914	5,430	(18)	5,412	0.78
	Current fiscal year	1,248,727	(25,132)	1,223,594	4,732	(11)	4,720	0.38
Of which, receivables under resale agreements	Previous fiscal year	5,051,961	–	5,051,961	33,109	–	33,109	0.65
	Current fiscal year	3,607,946	(8,969)	3,598,976	18,454	17	18,472	0.51
Of which, receivables under securities borrowing transactions	Previous fiscal year	580,836	–	580,836	4,301	–	4,301	0.74
	Current fiscal year	657,355	–	657,355	2,192	–	2,192	0.33
Of which, due from banks	Previous fiscal year	40,248,417	(1,578,358)	38,670,059	57,208	(6,094)	51,113	0.13
	Current fiscal year	44,133,775	(1,431,896)	42,701,878	59,676	(3,367)	56,309	0.13
Interest-bearing liabilities	Previous fiscal year	254,069,241	(3,789,395)	250,279,846	712,093	(28,910)	683,183	0.27
	Current fiscal year	269,226,446	(3,481,476)	265,744,969	504,439	(20,060)	484,378	0.18
Of which, deposits	Previous fiscal year	195,681,435	(1,382,071)	194,299,363	284,166	(4,081)	280,085	0.14
	Current fiscal year	207,507,187	(1,205,894)	206,301,293	186,761	(2,238)	184,522	0.08
Of which, negotiable certificates of deposit	Previous fiscal year	6,381,334	(1,026)	6,380,307	38,635	–	38,635	0.60
	Current fiscal year	6,868,571	–	6,868,571	18,311	–	18,311	0.26
Of which, call money and bills sold	Previous fiscal year	836,227	(141,079)	695,147	1,631	(405)	1,225	0.17
	Current fiscal year	563,774	(150,780)	412,994	1,238	(412)	825	0.19
Of which, payables under repurchase agreements	Previous fiscal year	10,694,662	–	10,694,662	46,213	–	46,213	0.43
	Current fiscal year	10,527,893	(8,969)	10,518,923	22,285	15	22,300	0.21
Of which, payables under securities lending transactions	Previous fiscal year	32,795	–	32,795	550	–	550	1.67
	Current fiscal year	43,535	–	43,535	534	–	534	1.22
Of which, commercial paper	Previous fiscal year	1,147,278	–	1,147,278	7,777	–	7,777	0.67
	Current fiscal year	858,686	–	858,686	1,479	–	1,479	0.17
Of which, borrowed money	Previous fiscal year	33,225,365	(900,786)	32,324,579	213,040	(18,064)	194,975	0.60
	Current fiscal year	37,027,494	(706,799)	36,320,694	188,275	(12,341)	175,933	0.48

(Note) “Amount of elimination” is the total amount of elimination associated with internal transactions, etc. between consolidated companies.

3) Fees and commissions by domestic and overseas office

Net fees and commissions income are as follows:

Fees and commissions income of domestic offices for the current fiscal year was ¥539.4 billion, with a decrease of ¥1.9 billion from the previous fiscal year, while fees and commissions expenses were ¥146.2 billion, with a decrease of ¥0.6 billion from the previous fiscal year, resulting in a net fees and commissions income of ¥393.1 billion, with a decrease of ¥1.2 billion from the previous fiscal year. Fees and commissions income of overseas offices for the current fiscal year was ¥600.7 billion, with an increase of ¥93.7 billion from the previous fiscal year, while fees and commissions expenses were ¥72.9 billion, with a decrease of ¥1.3 billion from the previous fiscal year, resulting in a net fees and commissions income of ¥527.8 billion, with an increase of ¥95.1 billion from the previous fiscal year.

Consequently, total net fees and commissions income for the current fiscal year stood at ¥739.6 billion, with an increase of ¥75.3 billion from the previous fiscal year.

(Millions of yen)

Item	Fiscal year	Domestic	Overseas	Amount of elimination	Total
		Amount	Amount	Amount	Amount
Fees and commissions income	Previous fiscal year	541,328	506,977	(207,735)	840,571
	Current fiscal year	539,408	600,764	(223,942)	916,231
Of which, domestic and foreign exchange services	Previous fiscal year	143,518	12,855	(318)	156,055
	Current fiscal year	157,733	12,641	(987)	169,387
Of which, other commercial banking services	Previous fiscal year	231,317	235,983	(3,263)	464,037
	Current fiscal year	216,372	297,567	(2,603)	511,336
Of which, guarantee services	Previous fiscal year	41,983	34,187	(13,397)	62,773
	Current fiscal year	41,529	34,049	(14,156)	61,422
Of which, securities-related services	Previous fiscal year	18,612	74,059	(67)	92,604
	Current fiscal year	13,603	84,076	(38)	97,641
Fees and commissions expenses	Previous fiscal year	146,931	74,249	(44,955)	176,225
	Current fiscal year	146,280	72,927	(42,674)	176,533
Of which, domestic and foreign exchange services	Previous fiscal year	31,681	12,537	(316)	43,902
	Current fiscal year	25,664	12,360	(377)	37,647

(Notes)
1. “Domestic” includes offices of the Bank (excluding its overseas offices) and domestic consolidated subsidiaries. “Overseas” includes the Bank’s overseas offices and overseas consolidated subsidiaries.
2. “Other commercial banking services” includes deposit-taking and lending services, agency services, custody and safe deposit services, trust-related services and others.
3. “Amount of elimination” is the total amount of elimination associated with internal transactions, etc. between consolidated companies.

4) Trading results by domestic and overseas office

Details of trading income and expenses

Net trading incomes of domestic and overseas offices are as follows:

Trading income of domestic offices for the current fiscal year was ¥17.4 billion, with a decrease of ¥20.0 billion from the previous fiscal year. Trading expenses of domestic offices decreased ¥0.0 billion from the previous fiscal year. As a result, net trading income for the current fiscal year was ¥17.4 billion, with a decrease of ¥19.9 billion from the previous fiscal year. Trading income of overseas offices for the current fiscal year was ¥139.2 billion, with a decrease of ¥22.2 billion from the previous fiscal year. Trading expenses of overseas offices were ¥75.8 billion, an increase of ¥39.1 billion from the previous fiscal year. As a result, net trading income for the current fiscal year was ¥63.4 billion, with a decrease of ¥61.3 billion from the previous fiscal year.

Consequently, total net trading income posted by both domestic and overseas offices for the current fiscal year stood at ¥79.5 billion, with a decrease of ¥84.3 billion from the previous fiscal year.

(Millions of yen)

Item	Fiscal year	Domestic	Overseas	Amount of elimination	Total
		Amount	Amount	Amount	Amount
Trading income	Previous fiscal year	37,432	161,464	(34,937)	163,959
	Current fiscal year	17,427	139,229	(76,569)	80,088
Of which, income from trading securities	Previous fiscal year	10	54,075	(11,876)	42,209
	Current fiscal year	–	60,348	(49,343)	11,004
Of which, income from securities related to trading transactions	Previous fiscal year	1,723	216	(28)	1,911
	Current fiscal year	–	11	(11)	–
Of which, income from trading-related financial derivatives	Previous fiscal year	33,552	107,171	(23,030)	117,693
	Current fiscal year	16,597	78,868	(27,211)	68,255
Of which, income from other trading transactions	Previous fiscal year	2,146	0	(1)	2,144
	Current fiscal year	830	–	(2)	828
Trading expenses	Previous fiscal year	–	36,680	(36,680)	–
	Current fiscal year	(65)	75,820	(75,264)	491
Of which, expenses on trading securities	Previous fiscal year	–	11,876	(11,876)	–
	Current fiscal year	2,154	47,189	(49,343)	–
Of which, expenses on securities related to trading transactions	Previous fiscal year	–	28	(28)	–
	Current fiscal year	(2,219)	2,722	(11)	491
Of which, expenses on trading-related financial derivatives	Previous fiscal year	–	24,773	(24,773)	–
	Current fiscal year	–	25,906	(25,906)	–
Of which, expenses on other trading transactions	Previous fiscal year	–	1	(1)	–
	Current fiscal year	–	2	(2)	–

(Notes) 1. “Domestic” includes offices of the Bank (excluding its overseas offices) and domestic consolidated subsidiaries. “Overseas” includes the Bank’s overseas offices and overseas consolidated subsidiaries.

2. “Amount of elimination” is the total amount of elimination associated with internal transactions, etc. between consolidated companies.

5) Balance of deposits by domestic and overseas office

・ Deposits by classification (ending balance)

(Millions of yen)

Item	Fiscal year	Domestic	Overseas	Amount of elimination	Total
		Amount	Amount	Amount	Amount
Total deposits	Previous fiscal year	156,387,749	47,428,197	(1,278,194)	202,537,751
	Current fiscal year	158,977,184	47,170,422	(1,580,415)	204,567,192
Of which, liquid deposits	Previous fiscal year	122,711,408	29,414,935	(573,942)	151,552,401
	Current fiscal year	126,039,807	29,884,755	(611,616)	155,312,946
Of which, fixed-term deposits	Previous fiscal year	25,555,449	17,942,150	(695,002)	42,802,597
	Current fiscal year	24,567,241	17,227,495	(958,932)	40,835,804
Of which, other deposits	Previous fiscal year	8,120,891	71,111	(9,249)	8,182,752
	Current fiscal year	8,370,135	58,172	(9,866)	8,418,441
Negotiable certificates of deposit	Previous fiscal year	916,518	5,302,524	–	6,219,043
	Current fiscal year	1,143,269	6,809,517	–	7,952,786
Total	Previous fiscal year	157,304,267	52,730,721	(1,278,194)	208,756,795
	Current fiscal year	160,120,453	53,979,939	(1,580,415)	212,519,978

(Notes)
1. “Domestic” includes offices of the Bank (excluding its overseas offices) and domestic consolidated subsidiaries. “Overseas” includes the Bank’s overseas offices and overseas consolidated subsidiaries.
2. “Amount of elimination” is the total amount of elimination associated with internal transactions, etc. between consolidated companies.
3. Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice
4. Fixed-term deposits = Time deposits + Installment savings

6) Balance of loans and bills discounted at domestic and overseas offices

・ Loans by type of industry (outstanding balances, composition ratios)

Industry	Previous fiscal year		Current fiscal year	
	Amount (Millions of yen)	Composition ratio (%)	Amount (Millions of yen)	Composition ratio (%)
Domestic (excluding Japan offshore market account)	64,869,865	100.00	64,708,207	100.00
Manufacturing	12,010,178	18.52	11,417,056	17.64
Construction	732,482	1.13	727,522	1.12
Wholesale and retail	6,675,282	10.29	6,804,770	10.52
Finance and insurance	7,907,053	12.19	7,794,611	12.05
Real estate, goods rental and leasing	11,121,084	17.14	11,481,042	17.74
Services	3,120,311	4.81	2,945,071	4.55
Other industries	23,303,474	35.92	23,538,132	36.38
Overseas and Japan offshore market account	39,040,688	100.00	42,642,413	100.00
Governments and public organizations	424,739	1.09	611,510	1.43
Financial institutions	8,622,207	22.08	10,796,989	25.32
Others	29,993,742	76.83	31,233,913	73.25
Total	103,910,554	–	107,350,620	–

(Note) "Domestic" includes offices of the Bank (excluding its overseas offices) and domestic consolidated subsidiaries. "Overseas" includes the Bank's overseas offices and overseas consolidated subsidiaries.

(Status of Risk-Adjusted Capital Ratio, etc.)

(Reference information)

In accordance with the provisions of Article 14-2 of the Banking Act, the Bank calculates both consolidated and non-consolidated risk-adjusted capital ratios, based on the computation method defined by the Standards to Determine the Adequacy of its Capital Base in Light of the Assets Held by the Bank (Financial Services Agency Notification No. 19, 2006).

Upon the adoption of uniform international standards, the Bank applies the Advanced Internal Ratings-Based Approach for the computation of the RWA for credit risk. For the computation of the RWA for operational risks, the Bank employs the Advanced Measurement Approach, as well as implementing the Market Risk Regulation.

The Bank calculates both consolidated and non-consolidated leverage ratios, which are supplementary indicators to capital ratios, based on the computation method defined by the Standards to Determine Soundness with Regard to Leverage that Stipulate Supplementary Indicators to the Standards to Determine the Adequacy of its Capital Base in Light of the Assets Held by the Bank in Accordance with the Provisions of Article 14-2 of the Banking Act (Financial Services Agency Notification No. 11, 2019).

Consolidated risk-adjusted capital ratios (under uniform international standards)

(Billions of yen, %)

	As of March 31, 2022
1. Consolidated Total Capital Ratio (4/7)	12.94
2. Consolidated Tier 1 Capital Ratio (5/7)	11.11
3. Consolidated Common Equity Tier 1 Capital Ratio (6/7)	9.86
4. Consolidated Total Capital	14,076.8
5. Consolidated Tier 1 Capital	12,092.1
6. Consolidated Common Equity Tier 1 Capital	10,728.5
7. Risk-weighted Assets	108,752.8
8. Consolidated Total Capital Requirements	8,700.2

Consolidated leverage ratio (under uniform international standards)

(%)

	As of March 31, 2022
Consolidated leverage ratio	4.96

Non-consolidated risk-adjusted capital ratios (under uniform international standards)

(Billions of yen, %)

	As of March 31, 2022
1. Non-consolidated Total Capital Ratio (4/7)	11.91
2. Non-consolidated Tier 1 Capital Ratio (5/7)	10.20
3. Non-consolidated Common Equity Tier 1 Capital Ratio (6/7)	8.81
4. Non-consolidated Total Capital	11,167.5
5. Non-consolidated Tier 1 Capital	9,565.7
6. Non-consolidated Common Equity Tier 1 Capital	8,261.6
7. Risk-weighted Assets	93,729.3
8. Non-consolidated Total Capital Requirements	7,498.3

Non-consolidated leverage ratio (under uniform international standards)

(%)

	As of March 31, 2022
Non-consolidated leverage ratio	4.59

(Assessment of asset quality)

(Reference information)

In accordance with Article 6 of the Act on Emergency Measures for the Reconstruction of the Financial Functions (Act No. 132 of 1998), the Bank assesses assets stated on its balance sheets and classifies them as shown below, based on the financial condition and business performance, etc. of the borrowers. These assets include corporate bonds (limited to the corporate bonds on which the payment of all or part of the principal and interest is guaranteed by financial institutions holding such bonds and which were issued through private placement as defined in Article 2, Paragraph 3 of the Financial Instruments and Exchange Act (Act No. 25 of 1948)), loans and bills discounted, foreign exchange assets, other assets booked as accrued interests, suspense payments or customers' liabilities for acceptance and guarantee, and securities if the Bank lent such securities which are required to be disclosed in a note to its balance sheets (they are limited to loans for use or lending under rental contract).

1. Claims against bankrupt or de facto bankrupt borrowers

Claims against bankrupt or de facto bankrupt borrowers represent claims held against borrowers who have been declared insolvent or in a substantially similar condition, on the grounds of the commencement of bankruptcy or restructuring proceedings, filing for the proceedings of rehabilitation or other similar legal proceedings.

2. Doubtful claims

Doubtful claims are those against borrowers who have not yet failed but their financial condition and business performance have deteriorated, with a high possibility that the principal and interest on these claims will not be received as per agreement.

3. Claims in need of special attention

These claims include those for which payments of principal or interest are three months or more in arrears or for which terms and conditions have been relaxed.

4. Normal claims

Claims held against borrowers who are not experiencing particular problems in respect of their financial position or management performance, hence classified as claims other than the preceding three categories.

(2) Discussion and Analysis of Results of Operations, etc. from the Management Perspective

The Bank's financial position, results of operations and cash flows for the current fiscal year are as follows.

Forward-looking statements contained in this section reflect the view of the Group (the Bank and its subsidiaries) as of the end of the current fiscal year. Accordingly, caution is required as they include risks and uncertainties and differ significantly from actual future results.

Consolidated net business profit (before provision for general allowance for credit losses) for the current fiscal year was ¥820.4 billion, with a decrease of ¥29.6 billion from the previous fiscal year. This was mainly due to a decrease in net profits associated with global markets business stemming from the rebalancing of the portfolio amid rising interest rates and the increase in general and administrative expenses as a result of the effects of foreign exchange. Despite the increase in income due to the improvement in lending spread, there are also increases in administrative fees associated with residential loans, and fees from overseas loans.

Additionally, despite the recording of the allowance related to Russia, total credit costs for the current fiscal year improved by ¥107.4 billion compared to the previous fiscal year, primarily due to the reversal of the allowance reflecting an improvement of economic environment outlook in the United States and the reversal of the allowance for credit losses associated with the decision to sell all shares of MUFG Union Bank. Net income attributable to the shareholders of MUFG Bank also increased by ¥195.2 billion to ¥503.0 billion, primarily due to an increase in net gains on equity securities and other securities reflecting the sale of shares held by the Bank.

In order to demonstrate the strengths of its comprehensive financial group, the Bank's parent company, Mitsubishi UFJ Financial Group has introduced the business group system in which Group companies coordinate closely to formulate group-wide strategies and promote business. Each business group designs strategies that integrate the strengths of Group companies and implements measures to meet a broad range of customer needs.

Initiatives taken by each business group for the current fiscal year are as follows:

(Digital Service Business Group)

The digital shift in customer contact points progressed with an increase in the use of smartphone apps for procedures such as account openings and change of address, as well as an increase in the number of internet banking users. In addition, we worked on the digital transformation of our businesses including the digitization of paper forms using US company Ripcord's technology and the digitization of confirmation letters by audit firms.

As part of new digital financial services, we started the provision of Money Canvas, an asset management platform for retail customers, and established Biz Forward, a joint venture with Money Forward to launch several businesses for small to medium sized corporate customers including online factoring.

(Retail & Commercial Banking Business Group)

In order to address diverse issues related to customers' assets, we promoted a business model that integrates the Bank, the Trust Bank, and the Securities, and continued organizational reform centered on channel reorganization in response to changes in customer contact points.

Particularly, in the wealth management (WM) business, we began operating the "WM Digital Platform," a digital tool for understanding customers' assets and needs across the MUFG Group, at all of our business locations. Through this tool, we have established a system to provide comprehensive solutions on a groupwide basis for the various issues that our customers face.

(Japanese Corporate & Investment Banking Business Group)

The lending margin steadily improved as the Business Group worked to reduce low-profitability loans and take risks on projects with high profitability potential to establish an ROE-oriented business model. In addition, we accelerated the reduction of cross-shareholdings and made significant progress towards achieving the reduction targets of the Medium-Term Business Plan.

We are making commitments to deepen our engagement (dialogue) with customers and share business risks to resolve environmental and social issues, as well as business agendas of our customers, which are becoming more complex and diverse. Our newly established Sustainable Business Division has been engaging with customers toward decarbonization and we have made investments with customers in multiple businesses that will contribute to solving future social issues.

(Global Commercial Banking Business Group)

While taking steps toward the sale of the shares of MUFG Union Bank to U.S. Bancorp., the Group worked to strengthen transactions with small to medium sized corporate customers, among other things. Krungsri (Bank of Ayudhya) announced the acquisition of Vietnam-based SHB Finance to expand its business base, and promoted decarbonization initiatives such as declaring Carbon Neutrality Vision. Bank Danamon promoted the reduction of funding costs by increasing low-cost deposits, and expanded business for corporate clients by leveraging the MUFG Group’s functions and customer base.

In collaboration with Grab, Bank Danamon started offering a co-branded credit card. In collaboration with partner banks, Bank Danamon strengthened the foundation of business operations by sharing knowledge on risk management and other knowledge.

(Asset Management & Investor Services Business Group)

In the asset management field, overseas, First Sentier Investors increased its asset under management centered on its flagship funds. In Japan, sales of investment products to corporate clients increased through the agile product offering in line with client needs, and the balance of publicly offered stock investment trusts of Mitsubishi UFJ Kokusai Asset Management rose from 4th to 2nd in the industry.

In the investor services business field, we increased asset under administration and asset under custody globally by providing bundled services, such as lending and foreign exchange to funds.

In the pension business field, the balance of pension trusts under defined benefit pensions and enrollment in defined contribution pensions increased through solution proposals based on HR consulting and the provision of investment products that meet customers’ needs.

(Global Corporate & Investment Banking Business Group)

In the institutional investor business, one of the key strategic areas promoted jointly with the Global Markets Business Group, we steadily developed a high-profitability portfolio mainly in secured finance and debt underwriting for non-investment grade companies.

For the existing portfolio, we continued and strengthened our efforts to optimize our balance sheet management through the reduction of existing low-profitability assets and the enhanced screening of new lending opportunities. As a result, profitability indicators such as ROE and non-JPY loan margin improved significantly.

In new business initiatives, Mars Growth Capital, an AI and digital technology-based debt fund jointly managed with an Israeli fintech company, steadily expanded its lending business to Asian start-ups.

(Global Markets Business Group)

Although business opportunities for sales & trading operations declined due to decrease of market participants’ activities, efforts to integrate operations with the Global Corporate & Investment Banking Business Group and progress to improve product offerings to domestic clients were made.

In the treasury operations, amidst increasing market uncertainty due to the shift in monetary policy in the United States and Europe from easing to normalization/tightening policy in response to inflation concerns, we worked to improve profitability by reducing medium- to long-term foreign currency funding and rebalancing the portfolio.

We have also made progress in the digitalization of our operations including the shift to online transactions of financial products, AI-based market forecasting, and better balance sheet management. We also expanded ESG investments and started building the long-term diversified portfolio.

The Bank’s financial position, results of operations and cash flows for the current fiscal year are as follows.

Consolidated gross operating income for the current fiscal year decreased by ¥2.0 billion from the previous fiscal year. Meanwhile, general and administrative expenses increased by ¥27.5 billion from the previous fiscal year. As a result, consolidated net business profit (before provision for general allowance for credit losses) for the current fiscal year was ¥820.4 billion, which represents a decrease of ¥29.6 billion from the previous fiscal year.

Meanwhile, net income attributable to the shareholders of MUFG Bank was ¥503.0 billion, with an increase of ¥195.2 billion from the previous fiscal year, primarily due to the decrease of credit costs at overseas subsidiaries and sale of part of shares of affiliates.

The main items for the current fiscal year are shown in the table below.

(Billions of yen)

		Previous fiscal year (A)	Current fiscal year (B)	Change (B - A)
Interest income	(1)	2,282.1	2,233.8	(48.2)
Interest expenses (after deduction of expenses related to money held in trust)	(2)	683.1	484.3	(198.8)
Trust fees	(3)	12.2	11.9	(0.2)
Of which, credit costs for trust accounts	(4)	–	–	–
Fees and commissions income	(5)	840.5	916.2	75.6
Fees and commissions expenses	(6)	176.2	176.5	0.3
Trading income	(7)	163.9	80.0	(83.8)
Trading expenses	(8)	–	0.4	0.4
Other operating income	(9)	565.9	336.5	(229.4)
Other operating expenses	(10)	306.8	220.7	(86.1)
Consolidated gross operating income (= (1) - (2) + (3) + (5) - (6) + (7) - (8) + (9) - (10))	(11)	2,698.6	2,696.6	(2.0)
General and administrative expenses (after deduction of non-recurring expenses)	(12)	1,848.5	1,876.1	27.5
Consolidated net business profit (loss) (before provision for general allowance for credit losses = (11) + (4) - (12))		850.1	820.4	(29.6)
Other ordinary expenses (Provision for general allowance for credit losses)	(13)	209.1	(64.1)	(273.2)
Consolidated net business profit (loss) (= (11) - (12) - (13))		641.0	884.6	243.5
Other ordinary income	(14)	255.2	472.1	216.8
Of which, reversal of allowance for credit losses		–	–	–
Of which, gains on collection of bad debts		44.6	64.2	19.6
Of which, gains on sales of equity securities and other securities		131.8	315.4	183.5
Interest expenses (expenses related to money held in trust)	(15)	0.0	0.0	(0.0)
General and administrative expenses (non-recurring expenses)	(16)	26.7	(2.3)	(29.1)
Other ordinary expenses (after deduction of provision for general allowance for credit losses)	(17)	438.6	534.2	95.6
Of which, credit costs		286.1	393.5	107.4
Of which, losses on sales of equity securities and other securities		38.3	28.5	(9.8)
Of which, losses on write-down of equity securities and other securities		6.5	9.8	3.2
Net non-recurring gains (losses) (= (14) - (15) - (16) - (17))		(210.1)	(59.7)	150.3
Ordinary profit		430.8	824.8	393.9
Net extraordinary gains (losses)		(6.5)	(82.5)	(76.0)
Of which, impairment loss of long-lived assets		(23.4)	(162.6)	(139.2)
Income before income taxes		424.3	742.2	317.9
Total income taxes		96.4	204.2	107.8
Net income before attribution of noncontrolling interests		327.9	537.9	210.0
Net income attributable to noncontrolling interests		20.1	34.9	14.7
Net income attributable to the shareholders of MUFG Bank		307.7	503.0	195.2

1) Analysis of Results of Operations

(i) Total credit costs

Total credit costs for the current fiscal year decreased ¥185.4 billion compared to the previous fiscal year to ¥265.1 billion, primarily due to the reversal of an allowance reflecting an improvement in the economic environment outlook in the United States and the reversal of allowance for credit losses associated with the decision to sell shares of overseas subsidiaries, despite the recording of an allowance related to Russia.

(Billions of yen)

		Previous fiscal year (A)	Current fiscal year (B)	Change (B - A)
Of the trust fees, credit costs for trust accounts	(1)	–	–	–
Of other ordinary income, reversal of allowance for credit losses	(2)	–	–	–
Of other ordinary income, reversal of reserve for contingent losses	(3)	–	–	–
Of other ordinary income, gains on collection of bad debts	(4)	44.6	64.2	19.6
Of other ordinary expenses, provision for general allowance for credit losses	(5)	209.1	(64.1)	(273.2)
Of other ordinary expenses, credit costs	(6)	286.1	393.5	107.4
Write-offs of loans		110.5	82.0	(28.4)
Provision for specific allowance for credit losses		159.8	244.7	84.9
Other credit costs		15.7	66.7	50.9
Total credit costs (= (1) - (2) - (3) - (4) + (5) + (6))		450.6	265.1	(185.4)
Consolidated net business profit (loss) (before credit costs for trust accounts and provision for general allowance for credit losses)		850.1	820.4	(29.6)
Consolidated net business profit (loss) (after deduction of total credit costs)		399.5	555.2	155.7

(ii) Net gains (losses) on equity securities and other securities

The Bank posted ¥277.0 billion gains on equity securities and other securities for the current fiscal year with an increase of ¥190.1 billion from the previous fiscal year.

Gains on sales of equity securities and other securities increased by ¥183.5 billion compared to the previous fiscal year to ¥315.4 billion while losses on sales of equity securities and other securities decreased by ¥9.8 billion compared to the previous fiscal year to ¥28.5 billion. Losses on write-down of equity securities and other securities increased by ¥3.2 billion compared to the previous fiscal year to ¥9.8 billion.

(Billions of yen)

	Previous fiscal year (A)	Current fiscal year (B)	Change (B - A)
Net gains (losses) on equity securities and other securities	86.9	277.0	190.1
Of other ordinary income, gains on sales of equity securities and other securities	131.8	315.4	183.5
Of other ordinary expenses, losses on sales of equity securities and other securities	38.3	28.5	(9.8)
Of other ordinary expenses, losses on write-down of equity securities and other securities	6.5	9.8	3.2

2) Analysis of Financial Position

3) Cash Flows

As stated in “II. Business Overview, 3. Management Analyses of Financial Position, Results of Operations and Cash Flows, (1) Overview of Results of Operations, etc. (Summary of cash flows).”

4) Results of Operations by Business Unit

Results of operations for the current fiscal year posted by business units which are segmented based on the internal management classification.

[Principal business conducted by each business unit]

Digital Service Business Unit		Providing financial services to individual customers and corporate clients mainly involving non-face-to-face transactions, as well as driving Bank-wide digital transformation
Retail & Commercial Banking Business Unit	:	Providing financial services to Japanese individual and corporate customers
Japanese Corporate & Investment Banking Business Unit	:	Providing financial services to major Japanese corporate customers globally
Global Commercial Banking Business Unit	:	Providing financial services to individual and small to medium-sized corporate customers by overseas commercial banks of the Group
Global Corporate & Investment Banking Business Unit	:	Providing financial services to major non-Japanese corporations
Global Markets Business Unit	:	Providing services related to foreign currency exchange, funds and investment securities to customers, as well as conducting market transactions and managing liquidity and cash for the Group
Other units	:	Other than the businesses mentioned above

(Billions of yen)

	Digital Service Business Unit	Retail & Commer-cial Banking Business Unit	Japanese Corporate & Investment Banking Business Unit	Global Commer-cial Banking Business Unit	Global Corporate & Investment Banking Business Unit	Customer business units subtotal	Global Markets Business Unit	Other units (Note 2)	Total
Gross operating income	288.6	341.9	489.1	781.4	500.4	2,401.5	220.0	13.4	2,635.0
Non-consolidated	260.3	314.0	429.1	1.9	361.6	1,367.1	133.5	3.8	1,504.5
Net interest income	219.0	155.6	229.3	2.1	170.4	776.6	115.2	87.9	979.8
Net non-interest income	41.3	158.3	199.7	(0.1)	191.2	590.5	18.2	(84.0)	524.7
Subsidiaries	28.2	27.8	60.0	779.4	138.7	1,034.4	86.5	9.5	1,130.5
Expenses	277.0	307.0	252.3	537.9	270.1	1,644.5	109.2	72.2	1,826.0
Net operating income (Note 1)	11.6	34.8	236.8	243.4	230.2	757.0	110.8	(58.8)	809.0

(Notes) 1. Net operating income is the consolidated net business profit (loss) before consolidation adjustments (eliminating dividends from subsidiaries only).
Above profits and losses are computed for the purpose of internal management and differ from those for financial accounting.
2. Other units' gross operating income excludes dividends from subsidiaries and income from the loans to Mitsubishi UFJ Financial Group, Inc.

(i) Digital Service Business Unit

Gross operating income exceeded that of the previous fiscal year due to an increase in income from commissions for residential loans, despite a decrease in net interest income mainly from credit card loans primarily as a result of the COVID-19 pandemic and a decrease in income due to reduced fees and commissions on money transfers.

(ii) Retail & Commercial Banking Business Unit

Gross operating income exceeded that of the previous fiscal year due to an increase in net interest income from loans as a result of improved interest spreads on loans and the growth in solution income, despite the decline in net interest income from deposits caused by a decline in foreign currency interest rates.

(iii) Japanese Corporate & Investment Banking Business Unit

Gross operating income exceeded that of the previous fiscal year due to an increase in net interest income from loans in Japan and overseas mainly as a result of improved interest spreads on loans, despite the decline in solution income that increased in the previous fiscal year mainly in the course of supporting corporate customers in response to the COVID-19 pandemic.

(iv) Global Commercial Banking Business Unit

Gross operating income fell below that of the previous fiscal year due to a decline in customers' economic activities amid the COVID-19 pandemic primarily in Asia and lower policy interest rates.

(v) Global Corporate & Investment Banking Business Unit

Gross operating income exceeded that of the previous fiscal year due to an increase in income from commissions and an increase in interest income from improved interest spreads on loans.

(vi) Global Markets Business Unit

Gross operating income fell below that of the previous fiscal year due to the absence of net gains on sales of debt securities earned in the previous year as well as the recording of a net loss on sales of debt securities to manage valuation gains/losses.

(3) Significant Accounting Estimates and the Assumptions Used in Such Estimates

The consolidated financial statements of the Bank have been prepared in accordance with accounting standards generally accepted in Japan. Estimates and assumptions were used in preparing these consolidated financial statements. These estimates and assumptions may affect the reported amounts of assets, liabilities, revenues and expenses, and the amounts that rely on them may differ from actual results.

Significant accounting estimates and assumptions used in the preparation of the consolidated financial statements are as follows:

Calculation of allowance for credit losses
Impairment of fixed assets
Fair values of derivative transactions

Details are provided in "(25) Significant Accounting Estimates" in "Notes to Consolidated Financial Statements" under "Consolidated Financial Statements" of "V. Financial Information."

The assumptions we have used in making our accounting estimates in relation to the prolonged COVID-19 pandemic and sudden changes relating to the Russia-Ukraine situation are provided in "(25) Significant Accounting Estimates" in "Notes to Consolidated Financial Statements" under "Consolidated Financial Statements" of "V. Financial Information." We have determined that these estimates do not materially affect other significant accounting estimates and the assumptions used in such estimates.

4. Critical Contracts for Operation

The Bank and MUFG reached a definitive agreement for the sale of MUFG Union Bank (MUB) and will invest in shares of U.S. Bancorp (USB).

The Bank and MUFG agreed with USB to the sale of all shares in MUB, MUFG's subsidiary owned through MUAH, and entered into the Share Purchase Agreement on September 21, 2021.

Although the transfer of the MUB shares (the "Share Transfer") was originally expected to become effective in the first half of 2022, subject to certain conditions precedent, including the approval from relevant regulators, the U.S. regulatory process remains ongoing. Therefore, considering the current timing, the expected closing date has shifted to the second half of 2022.

Additionally, as part of the consideration for the Share Transfer, the Bank and MUFG will receive approximately 2.9% of USB's outstanding shares in addition to cash and will engage in discussions with USB on further business alliances.

1) Background and strategic rationale of the Share Transfer

The Bank and MUFG have viewed the U.S. regional banking business as an important business for the Group's strategy. At the same time, given MUB's current business environment, including the need for increased technology investments as part of digital transformation, a certain scale is required to maintain and strengthen competitiveness.

Under these circumstances, the Bank and MUFG concluded that transferring MUB to USB, a major U.S. bank with a strong business foundation, is the most appropriate decision that will lead to providing higher quality financial services to customers and communities, and unlock MUB's potential franchise value. From the perspective of the Bank and MUFG's optimization of management resources in the current medium- term business plan, the Bank and MUFG determined that the sale of MUB and the shift of focus to corporate transactions in the U.S. will maximize shareholder value through increasing capital efficiency.

2) Transfer of transactions with customers prior to the Share Transfer

The MUB businesses that the Bank and MUFG will transfer to USB through the Share Transfer exclude the GCIB business (with certain exceptions as agreed to by the parties, including certain deposits of the GCIB business that will be retained by MUB), the Global Markets business to the extent related to the GCIB business (transactions with clients and investors) that is currently run by MUB, and certain assets and liabilities, etc. that are part of shared middle and back office functions, etc. Such businesses, and the customer assets and liabilities, etc. related to these businesses (including related transactions with such customers) are planned to be transferred to the Bank's U.S. branches or its affiliates prior to the Share Transfer (the "Transaction" refers to the series of transactions including the Share Transfer and the transfer of such businesses, assets and liabilities to the Bank's U.S. branches or its affiliates).

3) Outline of U.S. Bancorp

(i) Name	U.S. Bancorp
(ii) Location	800 Nicollet Mall, Minneapolis, Minnesota
(iii) Name and title of representative	Andrew Cecere, Chairman, President & Chief Executive Officer
(iv) Description of business	Bank holding company
(v) Stated capital	USD 21 million (as of March 31, 2022)
(vi) Date of incorporation	April 2, 1929

4) Number of shares to be transferred; number of shares held and ownership ratio pre- and post-transfer

(i) Number of shares held pre-transfer	40,305,115 shares (Number of voting rights: 40,305,115) (Voting rights ownership ratio: 100%)
(ii) Shares transferred	40,305,115 shares (Number of voting rights: 40,305,115)
(iii) Number of shares held post-transfer	0 shares (Number of voting rights: 0) (Voting rights ownership ratio: 0%)

5) Overview of the Transaction

(i) Overview of the businesses in-scope and out-of-scope for the Transaction

(a) In-scope business: Retail and Commercial Banking businesses of MUB

(b) Out-of-scope business, assets and liabilities: GCIB business (with certain exceptions as agreed to by the parties, including certain deposits of the GCIB business that will be retained by MUB), Global Markets business to the extentrelated to GCIB business (transactions with clients and investors), and the assets and liabilities, etc.of part of the middle and back office functions, etc.

(ii) Consideration

(a) The consideration paid by USB is an additional USD 1.75 billion on top of the tangible book value of MUB at the time of the completion of the Share Transfer and paid in a combination of cash and USB stock (44,374,155 shares)*.

(b) Dividend and/or share repurchase by MUB is expected prior to the completion of the Share Transfer.

* The consideration will fluctuate depending on the tangible book value of MUB and the stock price of USB at the time of completion of the Share Transfer.

III. Equipment and Facilities

Overview of Capital Investment

With the purpose of improving our extensive customer services as well as rationalizing and streamlining back-office operations, the Bank made information system investment to enhance offering of our products and services, apart from the investment for refurbishment of head office building/center, and relocation, reconstruction and renovation of branches.

Due to the above measures, the total capital investment for the current fiscal year amounted to ¥233,831 million, including investment for intangible fixed assets such as software.

During the current fiscal year, there were no significant retirement or sales of facilities that should be reported.

Assets related to the capital investment of the Bank have been allocated to each segment, while those related to the capital investment of the Bank’s consolidated subsidiaries have not been allocated to each segment.

IV. Company Information

1. Information on the Company's Shares

(1) Total number of shares, etc.

1) Total number of shares

Class	Total number of shares authorized to be issued
Common stock	33,000,000,000
Class 2 preferred stock	100,000,000
Class 4 preferred stock	79,700,000
Class 6 preferred stock	1,000,000
Class 7 preferred stock	177,000,000
1st series of Class 8 preferred stock	400,000,000 (Note 1)
2nd series of Class 8 preferred stock	400,000,000 (Note 1)
3rd series of Class 8 preferred stock	400,000,000 (Note 1)
4th series of Class 8 preferred stock	400,000,000 (Note 1)
1st series of Class 9 preferred stock	200,000,000 (Note 2)
2nd series of Class 9 preferred stock	200,000,000 (Note 2)
3rd series of Class 9 preferred stock	200,000,000 (Note 2)
4th series of Class 9 preferred stock	200,000,000 (Note 2)
1st series of Class 10 preferred stock	200,000,000 (Note 3)
2nd series of Class 10 preferred stock	200,000,000 (Note 3)
3rd series of Class 10 preferred stock	200,000,000 (Note 3)
4th series of Class 10 preferred stock	200,000,000 (Note 3)
Total	34,157,700,000

(Notes) 1. Total number of shares authorized to be issued in a class of the 1st to 4th series of Class 8 preferred stock shall not exceed 400,000,000.
2. Total number of shares authorized to be issued in a class of the 1st to 4th series of Class 9 preferred stock shall not exceed 200,000,000.
3. Total number of shares authorized to be issued in a class of the 1st to 4th series of Class 10 preferred stock shall not exceed 200,000,000.

2) Total number of shares issued

Class	Number of shares issued as of the end of the current fiscal year (March 31, 2022)	Number of shares issued as of the date of submission (June 27, 2022)	Financial instruments exchange on which the stock is listed or other market	Description
Common stock	12,350,038,122	Same as left	–	(Notes) 1, 2, 3
1st series of Class 2 preferred stock	100,000,000	Same as left	–	(Notes) 1, 2
1st series of Class 4 preferred stock	79,700,000	Same as left	–	(Notes) 1, 2
1st series of Class 6 preferred stock	1,000,000	Same as left	–	(Notes) 1, 2
1st series of Class 7 preferred stock	177,000,000	Same as left	–	(Notes) 1, 2
Total	12,707,738,122	Same as left	–	–

(Notes) 1. Number of shares constituting one unit is 1,000 for both common stock and preferred stock, and there are no provisions in the Articles of Incorporation in respect of Article 322, Paragraph 2 of the Companies Act.
2. Different provisions in respect of matters including voting rights apply to common stock and preferred stock, to allow our financial policy to operate in a flexible manner.
3. Standard stock involving no restriction on shareholders' rights.

(2) Status of the total number of shares issued and the amount of capital stock and other

Date	Change in total number of shares issued (Thousands of shares)	Total number of shares issued (Thousands of shares)	Change in capital stock (Millions of yen)	Balance of capital stock (Millions of yen)	Change in capital reserve (Millions of yen)	Balance of capital reserve (Millions of yen)
December 28, 2009 (Note)	1,516,654	12,707,738	515,662	1,711,958	515,662	1,711,958

(Note) This was due to the private placement (1,516,654 thousand shares of common stock), in which offering price and paid-in capital per share were ¥680 and ¥340, respectively.

(3) Status of major shareholders

By number of shares held

As of March 31, 2022

Company name	Address	Number of shares held (Thousands of shares)	Ratio of number of shares held against total number of shares issued (%)
Mitsubishi UFJ Financial Group, Inc.	2-7-1, Marunouchi, Chiyoda-ku, Tokyo	12,350,038	100.00
Total	–	12,350,038	100.00

(Note) The Bank holds 100,000 thousand shares of 1st series of Class 2 preferred stock, 79,700 thousand shares of 1st series of Class 4 preferred stock, 1,000 thousand shares of 1st series of Class 6 preferred stock, and 177,000 thousand shares of 1st series of Class 7 preferred stock, totaling 357,700 thousand shares, which are excluded from the above major shareholders.

By number of voting rights held

As of March 31, 2022

Company name	Address	Number of voting rights held	Ratio of number of voting rights held against total number of shareholders' voting rights (%)
Mitsubishi UFJ Financial Group, Inc.	2-7-1, Marunouchi, Chiyoda-ku, Tokyo	12,350,038	100.00
Total	–	12,350,038	100.00

(4) Status of voting rights

1) Issued shares

As of March 31, 2022

Class	Number of shares		Number of voting rights	Description
Shares with no voting rights	1st series of Class 2 preferred stock	100,000,000	–	As stated in "1. Information on the Company's Shares, (1) Total number of shares, etc."
	1st series of Class 4 preferred stock	79,700,000	–	
	1st series of Class 6 preferred stock	1,000,000	–	
	1st series of Class 7 preferred stock	177,000,000	–	
Shares with restricted voting rights (treasury stock, etc.)	–		–	–
Shares with restricted voting rights (others)	–		–	–
Shares with full voting rights (treasury stock, etc.)	–		–	–
Shares with full voting rights (others)	Common stock	12,350,038,000	12,350,038	Standard stock involving no restriction on shareholders' rights
Shares of less than one unit	Common stock	122	–	–
Total number of shares issued		12,707,738,122	–	–
Total number of shareholders' voting rights	–		12,350,038	–

2) Treasury stock, etc.

As of March 31, 2022

Company name	Address	Number of shares held in its own name	Number of shares held in other than its own name	Total number of shares held	Ratio of number of shares held against total number of shares issued (%)
–	–	–	–	–	–
Total	–	–	–	–	–

(Note) Of the shares with no voting rights above, 100,000,000 shares of 1st series of Class 2 preferred stock, 79,700,000 shares of 1st series of Class 4 preferred stock, 1,000,000 shares of 1st series of Class 6 preferred stock, and 177,000,000 shares of 1st series of Class 7 preferred stock are treasury stock.

2. Policy on Dividends

The Bank makes it a principle to pay out constant dividend, with consideration to the strengthening of its financial position including the building up of adequate internal reserves, to ensure sound bank management necessitated by the public nature of banking business, along with consideration to the reinforcement of the capital base of its parent company Mitsubishi UFJ Financial Group, Inc.

According to the provisions in Article 454, Paragraph 5 of the Companies Act, the Bank, by its Articles of Incorporation, is allowed to offer dividends from surplus, with the record date set on September 30 each year, based on the resolution of the Board of Directors. The Bank may also offer dividends from surplus with the record date set on March 31 each year, in accordance with its Articles of Incorporation. Thus, the Bank makes it a principle to pay out dividend from surplus twice a year, namely interim dividend and year-end dividend. According to the provisions in each item of Article 459, Paragraph 1 of the Companies Act, the Bank provides in its Articles of Incorporation that the Bank may, by the resolution of the Board of Directors, purchase its treasury stock and offer dividends from surplus. The amounts of dividends are decided by the Board of Directors' meeting for an interim dividend and by the Ordinary General Meeting of Shareholders or Board of Directors' meeting for other dividends.

In respect of dividends for the current fiscal year, it was decided, in accordance with the dividend policy as described above, to pay an annual dividend of ¥24.85 per share for common stock (comprising an interim dividend of ¥12.18 and a year-end dividend of ¥12.67). In addition, in accordance with the capital policy of Mitsubishi UFJ Financial Group, Inc., the Bank paid a special dividend of ¥10.21 per share for common stock on February 2, 2022.

In the meantime, internal reserves shall be utilized for the continuous enhancement of corporate value and further reinforcement of the corporate structure.

(Note) Dividends from surplus whose record dates belong to the current fiscal year and other dividends from surplus resolved in the current fiscal year were as follows:

Date of resolution	Aggregate amount of dividend	Dividend per share	
November 15, 2021 Resolution by the Board of Directors' meeting	¥150,423 million	Common stock	¥12.18

Date of resolution	Aggregate amount of dividend	Dividend per share	
May 16, 2022 Resolution by the Board of Directors' meeting	¥156,474 million	Common stock	¥12.67

Date of resolution	Aggregate amount of dividend	Dividend per share	
January 27, 2022 Resolution by the Board of Directors' meeting	¥126,093 million	Common stock	¥10.21

3. Corporate Governance

(1) Overview of corporate governance

1) Basic concept on the corporate governance

Mitsubishi UFJ Financial Group, Inc., the parent company of the Bank, has defined its Purpose (reason for being) as “Committed to empowering a brighter future,” and established the “MUFG Way,” which expresses this purpose. The “MUFG Way” articulates the basic stance of all MUFG Group officers and employees in performing their business activities and serves as the guidelines for all activities.

We have also established the Code of Conduct, which encapsulates the standards that how MUFG group members should make decisions and act on our day-to-day business activities under the MUFG Way.

The Bank is making efforts to enhance corporate governance as a member of the MUFG Group based on the concept described in the “MUFG Way” and the “Code of Conduct.”

2) Corporate governance system

(i) Overview of the corporate governance system and reason for adopting the system

Mitsubishi UFJ Financial Group, Inc., the parent company of the Bank, has since its establishment worked to build a stable and highly effective corporate governance structure, giving priority to an external perspective. MUFG has adopted the structure of a company with three committees, with a view to strengthening the oversight function of the Board of Directors by separating the functions of oversight and execution in the holding company, and to developing a more effective and efficient governance framework that will be more visible and acceptable to its global stakeholders, in line with its status as a G-SIB (Global Systemically Important Bank). MUFG has established the Nomination and Governance Committee (nomination committee under the Companies Act), the Compensation Committee and the Internal Audit and Compliance Committee as stipulated in the Companies Act, along with the Risk Committee and the U.S. Risk Committee under the Risk Committee.

The Bank has made a transition to a Company with an Audit & Supervisory Committee and is striving to further strengthen its corporate governance structure by developing an effective framework for management oversight by the Board of Directors, and has established a system to ensure quick decision-making through the delegation of authority to make a large portion of important decisions on business executions from the Board of Directors to the executive body. The Bank is aiming for higher transparency and objectivity of management by assigning the audit and supervisory functions to the Audit & Supervisory Committee, the majority of whose members are Outside Directors, while also establishing and releasing the MUFG Bank Corporate Governance Policies that outlines the Bank’s principles of corporate governance and its framework.

The Bank also introduced the business unit structure where management authorities are accompanied by management responsibilities in each business unit, along with executive officer structure in order to enhance and strengthen business operation function in each line of business or business unit.

(A) Status of corporate management organizations regarding management decision making, execution and supervision, and other corporate governance systems

The Bank’s principal corporate management organizations regarding management decision making, execution and supervision are as follows:

a) Board of Directors

The Board of Directors meets once a month in principle and makes decisions on the Bank’s important business executions and oversees execution of duties by the Directors.

The Bank has 26 Directors, including 10 Directors who are Members of the Audit & Supervisory Committee, as of the submission date of the Annual Securities Report. All six Outside Directors are Directors who are Members of the Audit & Supervisory Committee. The Bank has submitted proposals (matters to be resolved), “Election of 20 Directors (Excluding Directors Who Are Members of the Audit & Supervisory Committee),” and “Election of 4 Directors Who Are Members of the Audit & Supervisory Committee” at the Ordinary General Meeting of Shareholders to be held on June 28, 2022. If these proposals are approved, the number of Directors of the Bank will be 30, including 10 Directors who are Members of the Audit & Supervisory Committee, and all six Outside Directors will be Directors who are Members of the Audit & Supervisory Committee.

b) Audit & Supervisory Committee

The Bank is a Company with an Audit & Supervisory Committee. The Audit & Supervisory Committee consists of 10 Members, including six Outside Members, as of the submission date of the Annual Securities Report. The Bank has submitted a proposal (a matter to be resolved), “Election of 4 Directors Who Are Members of the Audit & Supervisory Committee” at the Ordinary General Meeting of Shareholders to be held on June 28, 2022. If this proposal is approved, Audit & Supervisory Committee will consist of 10 Members, including six Outside Members.

In accordance with the audit policies and audit plans formulated by the Audit & Supervisory Committee, the Audit & Supervisory Committee audits Directors’ executions of duties and other matters through attendance to important meetings by the Members appointed by the Committee and investigation on status of business operations and assets.

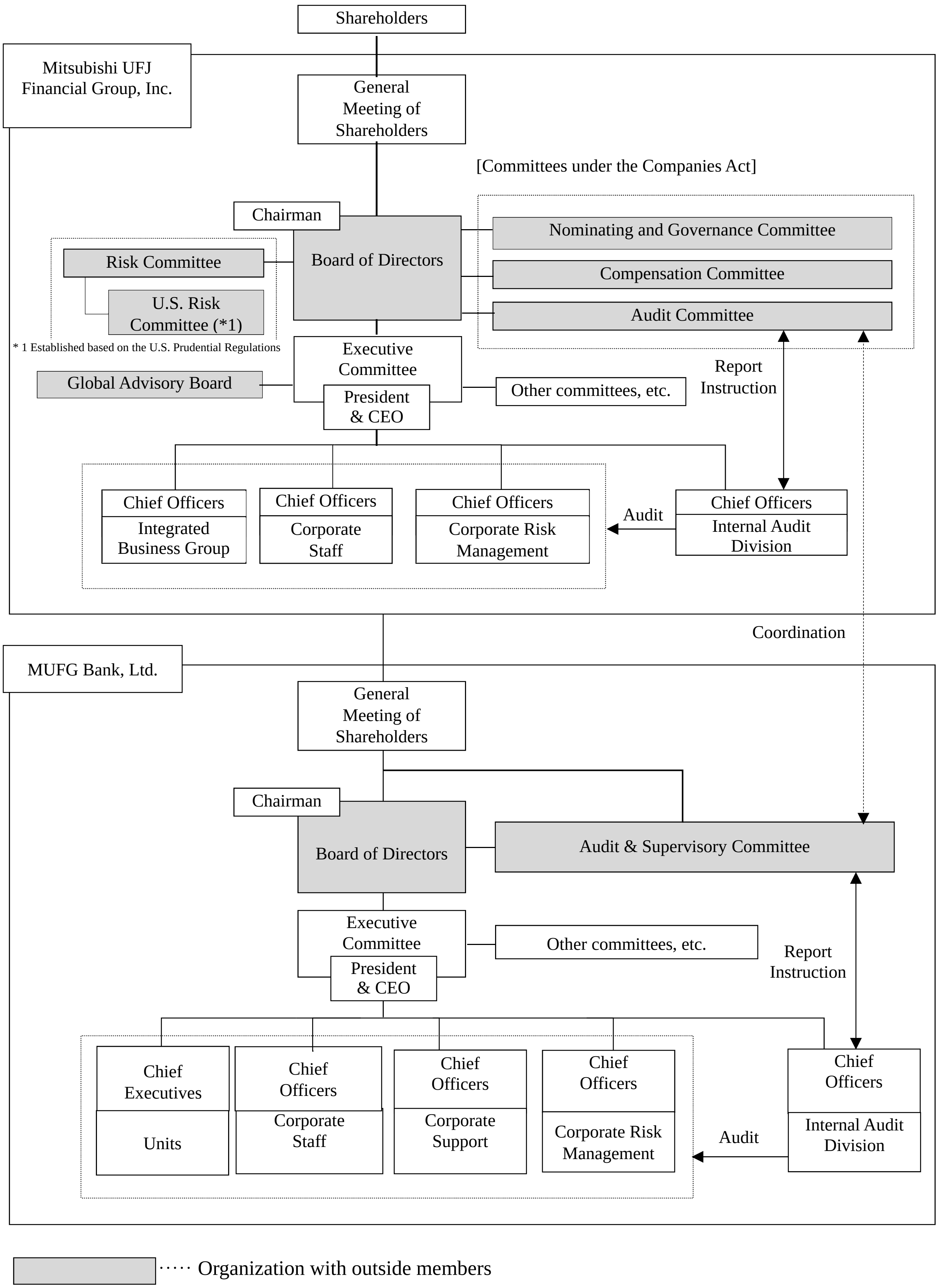
c) Executive Committee

The Bank has established the Executive Committee under the Board of Directors. The Executive Committee discusses and decides important matters including policies on the execution of entire management control based on the basic policies determined by the Board of Directors. The Executive Committee meets once a week in principle.

d) Other Committees, etc. under the Executive Committee

To contribute to discussions at the Executive Committee, various committees under the Executive Committee have been established, and important matters relating to risk management, business operations, personnel/labor and other issues have been discussed regularly at such committees. Examples of such Committees include: Risk Committee, Compliance Committee, Credit Committee, Asset-Liability Management (“ALM”) Committee, Disclosure Committee, Sustainability Committee, Fiduciary Duty Promotion Committee and Competitiveness Committee.

In addition, as forums to contribute to the discussions at the Executive Committee, the Corporate Policy Meeting that deliberates from time to time important matters regarding overall management and operation and the Corporate Planning Meeting that deliberates regularly annual and semi-annual business/profit plans and other matters have been established.


Shareholders
Mitsubishi UFJ Financial Group, Inc.
General Meeting of Shareholders
[Committees under the Companies Act]
Chairman
Board of Directors
Nominating and Governance Committee
Compensation Committee
Audit Committee
Risk Committee
U.S. Risk Committee (*1)
* 1 Established based on the U.S. Prudential Regulations
Executive Committee
President & CEO
Global Advisory Board
Other committees, etc.
Report
Instruction
Chief Officers
Integrated Business Group
Chief Officers
Corporate Staff
Chief Officers
Corporate Risk Management
Audit
Chief Officers
Internal Audit Division
Coordination
MUFG Bank, Ltd.
General Meeting of Shareholders
Chairman
Board of Directors
Audit & Supervisory Committee
Executive Committee
President & CEO
Other committees, etc.
Report
Instruction
Chief Executives
Units
Chief Officers
Corporate Staff
Chief Officers
Corporate Support
Chief Officers
Corporate Risk Management
Audit
Chief Officers
Internal Audit Division
Organization with outside members

(ii) Other matters

(A) Status of implementation of initiatives to enhance the Bank’s corporate governance

Mitsubishi UFJ Financial Group, Inc. established the Global Compliance Division as a division to administer matters related to compliance, and also established the Group Compliance Committee and the Group CCO (Chief Compliance Officer) Committee. Such initiatives were taken to promote sharing of compliance-related information among the Group companies and to strengthen the Group’s incident prevention controls which realize the proactive response to problematic matters, while further enhancing compliance structure of the Group as a whole. Furthermore, given the significance of issues related to global financial crimes, the Global Financial Crimes Division was established in New York in the United States, as part of head office functions where expertise on such matters as global financial crimes and economic sanctions is concentrated, to ensure an enhanced compliance framework against global financial crimes that is consistent across the Group. In addition to the ordinary reporting channel aligned with business activities, a whistleblowing system has been established and made available for officers and employees of the Group companies, in order to identify issues early and proactively rectify such issues through timely and proper reporting to the Group CCO Committee and other committees.

The Bank also established the Global Compliance Division as a division to administer compliance as well as the Compliance Committee chaired by the CCO to deliberate important matters for the development and strengthening of compliance structure and to ensure the effectiveness of compliance. The Bank also established the Global Financial Crimes Division as part of head office functions in New York in the U.S. to strengthen the Bank-wide compliance framework against global financial crimes.

(B) Status of development of internal control system

In accordance with provisions in the Companies Act and the Ordinance for Enforcement of the said Act, the Bank made a resolution on a system to ensure the properness of operations of the Company (Internal Control System). In line with the resolution, the Bank is working to ensure that a sound and robust management structure is in place by creating Bank rules, establishing departments in charge, formulating plans and policies and other structures.

The Bank is committed to enhancing its corporate governance through appropriate responses to address enactments and revisions of the applicable laws and regulations in Japan and overseas, and other measures.

(iii) The contents of agreement stipulated in Article 427, Paragraph 1 of the Companies Act (the liability limitation agreements) in case the Bank has entered into such agreement with its Directors or Accounting Auditors

In accordance with Article 427, Paragraph 1 of the Companies Act, the Bank has entered into agreements with Directors (excluding persons who are Executive Directors, etc.) stipulating that, with respect to the damages set forth in Article 423, Paragraph 1 of the Companies Act, when a Director acts in good faith and is not grossly negligent in executing their duties, he/she shall assume liability for damages limited by the greater of ¥10 million or the total of the amounts prescribed in each Items of Article 425, Paragraph 1 of the Companies Act.

3) Content of provisions in case the Articles of Incorporation of the Bank set forth provisions regarding the number of Directors or limitation on qualification of Directors, and in case provisions regarding requirements for the resolution on appointment and termination of Directors are different from the Companies Act

The Bank’s Articles of Incorporation set forth the following provisions.

・The Bank shall have not more than 30 Directors.

・Aforementioned Directors shall include not more than 10 Directors who are Members of the Audit & Supervisory Committee.

・At the time of the election of the Bank’s Directors, there shall be in attendance shareholders who hold voting rights representing in the aggregate one-third or more of the total number of voting rights of all shareholders who are entitled to vote, and no cumulative voting shall be made for the election of Directors.

4) Among matters to be resolved at the General Meeting of Shareholders, those allowed to be resolved by the Board of Directors and the reasons for such provision

The Articles of Incorporation of the Bank stipulate that in accordance with Article 426, Paragraph 1 of the Companies Act, the Bank may exempt Directors (including former Directors) from the liability for damages prescribed under Article 423, Paragraph 1 of the Act, to the extent as stipulated under the relevant laws and regulations, by the resolution of the Board of Directors, if such Directors act in good faith without any gross negligence, for the purpose of encouraging them to fully perform their expected roles.

To enable payment of interim dividend to shareholders without holding the General Meeting of Shareholders, the Bank's Articles of Incorporation set forth that by a resolution of the Board of Directors, the Bank may distribute cash dividends from surplus pursuant to Article 454, Paragraph 5 of the Companies Act to the shareholders or registered share pledgees whose names have been entered or recorded in the latest register of shareholders as of September 30 each year.

The Articles of Incorporation of the Bank set forth that unless otherwise provided for by laws or regulations, the Bank may determine by a resolution of the Board of Directors to acquire its own shares and offer dividends from surplus by obtaining consent of the shareholders as provided for in each item of Article 459, Paragraph 1 of the Companies Act, in order to secure flexibility in the implementation of the Bank's capital policy.

5) In case requirements for special resolutions of the General Meeting of Shareholders have been changed, detail of such changes and their reasons

For the purpose of smooth operation of the General Meeting of Shareholders, the Bank's Articles of Incorporation set forth that resolutions of a general meeting of shareholders provided for in Article 309, Paragraph 2 of the Companies Act and resolutions of a general meeting of shareholders for which the method of resolution provided for in the said Paragraph shall be applied mutatis mutandis pursuant to the Companies Act and other laws and regulations shall be adopted by an affirmative vote of two-thirds or more of the voting rights of the shareholders in attendance who hold in the aggregate not less than one-third of the total number of voting rights of all shareholders who are entitled to vote.

In addition, the Bank's Articles of Incorporation sets forth that such provision shall be applied mutatis mutandis to the resolutions of class shareholders' meetings made pursuant to Article 324, Paragraph 2 of the Companies Act.

6) In case the company issues different classes of shares and there are shares with or without voting rights or there are differences in voting rights by class of shares, their details and reasons

To secure flexibility for the Bank's financial policy, the Bank issues preferred stock without voting rights which is different from common stock regarding the contents set forth in Article 108, Paragraph 1, Item 3 of the Companies Act (limitation on voting rights).

7) Details of compensation to Officers

Details of compensation to Officers are provided in "(4) Compensation to Officers."

(2) Members of the Board of Directors and Audit & Supervisory Committee Members

1) List of Members of the Board of Directors and Audit & Supervisory Committee Members

The Bank has submitted proposals (matters to be resolved), "Election of 20 (twenty) Directors (Excluding Directors Who Are Members of the Audit & Supervisory Committee," and "Election of 4 (four) Directors Who Are Members of the Audit & Supervisory Committee" at the Ordinary General Meeting of Shareholders to be held on June 28, 2022. If these proposals are approved, the members of the Board of Directors and Audit & Supervisory Committee Members will be as follows:

Men: 30 Women: 0 (Proportion of female Directors and Corporate Auditors is 0%)

Title and position	Name	Date of birth	Major concurrent positions	Term	Number of shares of the Company held
Member of the Board of Directors Audit & Supervisory Committee Member	Masahito Monguchi	January 1, 1946	Of Counsel of Anderson Mori & Tomotsune LPC Auditor of NEW KANSAI INTERNATIONAL AIRPORT COMPANY, LTD. Board of trustees of Showa Women's University	Two years from June 2022	-
Member of the Board of Directors Audit & Supervisory Committee Member	Toshifumi Kitazawa	November 18, 1953	Senior Adviser of the Board of Tokio Marine & Nichido Fire Insurance Co., Ltd.	Two years from June 2021	-
Member of the Board of Directors Audit & Supervisory Committee Member	Shinichi Koide	October 1, 1958	Chairman, President and CEO of salesforce.com Co., Ltd.	Two years from June 2021	-
Member of the Board of Directors Audit & Supervisory Committee Member	Tadayuki Matsushige	June 5, 1956	-	Two years from June 2021	-
Member of the Board of Directors Audit & Supervisory Committee Member	Akio Negishi	October 31, 1958	Chairman of the Board of Meiji Yasuda Life Insurance Company	Two years from June 2021	-
Member of the Board of Directors Audit & Supervisory Committee Member	Shigeo Ohyagi	May 17, 1947	Senior Advisor to TEIJIN LIMITED	Two years from June 2022	-
Member of the Board of Directors Full-time Audit & Supervisory Committee Member	Masahiko Kato	October 27, 1961	-	Two years from June 2021	-
Member of the Board of Directors Full-time Audit & Supervisory Committee Member	Shigeru Yoshifuji	June 29, 1962	-	Two years from June 2022	-
Member of the Board of Directors Full-time Audit & Supervisory Committee Member	Takeshi Suzuki	September 5, 1965	-	Two years from June 2022	-
Member of the Board of Directors Full-time Audit & Supervisory Committee Member	Minoru Hagio	February 3, 1971	-	Two years from June 2021	-
Member of the Board of Directors	Hironori Kamezawa	November 18, 1961	Member of the Board of Directors, President & Group CEO (Representative Corporate Executive) of Mitsubishi UFJ Financial Group, Inc.	One year from June 2022	-
Chairman of the Board of Directors (Representative of the Board of Directors) CAO (In charge of Internal Audit Division)	Naoki Hori	January 27, 1961	Managing Executive Officer of Mitsubishi UFJ Financial Group, Inc.	One year from June 2022	-
Member of the Board of Directors President & CEO (Representative of the Board of Directors)	Junichi Hanzawa	January 19, 1965	Member of the Board of Directors of Mitsubishi UFJ Financial Group, Inc.	One year from June 2022	-

Title and position	Name	Date of birth	Major concurrent positions	Term	Number of shares of the Company held
Member of the Board of Directors Deputy President (Representative of the Board of Directors) Chief Executive, Japanese Corporate & Investment Banking Business Unit	Naomi Hayashi	March 16, 1965	Senior Managing Corporate Executive (Representative Corporate Executive) of Mitsubishi UFJ Financial Group, Inc.	One year from June 2022	-
Member of the Board of Directors Deputy President (Representative of the Board of Directors) Chief Executive, Retail & Commercial Banking Business Unit Group Head, Wealth Management Group	Atsushi Miyata	March 29, 1964	Senior Managing Corporate Executive (Representative Corporate Executive) of Mitsubishi UFJ Financial Group, Inc.	One year from June 2022	-
Member of the Board of Directors Deputy President (Representative of the Board of Directors) In charge of Central Region of Japan	Ichiro Takahara	May 11, 1964	-	One year from June 2022	-
Member of the Board of Directors Senior Managing Executive Officer (Representative of the Board of Directors) CFO (In charge of Corporate Planning Division (Financial Resource Management Department) and Financial Planning Division)	Tetsuya Yonehana	February 10, 1964	Senior Managing Corporate Executive (Representative Corporate Executive) of Mitsubishi UFJ Financial Group, Inc.	One year from June 2022	-
Member of the Board of Directors Senior Managing Executive Officer (Representative of the Board of Directors) In charge of Western Region of Japan	Kentaro Matsuoka	September 25, 1963	-	One year from June 2022	-
Member of the Board of Directors Senior Managing Executive Officer (Representative of the Board of Directors) CHRO (In charge of Human Resources Division)	Teruyuki Sasaki	January 12, 1965	Senior Managing Corporate Executive of Mitsubishi UFJ Financial Group, Inc.	One year from June 2022	-
Member of the Board of Directors Managing Executive Officer (Representative of the Board of Directors) CLO (In charge of Legal Division)	Hiroshi Mori	February 21, 1965	Managing Corporate Executive of Mitsubishi UFJ Financial Group, Inc.	One year from June 2022	-

Title and position	Name	Date of birth	Major concurrent positions	Term	Number of shares of the Company held
Member of the Board of Directors Managing Executive Officer (Representative of the Board of Directors) In charge of Office of Chairman of Japanese Bankers Association	Yutaka Miyashita	October 11, 1967	Managing Corporate Executive (Representative Corporate Executive) of Mitsubishi UFJ Financial Group, Inc.	One year from June 2022	-
Member of the Board of Directors Managing Executive Officer (Representative of the Board of Directors) Chief Executive, Digital Service Business Unit, CDTO (In charge of Digital Service Planning Division)	Masakazu Osawa	June 20, 1968	Managing Corporate Executive and Group Head, Digital Service Business Group of Mitsubishi UFJ Financial Group, Inc. Representative of the Board of Directors & CEO of Global Open Network, Inc. Representative of the Board of Directors & Chairman, and CEO of Global Open Network Japan, Inc.	One year from June 2022	-
Member of the Board of Directors Managing Executive Officer (Representative of the Board of Directors) CRO (In charge of Corporate Risk Management Division and Credit Policy & Planning Division) Principal Officer for credit management	Shuichi Yokoyama	December 17, 1965	Managing Corporate Executive of Mitsubishi UFJ Financial Group, Inc.	One year from June 2022	-
Member of the Board of Directors Managing Executive Officer (Representative of the Board of Directors) Chief Executive, Global Corporate & Investment Banking Business Unit	Fumitaka Nakahama	July 28, 1966	Managing Corporate Executive and Group Head, Global Corporate & Investment Banking Business Group of Mitsubishi UFJ Financial Group, Inc.	One year from June 2022	-
Member of the Board of Directors Managing Executive Officer (Representative of the Board of Directors) Chief Executive, Global Markets Business Unit	Hiroyuki Seki	March 10, 1968	Managing Corporate Executive and Group Head, Global Markets Business Group of Mitsubishi UFJ Financial Group, Inc.	One year from June 2022	-
Member of the Board of Directors Managing Executive Officer (Representative of the Board of Directors) COO-I (In charge of Corporate Planning Division (Global Business) and Global Operations Planning Division) Deputy Chief Executive, Global Commercial Banking Business Unit Mainly in charge of the Americas and Europe	Hideaki Takase	December 14, 1968	Managing Corporate Executive and Deputy Group Head, Global Commercial Banking Business Group of Mitsubishi UFJ Financial Group, Inc.	One year from June 2022	-

Title and position	Name	Date of birth	Major concurrent positions	Term	Number of shares of the Company held
Member of the Board of Directors Managing Executive Officer (Representative of the Board of Directors) CCO (In charge of Global Compliance Division and Global Financial Crimes Division)	Keitaro Tsukiyama	December 7, 1967	Managing Corporate Executive of Mitsubishi UFJ Financial Group, Inc.	One year from June 2022	-
Member of the Board of Directors Managing Executive Officer (Representative of the Board of Directors) CIO (In charge of Information Systems Planning Division and Global IT Division)	Toshiki Ochi	June 23, 1968	Managing Corporate Executive of Mitsubishi UFJ Financial Group, Inc.	One year from June 2022	-
Member of the Board of Directors Managing Executive Officer (Representative of the Board of Directors) CSO (In charge of Corporate Planning Division (excluding Financial Resource Management Department, Global Business, and Office of Chairman of Japanese Bankers Association) In charge of CPM and Corporate Administration Division	Tadashi Yamamoto	May 23, 1969	Managing Executive Officer of Mitsubishi UFJ Financial Group, Inc.	One year from June 2022	-
Member of the Board of Directors Managing Executive Officer (Representative of the Board of Directors) Chief Executive, Global Commercial Banking Business Unit Deputy COO-I Mainly in charge of Asia	Kenichi Yamato	June 27, 1968	Managing Corporate Executive and Group Head, Global Commercial Banking Business Group of Mitsubishi UFJ Financial Group, Inc.	One year from June 2022	-
Total	30 members				-

(Notes)
1. Members of the Board of Directors Masahito Monguchi, Toshifumi Kitazawa, Shinichi Koide, Tadayuki Matsushige, Akio Negishi, and Shigeo Ohyagi are all Outside Directors stipulated under Article 2, Item 15 of the Companies Act.
2. We have an executive officer system, and the Bank has 111 Executive Officers as of the submission date of this Annual Securities Report. All the Members of the Board of Directors listed above, except for Hironori Kamezawa, Naoki Hori, Masahito Monguchi, Toshifumi Kitazawa, Shinichi Koide, Tadayuki Matsushige, Akio Negishi, Shigeo Ohyagi, Masahiko Kato, Shigeru Yoshifuji, Takeshi Suzuki, and Minoru Hagio, serve concurrently as Executive Officers.
3. The structure of the Audit & Supervisory Committee is as follows:
   Audit & Supervisory Committee: Masahito Monguchi (Chairperson), Toshifumi Kitazawa, Shinichi Koide, Tadayuki Matsushige, Akio Negishi, Shigeo Ohyagi, Masahiko Kato, Shigeru Yoshifuji, Takeshi Suzuki and Minoru Hagio

2) Personal relationship, capital relationship, transactional relationship and other special interests between Outside Directors and the Submitting Company

The Outside Directors have no special interests with the Bank.

(3) Information about audit

1) Status of audit by the Audit & Supervisory Committee

A) Organizational structure, personnel

As of the submission date of this Annual Securities Report: 10 Audit & Supervisory Committee Members (of which, four are Full-time Audit & Supervisory Committee Members). After the resolution of the Audit & Supervisory Committee held upon the conclusion of the Ordinary General Meeting of Shareholders to be held on June 28, 2022: 10 Audit & Supervisory Committee Members (of which, four are Full-time Audit & Supervisory Committee Members).

In order to support the duties of the Audit & Supervisory Committee, the Audit & Supervisory Committee Secretariat has been established as a dedicated staff organization.

B) Procedures related to audits

In accordance with the audit policies and division of duties formulated by the Audit & Supervisory Committee, each Audit & Supervisory Committee Member attends important meetings and interviews Directors, etc. on the execution status of their duties, inspects important approval documents, etc., investigates the status of operations and assets, and requests subsidiaries to report on their businesses, as necessary. Furthermore, when studying the financial statements and supplementary schedules, the Audit & Supervisory Committee Members receive reports and explanations from the Accounting Auditor, as well as endeavor to maintain close cooperation with the Accounting Auditor by regularly sharing information. Moreover, the Members endeavor to maintain close cooperation with the Internal Audit Division by regularly receiving explanations of the status and results of audits from the Internal Audit Division, and strive to carry out efficient audits.

C) Activities of the Audit & Supervisory Committee Members and Audit & Supervisory Committee

In the current fiscal year, the Bank held the Audit & Supervisory Committee meeting at least once a month. The attendance status of each Audit & Supervisory Committee Member is as follows:

Name	Position	No. of meetings	Times attended
Masahito Monguchi (Chairperson)	Audit & Supervisory Committee Member (Outside)	15	15
Toshifumi Kitazawa	Audit & Supervisory Committee Member (Outside)	15	15
Shinichi Koide	Audit & Supervisory Committee Member (Outside)	15	13
Tadayuki Matsushige (Note 1)	Audit & Supervisory Committee Member (Outside)	15	15
Akio Negishi (Note 2)	Audit & Supervisory Committee Member (Outside)	11	10
Shigeo Ohyagi	Audit & Supervisory Committee Member (Outside)	15	12
Masahiko Kato (Note 2)	Full-time Audit & Supervisory Committee Member	11	11
Takeshi Suzuki	Full-time Audit & Supervisory Committee Member	15	15
Minoru Hagio (Note 2)	Full-time Audit & Supervisory Committee Member	11	11
Fumikazu Tatsumi	Full-time Audit & Supervisory Committee Member	15	15

(Notes) 1. Tadayuki Matsushige is a certified public accountant and has considerable knowledge of finance and accounting.

2. Information above on Akio Negishi, Masahiko Kato and Minoru Hagio relates to the Audit & Supervisory Committee after they took office as Audit & Supervisory Committee Member of the Bank on June 28, 2021.

An audit plan is resolved at the beginning of each fiscal year after establishing the following as priority audit items to be areas of focus for the Audit & Supervisory Committee, and are reported to the Board of Directors.

- Governance (excluding global IT governance)
- Digital shift
- Strengthening the earning power of the three customer business units
- Rebuilding global businesses
- Global IT and operation/data governance
- Compliance and global financial crime countermeasures
- Corporate culture
- Responses to enhanced management systems for capital, markets and ALM risks and stricter overseas laws and regulations
- Management systems of credit risk and other risks
- Financial reporting and accounting audits
- Status of initiatives toward more sophisticated and more efficient internal audits

Audit & Supervisory Committee Members are mainly engaged in the following activities listed below, which are based on the audit and supervisory plan discussed above. For matters such as onsite visits to domestic and overseas sites, which are activities centered on Full-time Audit & Supervisory Committee Members, information is shared and opinions are exchanged with the Part-time Audit & Supervisory Committee Members through reporting at meetings of the Audit & Supervisory Committee.

- Attending Executive Committee meetings and other important meetings and inspecting the minutes of such meetings
- Dialogue with presidents and corporate auditors (audit committee members) of domestic and overseas subsidiaries
- Dialogue with related divisions (business execution divisions, compliance risk management division, financial reporting control division, etc.)
- Dialogue with internal audit divisions and external auditor (Deloitte Touche Tohmatsu LLC)
- Dialogue with the President & CEO, etc.
- Dialogue with the parent company’s members of the Audit Committee
- Visits to domestic and overseas sites and head office divisions, etc.
- Investigation of whistleblowing cases, etc.

2) Status of internal audit

The Bank defines the mission of internal audit to “provide an objective assurance, advice and opinion on a risk-focused basis, thereby contributing to enhancement of MUFG Group's value and to achievement of the MUFG Way.” Specifically, internal audit must “evaluate and improve the effectiveness of governance, risk management and control processes with high proficiency and independence through a systematic and disciplined approach.”

Basic matters regarding the mission and purpose, roles, and organizational position of internal audit are stipulated in internal audit-related rules. The Bank has set up the Internal Audit Division as a division that manages internal audit divisions of the Group. The Internal Audit Division has 326 staff members (including those of overseas locations, but excluding those belonging to local companies) as of the end of March 2022. The Division leads the formulation and planning of internal audits of the entire Group, monitors the status of internal audits of subsidiaries and other entities and provides necessary guidance, advice and management, as well as internal audits of divisions of the Bank.

Important matters including internal audit plan and result of internal audit implemented are reported to the Audit & Supervisory Committee and the Board of Directors from the Internal Audit Division. For the implementation of internal audit, the Internal Audit Division determines the frequency and depth of audits by type and degree of risks inherent in the department or operation assessed and conducts “risk-based audits” in order to effectively and efficiently utilize limited audit resources.

Internal audit divisions of the Bank and its directly-owned companies build a cooperative relationship between the Audit & Supervisory Committee and the Accounting Auditor as necessary to conduct effective audits. Under the leadership of the Internal Audit Division of the Bank, internal audit divisions assist the supervisory function of the Board of Directors of the Bank over the entire Group through cooperation and coordination. Furthermore, the Bank holds meetings of internal audit divisions with Members of the Audit & Supervisory Committee or with the Accounting Auditor, for exchange of opinions among them and share information regarding audit measures and audit results as necessary.

In addition, with regard to the relation of the division in charge of internal audit, audits by the Audit & Supervisory Committee and accounting audits with the internal control division, the Internal Audit Division, the Audit & Supervisory Committee and the Accounting Auditor conduct audits independently from the internal control division, and the internal control division cooperates in audits conducted by each of the bodies to ensure that their audits are carried out in an efficient and appropriate manner.

3) Status of accounting audit

(i) Names of certified public accountants

The certified public accountants who have conducted accounting audit of the Bank for the fiscal year ended March 31, 2022 (the 17th term) are Mr. Hiroharu Nakamura, Mr. Yukihiro Otani, Mr. Hiroyuki Hamahara and Mr. Daisuke Konishi, who belong to Deloitte Touche Tohmatsu LLC. In addition, 72 certified public accountants, 66 persons who passed the certified public accountant examination, etc. and 86 other staff members have assisted the accounting audit of the Bank.

(Note) The Mitsubishi Bank, Limited signed an audit agreement in 1976 with Deloitte Touche Tohmatsu LLC (at that time, Nishikata Audit Corporation). The Bank of Tokyo-Mitsubishi, Ltd., which was established through a merger of The Mitsubishi Bank, Limited and The Bank of Tokyo, Ltd., and the Bank, which was established through a merger of The Bank of Tokyo-Mitsubishi, Ltd. and UFJ Bank Limited, have continued to enter into audit agreements with Deloitte Touche Tohmatsu LLC.

(ii) Policy for the termination and non-reappointment of the Accounting Auditor

If an Accounting Auditor is deemed to fall under each item of Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Committee will consider the termination of the Accounting Auditor.

If it is deemed to be difficult for the Accounting Auditor to properly carry out its duties, the independence and qualification of the Accounting Auditor required by laws and regulations cannot be secured, or otherwise it is deemed to be necessary, the Audit & Supervisory Committee will consider submitting an agenda concerning termination and non-appointment of the Accounting Auditor to a general meeting of shareholders.

(iii) Evaluation of the Accounting Auditor

The Audit & Supervisory Committee confirms the following criteria items in their evaluation of the Accounting Auditor:

a) Qualification
b) Independence
c) Quality management
d) Service delivery capability
e) Adequacy of audit fee
f) Efficiency
g) Communication capability
h) Reputation

Upon evaluating the Accounting Auditor based on the above criteria, the Bank reappointed Deloitte Touche Tohmatsu LLC as the Accounting Auditor for the 18th Term (from April 1, 2022 to March 31, 2023).

4) Details of compensation for audits

(i) Details of fees to the Certified Public Accountants

(Millions of yen)

Classification	Previous fiscal year		Current fiscal year	
	Fees for audit services	Fees for non-audit services	Fees for audit services	Fees for non-audit services
The Bank	2,556	17	2,568	15
Consolidated subsidiaries	130	3	130	3
Total	2,687	21	2,699	19

The non-audit services at the Bank are mainly the preparation of comfort letters.

In addition, the non-audit services at consolidated subsidiaries are agreed-upon procedures relating to balances of specific accounting items of the trial balance of totals.

(ii) Details of compensation for DTT member firms which belong to the same network as the Accounting Auditor of the Bank (excluding (i))

(Millions of yen)

Classification	Previous fiscal year		Current fiscal year	
	Fees for audit services	Fees for non-audit services	Fees for audit services	Fees for non-audit services
The Bank	864	76	982	83
Consolidated subsidiaries	1,723	106	2,372	84
Total	2,588	182	3,355	167

The non-audit services at the Bank are mainly assurance services based on requests by local authorities at overseas branches.

In addition, the non-audit services at consolidated subsidiaries are services related to filing tax returns.

(iii) Other important details concerning audit fees

Not applicable.

(iv) Policies concerning audit fees

The audit fees are determined by verifying adequacy of audit plan, including audit system, processes and schedules, and estimated hours for audit, etc. submitted by the Accounting Auditors, and with the approval of the Audit & Supervisory Committee.

(v) Reasons for approval of compensation for auditors by the Audit & Supervisory Committee

The Audit & Supervisory Committee approved the compensation, etc. for the current fiscal year as it judged that the compensation, etc. is adequate after confirming and discussing the details of the audit plan of the Accounting Auditor and the status of execution of accounting audits, as well as the basis for calculating fee estimates.

(4) Compensation to Officers

1) Policies on determination of amount or calculation method of compensation for Officers

1. The Context of these Policies

- These policies have been determined by the Board of Directors of the Bank, based on the "Policy for the Decisions on the Contents of the Remunerations, etc. for Individual Officers, etc." (hereinafter "MUFG Policy") set out by the Compensation Committee of the Bank's parent company, Mitsubishi UFJ Financial Group, Inc. (hereinafter "MUFG").

2. Principles and Objectives

- The MUFG Group has defined its Purpose as "Committed to empowering a brighter future." Our goal for the next three years is "to leverage our financial and digital capabilities to be the leading business partner that pioneers the future." Furthermore, our medium- to long-term vision is "to be the world's most trusted financial group." With the conviction that environmental and social sustainability are essential to achieving sustainable growth for MUFG, we aim to further evolve our value creation by employing an integrated approach in which the execution of management strategies goes in tandem with the pursuit of solutions for social issues.
- The Bank, as the core bank of the MUFG Group, will provide the highest quality services properly and timely to satisfy the increasingly diversified and sophisticated financial needs of customers in the face of turbulent changes in the business environment, by demonstrating the Group's integrated strength by capitalizing on its operational network both at home and abroad, which is the most extensive among the Japanese banks, and enhancing collaboration with other Group companies.
- Our policies on the compensation for Officers are designed to motivate executives to contribute to the improvement in the Bank's performance, not only on a short-term basis but also from a medium-to-long-term perspective. Our policies are intended to further drive measures aimed at taking on the challenges of transformation initiatives while discouraging excessive risk-taking, with the aim of materializing the aforementioned management policies, strengthening our business resilience and competitiveness, and supporting sustainable growth and medium-to-long-term enhancement of our corporate values as well as further advancement of sustainability management. In addition, this Policy has been prescribed in accordance with economic and social conditions, the business performance and financial soundness of the Bank, and applicable Japanese and overseas regulations regarding compensation of executives, while at the time ensuring objectivity and transparency of the process of determining compensation for executives.

3. Compensation Level

- The Amount of compensation for Directors, Executive Officers and Senior Fellows (hereinafter, "Officers, etc.") are determined at a competitive and appropriate level for the Bank in consideration of various factors including the economic and social conditions, trends in the industry, business environment for and business performance at the Bank, the local labor market condition in the countries where they are appointed or employed, as well as by referring to objective research data from external specialized institutions.
- Compensation levels by position (excluding Outside Directors and Directors who are Audit & Supervisory Committee Members) have been set according to a compensation system in which compensation amounts for each type of compensation decrease in descending order of position, with the President & CEO being the highest-paid individual followed by the Chairman, the Deputy Chairman, Deputy President, Senior Managing Executive Officer, Managing Executive Officer and other officers. Furthermore, "Director Allowances" and "Committee Member (Chairperson) Allowances" and similar allowances are added according to the roles and responsibilities of each Officer.

4. Decision-making Organizations and Authorities, etc.

- These policies are determined by the Board of Directors of the Bank.
- Total amount of each category of compensation to be paid to Directors (excluding Directors who are Audit & Supervisory Committee Members) of the Bank is determined at the General Meeting of Shareholders. The amount of compensation (except for bonuses which are determined separately by the Evaluation Committee) for each individual Director is decided within the total amount determined by the President and CEO who is delegated by the Board of Directors, reflecting the contents of deliberation made by the Compensation Committee of the Bank's parent company MUFG. Details of the compensation determined is reported to the Audit & Supervisory Committee.
- MUFG has established the Compensation Committee chaired by an independent Outside Director, comprising Directors concurrently serving as independent Outside Directors and Director & President & CEO as members, which determines, in accordance with the "MUFG Policy," contents of compensation, etc. for individual Directors and Executive Officers, or the combined amount of compensation, etc. between those determined by MUFG and those determined by its subsidiaries (where, however, bonuses are subject to fixed standard) including the Bank, as officers and employees of such subsidiaries, in the case where they serve concurrently as officers and employees of such subsidiaries.
- Furthermore, the Compensation Committee of MUFG makes decisions on contents of the establishment, revision and abolition of systems related to the compensation, etc. for its own Officers, etc. and deliberates contents of the establishment, revision and abolition of systems related to the compensation, etc. for the Bank's Officers, etc. as well as the compensation, etc. for chairman, deputy chairman and president at major subsidiaries, including the Bank, of MUFG and makes suggestions to its Board of Directors.
- Total amount of annual compensation to be paid to Directors who are Audit & Supervisory Committee Members of the Bank is determined at the General Meeting of Shareholders. The amount of compensation for each individual Director who is an Audit & Supervisory Committee Member is decided within such determined amount, through discussions of Directors who are Audit & Supervisory Committee Members.

5. Composition, System and Contents of Compensation, etc.

(1) Composition and system

- The compensation package paid by the Bank to its Officers includes, in principle, three different forms of compensation (remuneration): basic compensation (fixed), stock compensation (linked to stock price and medium-to-long-term performance) and executive bonuses (linked to short-term performance). The respective percentage of each compensation is determined appropriately in consideration of the aforementioned principles, objectives and the duties of each of the Officers, etc.
- The President & CEO's compensation package is balanced among these three types: "basic compensation : stock compensation : executive bonuses = 1 : 1 : 1". (In case the stock compensation and executive bonuses are paid in base amount).
- The proportion of compensation by position has been set according to a compensation system in which the proportion of the performance-based compensation decreases in descending order of position, with the President &CEO being the individual with the highest proportion of compensation mainly based on performance (proportion of stock compensation plus executive bonuses: approximately 67%) followed by the Chairman and the Deputy Chairman (both approximately 60%), Deputy President (approximately 50%), Senior Managing Executive Officer, Managing Executive Officer and other officers.
- Outside Directors who take on the role of supervising and monitoring management and Directors who serve as Audit & Supervisory Committee Members are excluded from the scope of stock compensation and executive bonuses in light of the nature of their duties.

Type of compensation	Performance-based compensation	Performance-based compensation range	Standards for payment			Evaluation weight	Time of payment	Method of payment	Proportion of President compensati
Annual base salary	Fixed	-	- Paid based on position - Includes "Director Allowance," "Committee Member (Committee Chairperson) Allowance," "Housing Allowance," "Overseas Representative Allowance," etc.				Monthly	Cash	1
Stock compensation	Non-performance-based	-	Base amount by position				At the time of retirement of Executives	Shares 50% Cash 50% *Subject to malus and clawback	1
	Medium-to long-term performance-based	0-150%	Base amount by position	×	Performance factor [medium-term plan attainment evaluation]	<50%>	At the end of MUFG medium-term business plan		
					Target attainment rate of indicators below in MUFG medium-term business plan (1) MUFG's consolidated ROE (2) Reduction in MUFG's consolidated expenses (excluding performance-linked expenses) (3) Evaluation by ESG rating agencies	30% 15% 5%			
					Performance factor (comparative evaluation with competitors)	<50%>			
					Comparison of year-on-year growth rate of indicators below with competitors (1) MUFG's consolidated net business profits (2) MUFG's profits attributable to owners of parent	25% 25%			
Cash bonus	Short-term performance-based	0-150%	Base amount by position	×	Performance factor (quantitative evaluation) *example of President & CEO	<60%>	Annually	Cash	1
					Rate of year-on-year change and target attainment rate of indicators below (1) The Bank's consolidated net operating profits (2) Net income attributable to the shareholders of MUFG Bank (3) The Bank's consolidated ROE (4) The Bank's consolidated expense amount	20% 10% 20% 10%			
					Status of individual execution of duties (qualitative evaluation) *example of President & CEO - Enhancement of profitability of customer departments - Risk handling - Enhancement of efforts on ESG - Evolution of sustainability management, etc.	<40%>			

(2) Contents of each compensation, etc.

1) Basic compensation

- Basic compensation is determined according to the rank, the roles and responsibilities, as well as the location of workplace, etc. of individual Officers, etc. and is paid, in principle, every month in cash.
- Based on the rank-based compensation, allowances such as "Director Allowance," "Committee Member (Chairperson) Allowance," "Housing Allowance" and "Allowance for Service Overseas" are added.

2) Stock compensation

- Stock compensation was introduced in fiscal 2016 as a new medium-to-long-term incentive plan shared within the MUFG Group, aiming at further motivating Officers, etc. to contribute to the improvement of medium-to-long-term financial performance of the Group and to share an interest with MUFG's shareholders.
- For stock compensation, shares of MUFG, etc. are granted to individual Officers, etc. as follows, using a trust structure:

(a) Performance-based portion

- Shares of MUFG, etc. (see "Note 1") corresponding to the "base amount determined according to the rank × performance factor (within the range of 0 to 150% depending on achievement of performance targets) based on the degree of achievement of performance targets of the Medium-term Business Plan" are granted, in principle, upon the termination of the MUFG Medium-term Business Plan every three years.

  (Note 1) The number of shares is calculated based on the average per-share acquisition cost of share of MUFG incurred by the trust.

- Benchmarks and methods used for evaluating the degree of achievement of performance targets are as follows, based on the MUFG Medium-term Business Plan.

(i) Competitor comparison evaluation portion (Evaluation weight: 50%)

Comparison of year-on-year growth rate of indicators below with competitors

- Consolidated net business profit of MUFG (Evaluation weight: 25%)
- Net income attributable to the shareholders of MUFG (Evaluation weight: 25%)

The growth rate of the Bank's "Consolidated net business profit," an indicator of profitability of the Group's primary line of business, as well as "Net income attributable to the shareholders of MUFG," the ultimate indicator of management performance, are compared on a relative scale with those of its main competitors including Mizuho Financial Group, Inc. and Sumitomo Mitsui Financial Group, Inc. to evaluate the contribution by the senior management, excluding the influence of external factors such as market environment, as an annual milestone. The performance factor ranges from 0% to 150%, and no share issuance points are granted in case the Bank was outperformed by competitors to a certain extent.

(ii) Medium-term Business Plan attainment rate evaluation portion (Evaluation weight: 50%)

Target attainment rate of indicators below in MUFG Medium-term Business Plan

- Consolidated ROE of MUFG (MUFG standard) (Evaluation weight: 30%)
- Consolidated expense reduction rate of MUFG (excluding performance-linked expenses) (Evaluation weight: 15%)
- Evaluation by ESG rating agencies (Evaluation weight: 5%)

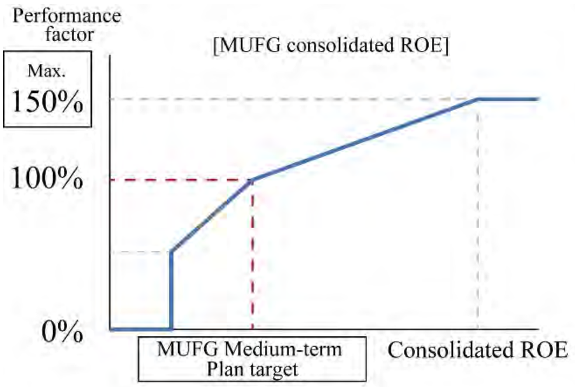
With a view to further enhancing profitability and capital efficiency, along with the improvement of the earnings structure, the most important management objectives of the Group, attainment rates of the indicators of both consolidated ROE and consolidated expense reduction amount to the targets set out under the MUFG Medium-term Business Plan are evaluated on an absolute scale.

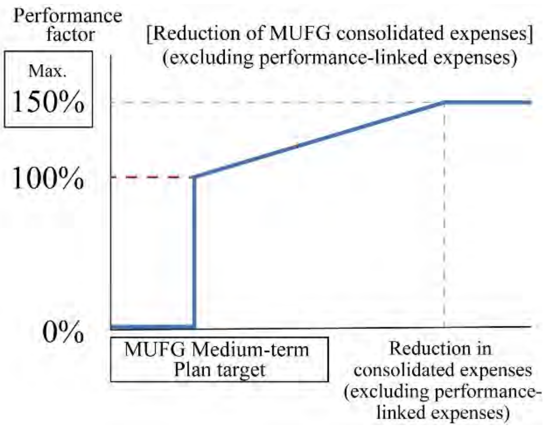
Additionally, to further promote sustainability management and to objectively evaluate the wide range of MUFG's initiatives on ESG (see "Note 2"), an absolute evaluation is conducted on the level of improvement of third-party evaluations by the five major ESG rating agencies (see "Note 3").

(Note 2) Environment (E), Society (S), and Governance (G)

(Note 3) The five agencies: CDP, FTSE, MSCI, S&PDJ, and Sustainalytics

The performance factor ranges from 0% to 150%, and no share issuance points are granted in case the attainment rate was below the target to a certain extent.





(b) Non-performance-based portion

- Shares of MUFG, etc. (see “Note”) corresponding to the “base amount determined according to the rank” are granted, in principle, at the time of the termination of individual Officers, etc.

(c) Malus and claw back provisions

- Regarding stock compensation, confiscation of the share issuance points granted or the return of an amount equivalent to the shares issued, etc. may be requested when Officers, etc. commit a material breach of delegation agreements, etc. between the Company and Officers, etc. in regard to the duties of Officers, etc., and when Officers, etc. resign for personal reasons during their term of office against the wishes of the Bank, and when ex-post adjustments to the financial statements due to significant accounting errors or fraud are resolved by the Board of Directors.

(d) Shareholding policy

- In principle, officers continue to hold all MUFG shares acquired during their term of office until expiry of their service term, regardless of the number of shares held.

3) Executive bonuses

- Executive bonuses, as short-term performance-based compensation to further motivate Officers, etc. to contribute to the improvement of financial performance for each fiscal year, are determined by using the Total Evaluation Sheet, etc., based on the Group’s performance and performance of individual Officers, etc. in executing duties for the previous fiscal year, and are paid, in principle, once a year in cash promptly after the performance evaluation is finalized. The amount of bonuses varies between 0 and 150% of the base amount fixed by rank.

- Quantitative weight is 60% and qualitative weight is 40% in evaluating the performance of the President & CEO, Chairman and Deputy Chairman (“President, etc.”). The evaluation criteria and evaluation approach are as follows.
  - The Bank’s consolidated net operating profits (Evaluation weight: 20%)
  - Net income attributable to the shareholders of MUFG Bank (Evaluation weight: 10%)
  - The Bank’s consolidated ROE (Evaluation weight: 20%)
  - The Bank’s consolidated expense amount (Evaluation weight: 10%)

With a view to further enhancing profitability and capital efficiency of the primary line of business, along with the improvement of the earnings structure, the most important management objectives of the Group, the rate of year-on-year change and target attainment rate (with the weighting balance of 1:1) of the four indicators above are used as evaluation criteria for annual business performance.

- The qualitative evaluation of the President, etc. involves selecting around five items such as “strengthening of profitability at customer business units,” “progress of structural reform and strengthening of management foundation,” “management of various risks,” and “enhancement of efforts on ESG (Note 2) and evolution of sustainability management,” etc., evaluation per item reflecting the respective Key Performance Indicators (KPIs), and an eight-grade overall qualitative evaluation. The bonus evaluation of each Director will also incorporate ESG elements, depending on the business strategies and other factors of the operations they oversee.

- Overall evaluation combining quantitative and qualitative evaluations for the President, etc. is based on a nine-grade method.

- Individual evaluation of the President, etc. is determined only by independent Outside Directors at MUFG’s Compensation Committee.

(3) Other

- Notwithstanding the aforementioned items, compensation, etc. for executives locally hired outside Japan is designed individually in order to prevent excessive risk-taking, in consideration of the factors including the nature and characteristics of their duties, local compensation regulations and practices, and local market standard.

<Resolutions at the General Meeting of Shareholders regarding Compensation to Officers>

<table>
<tr><th colspan="2">Type of compensation</th><th>Date of resolution</th><th>Recipients</th><th>Amount</th><th>Number of recipient Directors at the time of resolution</th></tr>
<tr><td colspan="2" rowspan="2">Basic compensation</td><td rowspan="2">June 28, 2016</td><td>Directors other than Audit & Supervisory Committee Members</td><td>¥980 million or less per year</td><td>16</td></tr>
<tr><td>Directors who are Audit & Supervisory Committee Members</td><td>¥450 million or less per year</td><td>9</td></tr>
<tr><td rowspan="3">Stock compensation</td><td>Trust I (Non-performance-based portion)</td><td rowspan="2">June 28, 2016</td><td rowspan="3">Directors other than Audit & Supervisory Committee Members (excluding Outside Directors), Executive Officers and Senior Fellows</td><td>Maximum amount of trust: ¥2,500 million (per three years)</td><td rowspan="2">16</td></tr>
<tr><td>Trust II (Performance-based portion)</td><td>Maximum amount of trust: ¥2,800 million (per three years)</td></tr>
<tr><td>Trust III (Portion transferred from unexercised stock options)</td><td>May 15, 2017</td><td>Maximum amount of trust: ¥5,100 million</td><td>16</td></tr>
<tr><td colspan="2">Executive bonuses</td><td>June 28, 2016</td><td>Directors other than Audit & Supervisory Committee Members</td><td>¥350 million per year or less</td><td>16</td></tr>
</table>

<Reason for the Board of Directors to determine that the contents of the compensation for individual Directors for the current fiscal year are in accordance with the Policy>

The Bank, upon considering the deliberations at the MUFG Compensation Committee to have the Board of Directors determine the Policy, has been conducting ongoing reviews of the executive compensation system from a multilateral perspective including the economic and social context, the business performance of the Bank, and its consistency with the Policy which provides appropriate incentives but prevents excessive risk-taking. Accordingly, the Board of Directors has determined that the contents of the compensation for individual Directors, etc., which have been determined according to the executive compensation system are in accordance with the Policy.

2) Total amount of compensation by Officer category, total amount of compensation, etc. by type of compensation and number of recipients

Officer category	Number of recipients	Total amount of compensation, etc. (Millions of yen)	Total amount of compensation by type (Millions of yen)				
			Basic compensation	Executive bonuses	Stock compensation		Retirement benefits
			Cash Non-performance-based	Cash Performance-based	Non-cash Non-performance-based	Non-cash Performance-based	Cash Non-performance-based
Directors other than Audit & Supervisory Committee Members (excluding Outside Directors)	22	1,217	514	214	274	141	73
Directors who are Audit & Supervisory Committee Members (excluding Outside Directors)	6	281	266	-	11	3	-
Outside Officers	7	118	118	-	-	-	-

(Notes) 1. On July 1, 2016, the Bank introduced a performance-based stock compensation plan using a structure called Board Incentive Plan as Non-cash compensation. (For details of the stock compensation plan see "1) Policies on determination of amount or calculation method of compensation for Officers.")
Total stock compensation in the table above includes expenses associated with the right to receive shares and the amounts of compensation provided during the current fiscal year granted under the plan. The amount of stock compensation for Directors who are Audit & Supervisory Committee Members includes the expenses associated with the right to receive shares and the amounts of compensation provided during the current fiscal year granted in the past under the plan.
2. In addition to the above, the Bank paid executive pensions in the current fiscal year to officers who retired in and prior to the current fiscal year as follows:
Retired Directors: ¥77 million
Retired Corporate Auditors: ¥2 million
3. The targets and attainment rate of each index of the performance-based stock compensation under the previous Medium-term Business Plan (from fiscal 2018 to fiscal 2020) and the current Medium-Term Business Plan (from fiscal 2021 to fiscal 2023) are as follows:

<Previous Medium-term Business Plan (from fiscal 2018 to fiscal 2020)>

Type of evaluation	Performance-based indicator	Evaluation weight	Target, etc.	Attainment rate					
				Fiscal 2018		Fiscal 2019		Fiscal 2020	
				By indicator	Total	By indicator	Total	By indicator	Total
Single-year evaluation	・ Consolidated net business profit of MUFG	25%	Relative comparison with competitors	100%	120%	0%	0%	80%	115%
	・ Net income attributable to the shareholders of MUFG	25%		140%		0%		150%	
Medium-to-long-term evaluation	・ Consolidated ROE of MUFG (MUFG standard)	25%	[fiscal 2020] 7-8%	0% (MUFG's consolidated ROE for fiscal 2020: 5.63%)					
	・ Consolidated expense ratio of MUFG	25%	[fiscal 2020] below fiscal 2017 results (68%)	76% (MUFG's consolidated expense ratio for fiscal 2020: 68.7%)					

<Current Medium-term Business Plan (from fiscal 2021 to fiscal 2023)>

Type of evaluation	Performance-based indicator	Evaluation weight	Target, etc.	Attainment rate					
				Fiscal 2021		Fiscal 2022		Fiscal 2023	
				By indicator	Total	By indicator	Total	By indicator	Total
Competitor comparison evaluation	・Consolidated net business profit of MUFG	25%	Relative comparison with competitors	140%	130%	-	-	-	-
	・Net income attributable to the shareholders of MUFG	25%		120%		-		-	
Medium-term Business Plan attainment rate evaluation	・Consolidated ROE of MUFG (MUFG standard)	30%	[fiscal 2023] 7.5%	-					
	・Consolidated expense amount reduction (excluding performance-linked expense)	15%	[fiscal 2023] Reduce from fiscal 2020						
	・Evaluation by ESG evaluator	5%	[fiscal 2023] Improve from fiscal 2020						

4. Evaluation details of performance of the previous fiscal year for the executive bonus of the President & CEO paid during each fiscal year from fiscal 2019 through fiscal 2021 are as follows. The same evaluation method is applied for fiscal 2021, in principle.

Performance-based indicator	Evaluation weight	Paid in fiscal 2019		Paid in fiscal 2020		Paid in fiscal 2021	
		Fiscal 2018 attainment rate	Payment rate	Fiscal 2019 attainment rate	Payment rate	Fiscal 2020 attainment rate	Payment rate
<Overall evaluation>	100%	90.2%	75.0%	58.6%	50.0%	99.9%	100.0%
・Quantitative evaluation (Combination of four indicators including the Bank's consolidated ROE)	60%	100.4%	–	64.3%	–	106.5%	–
・Qualitative evaluation	40%	75.0%	–	50.0%	–	90.0%	–

(Notes)
1. Each quantitative evaluation indicator is composed of "year-on-year change" and "target attainment rate" which are combined at an evaluation weight of 1:1.
2. Qualitative evaluation is based on the eight-grade method, while overall evaluation combining quantitative and qualitative evaluations is based on the nine-grade method.
3. Each evaluation is determined only by independent Outside Directors at MUFG's Compensation Committee.

3) Authorized decision makers of policies and activities of committees

・ Policies on the determination of the amount or the calculation method of compensation for the Bank's Officers are determined by the Board of Directors. The details and the scope of authority are provided in 1) "4. Decision-making Organizations and Authorities, etc."
・ Additionally, from the standpoint of ensuring the flexibility of decision-making and conducting appropriate bonus evaluations by overviewing the areas of each Director's responsibility, the compensations for individual Directors (excluding Directors who are Audit & Supervisory Committee Members) are determined by the President & CEO (Junichi Hanzawa in fiscal 2021), who has been delegated authority by the Board of Directors, reflecting the outcome of deliberations made by the Compensation Committee of the Bank's parent company MUFG. Contents of the compensation determined are reported to the Audit & Supervisory Committee.

- The Board of Directors resolved the following matters in fiscal 2021.

・Decisions on extending stock compensation program and details of performance-linked content (evaluation indicators, evaluation method, etc.) ・Regular verification and review of the policy regarding decisions on compensation for corporate executive officers and directors ・Delegation of authority to the President & CEO relating to the determination of compensation (including bonuses) of individual Officers, etc.

- For details of activities of the Compensation Committee of MUFG, please refer to the Annual Securities Report of MUFG.

(5) Equity securities held

The information is not disclosed as the Bank is an unlisted company.

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of MUFG Bank, Ltd.:

Opinion

We have audited the consolidated financial statements of MUFG Bank, Ltd. and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of March 31, 2022 and 2021, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In our audit of the consolidated financial statements of the current period, we identified the following matters as key audit matters.

1. Calculation of the Allowance for Credit Losses in Lending Services

   (1) Determination of the internal credit rating for particular borrowers

   (2) Adjustments to loss rates calculated based on historical loss experience for future loss projections and other factors

   (3) Determination of the allowance for credit losses in overseas subsidiaries

2. Change in the Application of Accounting for Impairment of Fixed Assets

   (1) Reasonableness of management's judgment over the change in the application of accounting for impairment of fixed assets and timeliness of change

   (2) Determination of the allocation ratio of corporate assets to each business unit

   (3) Fair value measurement of nonmarketable fixed assets for net selling value of corporate assets

Among these matters, the components of "2. Change in the Application of Accounting for Impairment of Fixed Assets" were identified as a key audit matter in our audit of the consolidated financial statements for the current period due to a high degree of estimation uncertainty and subjective judgments made by management as well as their impacts on the consolidated financial statements, which were caused by the recognition of impairment losses after MUFG Bank, Ltd. (the "Bank") changed its application of accounting for impairment of fixed assets.

1. Calculation of the Allowance for Credit Losses in Lending Services

   The Group is engaged in lending services as one of its core businesses. There is a risk in the lending business that the Group incurs a loss from not collecting all or part of the loan amount due to credit events such as a borrower's bankruptcy. The Group maintains an allowance for credit losses to absorb such a probable loss inherent in the loan portfolio. The amount of the allowance for credit losses on the consolidated balance sheet was ¥1,106.8 billion as of March 31, 2022. The Group's accounting policy for the allowance for credit losses was disclosed in Note 2.(8) "Summary of Significant Accounting Policies—Allowance for Credit Losses" to the consolidated financial statements and in Note 2.(25) "Summary of Significant Accounting Policies—Significant Accounting Estimates" to the consolidated financial statements.

   The allowance for credit losses is determined in accordance with the internal policies related to the self-assessment of asset quality standards and the write-offs and provisions standards and approved by the Credit Committee under the Executive Committee.

   The calculation process for the Bank and domestic consolidated subsidiaries includes various estimates, such as the determination of a borrowers' internal credit rating, which are based on evaluation and classification of the borrowers' debt-service capacity, assessment of the value of collateral provided by borrowers, and adjustments to loss rate calculated based on historical loss experience for future loss projections and other factors. The Bank recorded a loan balance and related allowance for credit losses in the amount of ¥90,421.2 billion and ¥650.0 billion, respectively, on its balance sheet as of March 31, 2022. Such allowance for credit losses included ¥77.5 billion of adjustments to loss rates calculated based on historical loss experience for future loss projections and other factors.

   Principal consolidated overseas banking subsidiaries adopted Accounting Standards Codification 326, Measurement of Credit Losses on Financial Instruments (hereinafter referred to as "CECL") and calculated the allowance for credit losses by estimating expected credit losses over the remaining term of the relevant contract. The loan balance and related allowance for credit losses calculated based on CECL were ¥14,937.3 billion and ¥430.1 billion, respectively.

Key Audit Matter Description

(1) Determination of the internal credit rating for particular borrowers

The determination of borrowers' internal credit rating, which are significant factors in the calculation of the allowance for credit losses, is highly dependent on the estimation of borrowers' future performance and business sustainability, particularly in cases in which borrowers are experiencing weaknesses in their business performance. In particular, the COVID-19 pandemic and the sudden changes relating to the Russia-Ukraine situation have had significant impacts on particular borrowers' financial position and financial performance. As such estimation of particular borrowers' future performance and business sustainability is affected by the changes in the external and internal business environment of borrowers, there is a high degree of uncertainty and subjective judgments made by management involved in the estimate.

(2) Adjustments to loss rates calculated based on historical loss experience for future loss projections and other factors

The adjustments to loss rates calculated based on historical loss experience for future loss projections and other factors, which were disclosed in Note 2.(25) "Summary of Significant Accounting Policies—Significant Accounting Estimates 1. Calculation of allowance for credit losses," are made when and to the extent such adjustments are necessary by taking into account increases in credit loss ratios or default ratios in a more recent period, an additional reserve for expected losses and other consideration factor. The adjustments to loss rates for future loss projections and other factors are based on the assumption that the degree of uncertainty in estimating the collectability of loans held as of March 31, 2022, is heightening specifically due to the impact of the prolonged COVID-19 pandemic and the sudden changes relating to the Russia-Ukraine situation. The adjustments to loss rates for future loss projections and other factors involve a higher estimation uncertainty and subjective judgments made by management as they require the assumption regarding future economic conditions for which objective data are not readily available. In addition, there is a risk that subjective judgments are made by management in determining the estimation method to be adopted.

(3) Determination of the allowance for credit losses in overseas subsidiaries

Expected credit losses under CECL in the principal consolidated overseas banking subsidiaries are calculated based on the quantitative model, which reflects future projections using economic forecast scenarios including macroeconomic variables. These variables include, but are not limited to, unemployment rates and GDP that have historically been correlated with historical credit losses. As any one economic forecast scenario is inherently uncertain, expected credit losses using the quantitative model are determined as a weighted average of the expected credit losses calculated for multiple economic forecast scenarios by giving certain weightings to each scenario. Also, the calculation of expected credit losses using the quantitative model may be adjusted by qualitative factors that are not incorporated into the quantitative model (hereinafter referred to as the "qualitative adjustments"). In determining the certain macroeconomic variables related to the multiple economic forecast scenarios, the weightings given to each economic forecast scenario, and the qualitative adjustments, a variety of factors are taken into consideration such as the recent economic conditions and the views of future economic conditions by internal and third-party economists. These factors include the estimation of the degree of impact and duration of the prolonged COVID-19 pandemic on the economy for which objective data are not readily available and involve a high degree of estimation uncertainty and subjective judgments made by management.

There is a potential risk that the allowance for credit losses will not be appropriately determined if the borrowers' credit risks are not reflected in the significant estimates made by management and assumptions used in such estimates related to the above (1) to (3). Therefore, we identified the appropriateness of these significant estimates and related assumptions as a key audit matter.

How the Key Audit Matter Was Addressed in the Audit

For the key audit matter, we performed the following audit procedures, among others:

(1) Determination of the internal credit rating for particular borrowers

- We tested the effectiveness of controls, including the review and approval of the borrowers' internal credit rating in accordance with the internal standards.

- We tested the effectiveness of controls over the completeness and accuracy of the key information used in performing the aforementioned controls, including the borrowers' underlying information.

- For particular borrowers whose internal credit rating are highly dependent on the estimation of borrowers' future performance, we tested the appropriateness of the borrowers' underlying information to determine the internal credit rating.

- We identified significant judgments applied by management in the estimation of the borrowers' performance, and with the assistance of our or our network firm's credit specialists (hereinafter referred to as "our credit specialists"), we tested significant judgments applied by management in determining the internal credit rating by comparing them with available relevant external information.

(2) Adjustments to loss rates calculated based on historical loss experience for future loss projections and other factors

- We tested the effectiveness of controls, including the review and approval of the adjustments to loss rates calculated based on historical loss experience for future loss projections and other factors in accordance with the internal standards.

- With the assistance of our credit specialists, we evaluated the reasonableness of the use of adjustments considering future loss projections and other factors and tested significant judgments applied by management by comparing management's results to available relevant external information.

(3) Determination of the allowance for credit losses in overseas subsidiaries

- We tested the effectiveness of controls over the determination of the allowance for credit losses under CECL, in accordance with the internal standards, including the following:

  - ➢ The review and approval of the quantitative models and methodologies used in the measurement of expected credit losses

  - ➢ The review and approval of the certain macroeconomic variables in the multiple economic forecast scenarios, and the review and approval of the weightings given to each scenario

  - ➢ The review and approval of certain qualitative adjustments to modeled results

- We tested the effectiveness of controls over the completeness and accuracy of the key information used in performing the aforementioned controls.

- With the assistance of our credit specialists, we evaluated the appropriateness of the quantitative models and methodologies used in the measurement of expected credit losses by assessing the conceptual soundness and model performance by inspecting model documentation as well as reperforming model performance testing to determine whether the models operated as intended.

- With the assistance of our credit specialists, we evaluated the reasonableness of the certain macroeconomic variables in multiple economic forecast scenarios, such as unemployment rate and GDP, and the reasonableness of the weightings given to each scenario by comparing to macroeconomic forecasts from available external sources.

- With the assistance of our credit specialists, we evaluated the reasonableness of the use of qualitative adjustments to modeled results and tested significant judgments applied by management by comparing management's results to available relevant external information.

2. Change in the Application of Accounting for Impairment of Fixed Assets

With the policy of "Digital Transformation" as part of its corporate transformation, Mitsubishi UFJ Financial Group, Inc., the parent company of the Bank, promotes the digitization of products and services, and utilizes digital technology for work efficiency. Under the management policy, investment in the development of IT systems and software, which compose its business infrastructure, is expected to increase further in importance. In addition, the establishment of a framework is critical to effectively and efficiently administrate management resources including capital investment in buildings.

The Bank considered the internal-use software and fixed assets used in the head office or data centers contributed to the Bank's overall profitability, and therefore managed them without allocating the responsibility for them to certain branches or business units. However, in order to address the management issues of establishing a framework to effectively and efficiently administrate management resources, the Bank has gradually strengthened the business units' authority for the determination of investment in fixed assets and responsibility for return on the investment in order to enable more autonomous resource management. As a result, the Bank changed the managerial accounting method in March 2022. Although the depreciable assets including buildings and software were previously accounted as company-wide assets that were unable to be allocated, in the new method, their carrying amount is allocated among the Bank's business units. The allocated amounts are aggregated with the carrying amount of other assets in each business unit and continuously managed along with the business unit's performance.

In response to such changes in managerial accounting, the Bank has considered changing its application of accounting for impairment of fixed assets in financial accounting. From the end of the current period, a new process has been adopted to allocate the carrying amount of depreciable corporate assets, which were previously accounted as company-wide assets that were unable to be allocated and whose impairment was determined based on the Bank's overall profitability, to each business unit with the same allocation ratio as used for the purpose of managerial accounting and determine recognition and measurement of impairment based on the carrying amount of each business unit's assets including the allocated amount of corporate assets.

As a result, the Bank found that the carrying amount of fixed assets belonging to the Digital Service Business Unit, Retail & Commercial Banking Business Unit, and Global Commercial Banking Business Unit could not be recovered. The amount of the impairment losses on the consolidated statement of income was ¥127.0 billion, which included the losses of ¥93.2 billion on software and ¥31.5 billion on building, for the year ended March 31, 2022. Details of impairment losses on fixed assets were disclosed in Note 22 "Other Expenses" to the consolidated financial statements."

The calculation process in the Bank includes various estimates, such as the determination of the allocation ratio of depreciable corporate assets to the individual business units, assessment of net selling value, and estimate of value in use which consists of the estimate of future cash flows generated from the operating activities in the business units and determination of discount rate.

Details of the method to estimate impairment losses of fixed assets were disclosed in Note 2.(25) "Summary of Significant Accounting Policies—Significant Accounting Estimates 2. Impairment loss on fixed assets" to the consolidated financial statements.

Key Audit Matter Descriptions

(1) Reasonableness of management's judgment over the change in the application of accounting for impairment of fixed assets and timeliness of change

In principle, corporate assets shall be accounted consistently from period to period in application of accounting for impairment of asset, unless a change is justified by a reasonable reason with changes of facts. Regarding the change in managerial accounting of the Bank during the current period, the Bank has determined that the new managerial accounting method more appropriately reflects the actual situation of management in consideration of the Bank's business environment and management policy. Due to the change of fact related to the managerial accounting method, in financial accounting, management has determined to change the application of accounting for impairment of fixed assets in a manner consistent with the new managerial accounting method. These management's judgments may have a significant impact on the determination of the amount and timing of impairment losses recorded in financial accounting.

(2) Determination of the allocation ratio of corporate assets to each business unit

The carrying amount of corporate assets is allocated using a certain allocation ratio determined by discussion among the Bank's business units relevant to each corporate asset. If the applied allocation ratio is not appropriately determined according to the contribution of corporate assets for generating cash flow in each business unit, or if it is not consistently applied, it may have a significant impact on the recognition and measurement of impairment losses in each business unit.

(3) Fair value measurement of nonmarketable fixed assets for net selling value of corporate assets

In the measurement of impairment losses of the current period, the net selling price exceeds its value in use, and is regarded as the recoverable amount. Therefore, the calculation of net selling price directly affects the amount of impairment losses recorded in the consolidated statement of income. In calculating the net selling price, the fair value of material buildings in the corporate assets allocated to each business unit, whose market price cannot be observed, is determined by calculating on a reasonable basis. The fair value is calculated based on income approach under the assumptions on rent and cap rate. These assumptions are determined considering the nature of the properties such as location, age built and versatility, and their individual matters for which objective information is not necessarily available, and involve a high degree of estimation uncertainty and subjective judgments made by management.

There is a potential risk that the amount or timing of impairment losses will not be appropriately determined if management's judgment and the significant estimates made by management related to the above (1) to (3) are not appropriate. Therefore, we identified the reasonableness of management's judgment and the appropriateness significant estimates made by management as a key audit matter.

How the Key Audit Matter Was Addressed in the Audit

For the key audit matter, we performed the following audit procedures, among others:

(1) Reasonableness of management's judgment over the change in the application of accounting for impairment of fixed assets and timeliness of change

- We inquired of management about whether the new managerial accounting and financial accounting methods were consistent with the Bank's management policy and were appropriate in response to changes in the business environment. We inspected the medium term management plan, minutes of board of directors and management meetings and other important meeting materials, and evaluated the reasonableness of the change based on our understanding of the Bank's management policy.

- Regarding whether changes in managerial accounting method were actually implemented, we inspected the relevant managerial accounting regulations and materials related to performance reports in banks to test whether the regulations were revised and the framework was established to continuously manage the allocated amount of corporate assets along with the business unit's performance.

- We inspected the internal rules and other materials related to managerial accounting and the determination of impairment losses to test whether the change in the impairment determination process in financial accounting was consistent with the change in managerial accounting.

(2) Determination of the allocation ratio of corporate assets to each business unit

- For certain corporate assets allocated to the individual business units, we inspected the internal approval documents and their underlying materials for determining the allocation ratio to test whether the applied allocation ratio was reasonably determined according to the contribution of corporate assets for generating cash flow in each business unit.

(3) Fair value measurement of nonmarketable fixed assets for net selling value of corporate assets

- We tested the effectiveness of controls, including the review and approval of the fair value of buildings in accordance with the internal standards.

- We tested the effectiveness of controls over the completeness and accuracy of key information used in performing the aforementioned controls.

- For certain buildings, we inspected the real estate appraisal certificate used by management to understand the valuation technique applied to the calculation of fair value of buildings and identify the significant assumptions of rent and cap rate. In addition, with the assistance of our real estate valuation specialists, we evaluated the appropriateness of valuation technique and the reasonableness of significant assumptions by comparing them with market rates and considering the individuality of buildings.

Other Information

Management is responsible for the other information. The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in Annual Securities Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit and Supervisory Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Deloitte Touche Tohmatsu LLC

July 25, 2022

Consolidated Financial Statements

MUFG Bank, Ltd. and Subsidiaries

Consolidated Balance Sheets
As of March 31, 2022 and 2021

	Millions of Yen				Millions of U.S. Dollars (Note 1)	
	2022		2021		2022	
ASSETS:						
Cash and due from banks (Notes 3, 4, 11 and 27)	¥	89,394,022	¥	86,975,271	$	730,403
Call loans and bills bought (Note 27)		1,329,509		725,672		10,863
Receivables under resale agreements (Note 27)		3,251,233		3,250,944		26,565
Receivables under securities borrowing transactions (Note 27)		1,038,729		662,574		8,487
Monetary claims bought (Notes 4 and 27)		4,227,395		3,682,067		34,540
Trading assets (Notes 4, 11 and 27)		6,155,300		6,742,484		50,293
Money held in trust (Notes 5 and 27)		54,104		38,904		442
Securities (Notes 4, 6, 10, 11 and 27)		63,978,590		63,741,342		522,744
Loans and bills discounted (Notes 7, 11, 12, 27 and 30)		107,350,620		103,910,554		877,119
Foreign exchange (Note 27)		2,099,851		1,795,513		17,157
Tangible fixed assets (Note 8):		939,142		987,906		7,673
Buildings		248,448		263,351		2,030
Land (Note 9)		549,864		564,415		4,493
Lease assets (Note 24)		6,266		7,418		51
Construction in progress		31,495		43,972		257
Other tangible fixed assets		103,068		108,748		842
Intangible fixed assets:		730,207		849,364		5,966
Software		305,180		380,765		2,494
Goodwill		76,738		78,477		627
Lease assets (Note 24)		1		1		0
Other intangible fixed assets		348,286		390,118		2,846
Asset for retirement benefits (Note 15)		912,172		781,492		7,453
Deferred tax assets (Note 23)		119,720		92,668		978
Customers' liabilities for acceptances and guarantees (Note 10)		9,183,614		7,713,068		75,036
Other assets (Notes 11 and 30)		9,953,590		9,306,949		81,327
Allowance for credit losses (Note 27)		(1,106,823)		(987,044)		(9,043)
Total assets	¥	299,610,983	¥	290,269,735	$	2,448,002

MUFG Bank, Ltd. and Subsidiaries

Consolidated Balance Sheets
As of March 31, 2022 and 2021

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2022	2021	2022
LIABILITIES:			
Deposits (Notes 11 and 27)	¥ 204,567,192	¥ 202,537,751	$ 1,671,437
Negotiable certificates of deposit (Note 27)	7,952,786	6,219,043	64,979
Call money and bills sold (Note 27)	322,579	302,069	2,636
Payables under repurchase agreements (Notes 11 and 27)	12,815,670	8,937,944	104,712
Payables under securities lending transactions (Notes 11 and 27)	157,661	89,175	1,288
Commercial paper (Notes 13 and 27)	1,322,774	883,258	10,808
Trading liabilities (Notes 11 and 27)	3,137,703	3,194,068	25,637
Borrowed money (Notes 11, 13, 27 and 30)	36,933,650	36,814,266	301,770
Foreign exchange (Note 27)	2,192,354	2,248,044	17,913
Bonds payable (Notes 11, 14 and 27)	2,070,421	2,504,821	16,917
Reserve for employee bonuses	55,423	49,450	453
Reserve for bonuses to directors	1,059	894	9
Reserve for stocks payment	3,749	4,788	31
Liability for retirement benefits (Note 15)	77,067	79,511	630
Reserve for retirement benefits to directors	427	456	3
Reserve for loyalty award credits	11,406	11,714	93
Reserve for contingent losses (Note 16)	107,761	84,337	880
Deferred tax liabilities (Notes 6 and 23)	195,502	663,935	1,597
Deferred tax liabilities for land revaluation (Note 9)	90,620	97,744	740
Acceptances and guarantees (Note 10)	9,183,614	7,713,068	75,036
Other liabilities (Notes 11, 13 and 30)	6,168,654	5,261,413	50,402
Total liabilities	¥ 287,368,082	¥ 277,697,759	$ 2,347,970
EQUITY (Notes 17, 18 and 26):			
Capital Stock			
Common stock:			
Authorized, 33,000,000 thousand shares;			
issued, 12,350,038 thousand shares in 2022 and 2021, with no stated value	¥ 1,586,958	¥ 1,586,958	$ 12,966
Preferred stock:			
Authorized, 1,157,700 thousand shares;			
issued, 357,700 thousand shares in 2022 and 2021, with no stated value	125,000	125,000	1,021
Capital surplus	3,669,248	3,671,803	29,980
Retained earnings	5,127,252	4,978,691	41,893
Treasury stock—at cost, 357,700 thousand shares in 2022 and 2021	(645,700)	(645,700)	(5,276)
Total shareholders' equity	9,862,758	9,716,753	80,585
Accumulated other comprehensive income:			
Net unrealized gain on available-for-sale securities (Notes 4 and 6)	1,230,161	1,907,639	10,051
Net deferred (loss) gain on derivatives under hedge accounting	(115,487)	188,194	(944)
Land revaluation surplus (Note 9)	179,246	190,008	1,465
Foreign currency translation adjustments	454,804	4,532	3,716
Defined retirement benefit plans (Note 15)	175,242	148,384	1,432
Total accumulated other comprehensive income	1,923,967	2,438,760	15,720
Non-controlling interests	456,174	416,462	3,727
Total equity	12,242,901	12,571,975	100,032
Total liabilities and equity	¥ 299,610,983	¥ 290,269,735	$ 2,448,002

See the accompanying notes to consolidated financial statements.

MUFG Bank, Ltd. and Subsidiaries

Consolidated Statements of Income
For the Fiscal Years Ended March 31, 2022 and 2021

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2022	2021	2022
INCOME:			
Interest income:			
Interest on loans and bills discounted	¥ 1,456,275	¥ 1,596,397	$ 11,899
Interest and dividends on securities	420,756	354,510	3,438
Interest on call loans and bills bought	4,720	5,412	39
Interest on receivables under resale agreements	18,472	33,109	151
Interest on receivables under securities borrowing transactions	2,192	4,301	18
Interest on due from banks	56,309	51,113	460
Other interest income	275,131	237,297	2,248
Trust fees (Note 31)	11,981	12,249	98
Fees and commissions (Note 31)	916,231	840,571	7,486
Trading income	80,088	163,959	654
Other operating income	336,563	565,998	2,750
Other income (Note 21)	562,711	284,111	4,598
Total income	4,141,434	4,149,033	33,838
EXPENSES:			
Interest expenses:			
Interest on deposits	184,522	280,085	1,508
Interest on negotiable certificates of deposit	18,311	38,635	150
Interest on call money and bills sold	825	1,225	7
Interest on payables under repurchase agreements	22,300	46,213	182
Interest on payables under securities lending transactions	534	550	4
Interest on commercial paper	1,479	7,777	12
Interest on borrowed money	175,933	194,975	1,437
Interest on bonds payable	64,155	79,801	524
Other interest expenses	16,322	33,929	133
Fees and commissions	176,533	176,225	1,442
Trading expenses	491	–	4
Other operating expenses	220,712	306,822	1,803
General and administrative expenses (Note 20)	1,873,760	1,875,321	15,310
Provision for allowance for credit losses	213,184	368,000	1,742
Other expenses (Note 22)	430,081	315,106	3,514
Total expenses	3,399,150	3,724,670	27,773
Income before income taxes	742,283	424,362	6,065
Income taxes (Note 23):			
Current	286,737	178,172	2,343
Deferred	(82,449)	(81,769)	(674)
Total income taxes	204,288	96,402	1,669
Net income before attribution of non-controlling interests	537,994	327,960	4,396
Net income attributable to non-controlling interests	34,993	20,198	286
Net income attributable to the shareholders of MUFG Bank	¥ 503,001	¥ 307,761	$ 4,110

	Yen		U.S. Dollars
	2022	2021	2022
Per share of common stock (Notes 18 and 26):			
Basic earnings per common share	¥ 40.72	¥ 24.91	$ 0.33
Diluted earnings per common share	40.72	24.91	0.33
Cash dividends applicable to the year per common share	35.06	18.44	0.29

See the accompanying notes to consolidated financial statements.

MUFG Bank, Ltd. and Subsidiaries

Consolidated Statements of Comprehensive Income
For the Fiscal Years Ended March 31, 2022 and 2021

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2022	2021	2022
Net income before attribution of non-controlling interests	¥ 537,994	¥ 327,960	$ 4,396
Other comprehensive (loss) income (Note 25):			
Net unrealized (loss) gain on available-for-sale securities	(675,460)	425,704	(5,519)
Net deferred loss on derivatives under hedge accounting	(304,694)	(123,885)	(2,490)
Foreign currency translation adjustments	449,703	(136,164)	3,674
Defined retirement benefit plans	29,554	236,819	241
Share of other comprehensive income (loss) in affiliates accounted for using the equity method	8,467	(2,706)	69
Total other comprehensive (loss) income	(492,430)	399,766	(4,023)
Comprehensive income	¥ 45,564	¥ 727,726	$ 372
Total comprehensive (loss) income attributable to:			
The shareholders of MUFG Bank	¥ (1,029)	¥ 719,473	$ (8)
Non-controlling interests	46,593	8,253	381

See the accompanying notes to consolidated financial statements.

MUFG Bank, Ltd. and Subsidiaries

Consolidated Statements of Changes in Equity
For the Fiscal Years Ended March 31, 2022 and 2021

Millions of Yen

	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Accumulated other comprehensive income: Net unrealized gain on available-for-sale securities	Net deferred gain on derivatives under hedge accounting	Land revaluation surplus	Foreign currency translation adjustments	Defined retirement benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total equity
BALANCE, APRIL 1, 2020	1,711,958	3,674,512	5,076,746	(645,700)	9,817,517	1,485,339	313,523	202,845	127,868	(88,678)	2,040,899	427,088	12,285,505
Cumulative effects of changes in accounting policies	–	–	(116,805)	–	(116,805)	–	–	–	–	–	–	(25,608)	(142,414)
BALANCE, APRIL 1, 2020 (as restated)	1,711,958	3,674,512	4,959,940	(645,700)	9,700,711	1,485,339	313,523	202,845	127,868	(88,678)	2,040,899	401,480	12,143,091
Dividends paid	–	–	(278,863)	–	(278,863)	–	–	–	–	–	–	–	(278,863)
Net income attributable to the shareholders of MUFG Bank	–	–	307,761	–	307,761	–	–	–	–	–	–	–	307,761
Reversal of land revaluation surplus	–	–	12,836	–	12,836	–	–	–	–	–	–	–	12,836
Changes of application of equity method	–	–	(104)	–	(104)	–	–	–	–	–	–	–	(104)
Decrease due to company split	–	–	(22,880)	–	(22,880)	–	–	–	–	–	–	–	(22,880)
Changes in equity of consolidated subsidiaries	–	(2,709)	–	–	(2,709)	–	–	–	–	–	–	–	(2,709)
Other changes in the year	–	–	–	–	–	422,299	(125,328)	(12,836)	(123,335)	237,062	397,860	14,982	412,843
BALANCE, APRIL 1, 2021	1,711,958	3,671,803	4,978,691	(645,700)	9,716,753	1,907,639	188,194	190,008	4,532	148,384	2,438,760	416,462	12,571,975
Cumulative effects of changes in accounting policies	–	–	(134)	–	(134)	–	–	–	–	–	–	(14)	(149)
BALANCE, APRIL 1, 2021 (as restated)	1,711,958	3,671,803	4,978,556	(645,700)	9,716,618	1,907,639	188,194	190,008	4,532	148,384	2,438,760	416,447	12,571,826
Dividends paid	–	–	(365,067)	–	(365,067)	–	–	–	–	–	–	–	(365,067)
Net income attributable to the shareholders of MUFG Bank	–	–	503,001	–	503,001	–	–	–	–	–	–	–	503,001
Reversal of land revaluation surplus	–	–	10,762	–	10,762	–	–	–	–	–	–	–	10,762
Changes in equity of consolidated subsidiaries	–	(2,555)	–	–	(2,555)	–	–	–	–	–	–	–	(2,555)
Other changes in the year	–	–	–	–	–	(677,477)	(303,681)	(10,762)	450,271	26,857	(514,792)	39,726	(475,065)
BALANCE, MARCH 31, 2022	¥ 1,711,958	¥ 3,669,248	¥ 5,127,252	¥ (645,700)	¥ 9,862,758	¥ 1,230,161	¥ (115,487)	¥ 179,246	¥ 454,804	¥ 175,242	¥ 1,923,967	¥ 456,174	¥ 12,242,901

Millions of U.S. Dollars (Note 1)

	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Accumulated other comprehensive income: Net unrealized gain on available-for-sale securities	Net deferred gain on derivatives under hedge accounting	Land revaluation surplus	Foreign currency translation adjustments	Defined retirement benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total equity
BALANCE, APRIL 1, 2021	$ 13,988	$ 30,001	$ 40,679	$ (5,276)	$ 79,392	$ 15,587	$ 1,538	$ 1,552	$ 37	$ 1,212	$ 19,926	$ 3,403	$ 102,721
Cumulative effects of changes in accounting policies	–	–	(1)	–	(1)	–	–	–	–	–	–	(0)	(1)
BALANCE, APRIL 1, 2021 (as restated)	13,988	30,001	40,678	(5,276)	79,391	15,587	1,538	1,552	37	1,212	19,926	3,403	102,719
Dividends paid	–	–	(2,983)	–	(2,983)	–	–	–	–	–	–	–	(2,983)
Net income attributable to the shareholders of MUFG Bank	–	–	4,110	–	4,110	–	–	–	–	–	–	–	4,110
Reversal of land revaluation surplus	–	–	88	–	88	–	–	–	–	–	–	–	88
Changes in equity of consolidated subsidiaries	–	(21)	–	–	(21)	–	–	–	–	–	–	–	(21)
Other changes in the year	–	–	–	–	–	(5,535)	(2,481)	(88)	3,679	219	(4,206)	325	(3,882)
BALANCE, MARCH 31, 2022	$ 13,988	$ 29,980	$ 41,893	$ (5,276)	$ 80,585	$ 10,051	$ (944)	$ 1,465	$ 3,716	$ 1,432	$ 15,720	$ 3,727	$ 100,032

See the accompanying notes to consolidated financial statements.

MUFG Bank, Ltd. and Subsidiaries

Consolidated Statements of Cash Flows
For the Fiscal Years Ended March 31, 2022 and 2021

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2022	2021	2022
OPERATING ACTIVITIES:			
Income before income taxes	¥ 742,283	¥ 424,362	$ 6,065
Adjustments for:			
Income taxes paid	(185,513)	(159,809)	(1,516)
Income taxes refunds	15,023	17,088	123
Depreciation and amortization	236,112	235,929	1,929
Impairment loss on fixed assets	162,686	23,472	1,329
Amortization of goodwill	6,550	6,049	54
Equity in earnings of the equity method investees	(25,038)	(19,130)	(205)
Increase in allowance for credit losses	99,655	225,879	814
Increase (decrease) in reserve for employee bonuses	5,633	(6,593)	46
Increase in reserve for bonuses to directors	95	146	1
Decrease in reserve for stocks payment	(1,038)	(226)	(8)
Increase in asset for retirement benefits	(79,876)	(359,621)	(653)
Increase in liability for retirement benefits	709	3,320	6
(Decrease) increase in reserve for retirement benefits to directors	(28)	48	(0)
Decrease in reserve for loyalty award credits	(329)	(156)	(3)
Increase in reserve for contingent losses	22,634	10,497	185
Interest income (accrual basis)	(2,233,858)	(2,282,143)	(18,252)
Interest expenses (accrual basis)	484,386	683,194	3,958
Gains on securities	(207,079)	(221,388)	(1,692)
Losses on money held in trust	10,299	33,442	84
Foreign exchange gains	(1,469,843)	(868,046)	(12,010)
Gains on disposition of fixed assets	(15,768)	(16,949)	(129)
Decrease in trading assets	784,985	1,248,995	6,414
Decrease in trading liabilities	(102,614)	(152,848)	(838)
Adjustment of unsettled trading accounts	179,091	(214,847)	1,463
Net (increase) decrease in loans and bills discounted	(2,304,595)	615,817	(18,830)
Net increase in deposits	1,216,289	25,794,970	9,938
Net increase in negotiable certificates of deposit	1,716,892	638,822	14,028
Net (decrease) increase in borrowed money (excluding subordinated borrowings)	(719,832)	6,036,024	(5,881)
Net (increase) decrease in call loans, bills bought and receivables under resale agreements	(923,935)	10,322,696	(7,549)
Net (increase) decrease in receivables under securities borrowing transactions	(302,407)	28,858	(2,471)
Net increase (decrease) in call money, bills sold and payables under repurchase agreements	3,575,784	(8,917,606)	29,216
Net increase (decrease) in commercial paper	439,256	(647,222)	3,589
Net increase in payables under securities lending transactions	64,827	18,591	530
Net increase in foreign exchange assets	(284,386)	(148,825)	(2,324)
Net decrease in foreign exchange liabilities	(57,395)	(187,164)	(469)
Net decrease in straight bonds due to issuance and redemption	(355,624)	(238,466)	(2,906)
Interest and dividends received (cash basis)	2,248,740	2,327,111	18,374
Interest paid (cash basis)	(488,330)	(746,459)	(3,990)
Other-net	(139,090)	(273,043)	(1,136)
Total adjustments	1,373,065	32,810,408	11,219
Net cash provided by operating activities	¥ 2,115,348	¥ 33,234,771	$ 17,284

MUFG Bank, Ltd. and Subsidiaries

Consolidated Statements of Cash Flows
For the Fiscal Year Ended March 31, 2022 and 2021

	Millions of Yen		Millions of U.S. Dollars (Note1)
	2022	2021	2022
INVESTING ACTIVITIES:			
Purchases of securities	¥ (83,360,144)	¥ (107,173,423)	$ (681,103)
Proceeds from sales of securities	53,886,453	59,847,663	440,285
Proceeds from redemption of securities	29,864,580	37,878,659	244,012
Payments for increase in money held in trust	(41,741)	(37,972)	(341)
Proceeds from decrease in money held in trust	16,281	12,453	133
Purchases of tangible fixed assets	(66,065)	(82,621)	(540)
Purchases of intangible fixed assets	(166,507)	(163,282)	(1,360)
Proceeds from sales of tangible fixed assets	56,402	31,581	461
Proceeds from sales of intangible fixed assets	1,277	8,223	10
Payments for business transfers-out (Note 3)	(724,428)	–	(5,919)
Payments for business transfers-in	–	(520)	–
Payments for purchases of stocks of subsidiaries affecting the scope of consolidation	(1,165)	–	(10)
Proceeds from sales of stocks of subsidiaries affecting the scope of consolidation	2,813	–	23
Other-net	(862)	(830)	(7)
Net cash used in investing activities	(533,106)	(9,680,070)	(4,356)
FINANCING ACTIVITIES:			
Proceeds from subordinated borrowings	1,578,967	802,382	12,901
Repayments of subordinated borrowings	(1,270,415)	(511,270)	(10,380)
Proceeds from issuance of subordinated bonds and bonds with subscription rights to shares	38,239	742	312
Payments for redemption of subordinated bonds and bonds with subscription rights to shares	(156,163)	(142,754)	(1,276)
Proceeds from issuance of common stock to non-controlling interests	4,973	6,430	41
Repayments to non-controlling interests	–	(23)	–
Cash dividends paid	(365,067)	(278,863)	(2,983)
Cash dividends paid to non-controlling interests	(9,040)	(6,203)	(74)
Payments for purchases of stocks of subsidiaries not affecting the scope of consolidation	(43)	–	(0)
Proceeds from sales of stocks of subsidiaries not affecting the scope of consolidation	–	3,275	–
Net cash used in financing activities	(178,550)	(126,285)	(1,459)
Effect of foreign exchange rate changes on cash and cash equivalents	1,015,089	311,885	8,294
Net increase in cash and cash equivalents	2,418,781	23,740,299	19,763
Cash and cash equivalents, beginning of year	86,975,271	63,234,971	710,640
Decrease in cash and cash equivalents due to absorption-type split	(30)	–	(0)
Cash and cash equivalents, end of year (Note 3)	¥ 89,394,022	¥ 86,975,271	$ 730,403

See the accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements
For the Fiscal Years Ended March 31, 2022 and 2021

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of MUFG Bank, Ltd. (the "Bank"), which is a wholly owned subsidiary of Mitsubishi UFJ Financial Group, Inc. ("MUFG"), have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations concerning preparation of the consolidated financial statements, Ordinance for Enforcement of the Banking Law and in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards ("IFRSs").

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications and rearrangements have been made in the 2021 consolidated financial statements to conform to the classifications used in 2022.

All Japanese yen figures in the consolidated financial statements have been rounded down to the nearest million yen, except for per share information. Accordingly, the total of each account may not be equal to the combined total of individual items.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Bank is incorporated and mainly operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥122.39 to U.S. $1, the approximate rate of exchange as of March 31, 2022. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

All U.S. dollar amounts in the consolidated financial statements have been rounded off to the nearest million U.S. dollar, except for per share information. Accordingly, the total of each account may not be equal to the combined total of individual items.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Consolidation

The consolidated financial statements include the accounts of the Bank and its subsidiaries (together, the "Group"). There were 115 and 122 subsidiaries as of March 31, 2022 and 2021, respectively.

Under the control and influence concepts, the companies over which the Bank, directly or indirectly, is able to exercise control are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for using the equity method.

Investments in 46 and 44 affiliates were accounted for using the equity method as of March 31, 2022 and 2021, respectively.

"Goodwill" is amortized using the straight-line method over a period of 20 years. Insignificant amounts of goodwill are fully charged to income in the fiscal year when it is incurred.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profits and losses resulting from intercompany transactions were eliminated.

1) Scope of consolidation

a) Major subsidiaries as of March 31, 2022 and 2021 were as follows:

As of March 31, 2022 and 2021:
MUFG Americas Holdings Corporation ("MUAH")
Bank of Ayudhya Public Company Limited ("Krungsri")

Changes in the subsidiaries in the fiscal year ended March 31, 2022 were as follows:
Mitsubishi UFJ Capital VIII, Limited Partnership and three other companies were newly included in the scope of consolidation as they were newly established in the fiscal year ended March 31, 2022.
PT U Finance Indonesia and ten other companies were excluded from the scope of consolidation due to sales of equities, etc. in the fiscal year ended March 31, 2022.

Changes in the subsidiaries in the fiscal year ended March 31, 2021 were as follows:

Mitsubishi UFJ Life Science III, Limited Partnership and four other companies were newly included in the scope of consolidation as they were newly established in the fiscal year ended March 31, 2021.

MU Business Partner Co., Ltd. and three other companies were excluded from the scope of consolidation due to termination accompanied with a merger and liquidation in the fiscal year ended March 31, 2021.

b) There were no unconsolidated subsidiaries as of March 31, 2022 and 2021.

c) The companies that were not regarded as subsidiaries, although the majority of voting rights (right to execute business) were owned by the Bank as of March 31, 2022 and 2021 were as follows:

As of March 31, 2022
ARM Medical Development Limited Liability Company and HISHOH Biopharma Co., Ltd. were not regarded as subsidiaries since the Bank's consolidated subsidiaries in the venture capital business held its shares for the purpose of incubating their investees or earning capital gains through business revitalization, and not for the purpose of controlling those entities.

As of March 31, 2021
A&M Medical Development Limited Liability Company and ARM Medical Development Limited Liability Company were not regarded as subsidiaries since the Bank's consolidated subsidiaries in the venture capital business held its shares for the purpose of incubating their investees or earning capital gains through business revitalization, and not for the purpose of controlling those entities.

d) There were no special purpose entities which were excluded from the scope of consolidation pursuant to Article 8-7 of the "Financial Statements Regulations for Terminology, Forms and Preparation of Financial Statements," which does not regard a special purpose entity as a subsidiary of an investor irrespective of indicators of control if the entity was established and operated for the purpose of asset securitization and satisfied certain eligible criteria as of March 31, 2022 and 2021.

2) Application of the equity method
a) There were no unconsolidated subsidiaries accounted for using the equity method as of March 31, 2022 and 2021.

b) Major affiliates accounted for using the equity method as of March 31, 2022 and 2021 were as follows:

As of March 31, 2022 and 2021:
Vietnam Joint Stock Commercial Bank for Industry and Trade
Security Bank Corporation

Changes in the affiliates accounted for using the equity method for the fiscal year ended March 31, 2022 were as follows: Cotra Ltd. and three other companies were newly included in the scope of the equity method as they were newly established in the fiscal year ended March 31, 2022 or for other reasons. In addition, GOLDEN ASIA FUND, L.P. and another company were excluded from the scope of application of the equity method due to liquidation in the fiscal year ended March 31, 2022.

Changes in the affiliates accounted for using the equity method for the fiscal year ended March 31, 2021 were as follows: Mars Growth Capital Pte. Ltd. and three other companies were newly included in the scope of the equity method as they were newly established in the fiscal year ended March 31, 2021 or for other reasons. In addition, BOT Lease (Eurasia) LLC and another company were excluded from the scope of application of the equity method due to the decrease in ownerships in the fiscal year ended March 31, 2021.

c) There were no unconsolidated subsidiaries not accounted for using the equity method as of March 31, 2022 and 2021.

d) There were no affiliates not accounted for using the equity method as of March 31, 2022 and 2021.

e) The following companies of which the Group owned the voting rights between 20% and 50% were not recognized as affiliates accounted for using the equity method since the Bank's consolidated subsidiaries in the venture capital business held its shares for the purpose of incubating their investees or earning capital gains through business revitalization, not for the purpose of controlling those entities:

As of March 31, 2022:
Kamui Pharma Co., Ltd.
Alchemedicine, Inc.
GEXVal Inc.
HuLA Immune Inc.
Reborna Biosciences, Inc.
DT Axis Inc.

As of March 31, 2021:
ISLE Co., Ltd.
Alchemedicine, Inc.
Fun Place Co., Ltd.
HuLA Immune Inc.
Kamui Pharma Co., Ltd.
Vermillion Therapeutics, Inc.
GEXVal Inc.
Verfication Technology Inc.
Reborna Biosciences, Inc.
DT Axis Inc.

3) The fiscal year end dates of subsidiaries

a) The fiscal year end dates of subsidiaries are as follows:

	Number of subsidiaries	
	2022	2021
October 31	1	1
December 31	78	85
March 31	36	36

b) The subsidiary with the fiscal year ending October 31 was consolidated based on the preliminary financial statements prepared as of January 31.

Other subsidiaries are consolidated based on the financial information as of their fiscal year end dates.

Adjustments were made in the consolidated financial statements to reflect significant transactions within the Group occurring in the period between the fiscal year end dates of subsidiaries and March 31, 2022 and 2021.

(2) Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements

The Accounting Standards Board of Japan ("ASBJ") issued Practical Issues Task Force ("PITF") Report No. 18 "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18, May 17, 2006). This PITF permits foreign subsidiaries' financial statements prepared in accordance with either IFRSs or accounting principles generally accepted in the United States of America ("U.S. GAAP") to be used for the consolidation process with certain adjustments.

Financial statements of foreign subsidiaries prepared in accordance with either IFRSs or U.S. GAAP are used in the consolidation. However, when the financial statements of foreign subsidiaries are prepared in accordance with the generally accepted accounting principles in each domicile country which are different from IFRSs or U.S. GAAP, they are adjusted to conform mainly to U.S. GAAP. In addition, necessary adjustments for consolidation are made, if any.

(3) Cash and Cash Equivalents

For the purpose of the consolidated statements of cash flows, "Cash and cash equivalents" represents "Cash and due from banks" on the consolidated balance sheets.

(4) Trading Assets or Liabilities, Securities and Money Held in Trust

Securities other than investments in affiliates are classified into three categories, based principally on the Group's intent, as follows:

1) Trading assets or liabilities, which are held for the purpose of earning capital gains arising from short-term fluctuations in interest rates, currency exchange rates or market prices and other market indices in the financial instruments or from variation among markets, are reported as "Trading assets" or "Trading liabilities" in the consolidated balance sheets at fair value. The related unrealized or realized gains and losses are included in "Trading income (expenses)" in the consolidated statements of income.
   With respect to derivative transactions for trading purposes, certain market risk adjustments and certain counterparty credit risk adjustments, which are calculated based on net assets or liabilities after offsetting financial assets and financial liabilities, are reflected in the valuation of those financial assets and liabilities.
2) Held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are reported at amortized cost (using the straight-line method) based on the moving-average method.
3) Available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value, with unrealized gain (loss), net of applicable taxes, reported in a separate component of equity, except for unrealized gain (loss) which is recognized in profit or loss by applying the fair value hedge accounting.

The cost of available-for-sale securities sold is determined based on the moving-average method.

Non-marketable equity securities are stated at acquisition cost, which is computed using the moving-average method.

For declines in fair value that are not recoverable, securities are reduced to net realizable value by a charge to income.

Securities included in “Money held in trust” are also classified into the three categories outlined above.

Securities which are components of trust assets in “Money held in trust” are accounted for based on the same standard as in 1), 2), and 3). Instruments held in trust for trading purposes are recorded at fair value and unrealized gain (loss) is recorded in “Other income (expenses).” Instruments held in trust classified as held to maturity are carried at amortized cost. Securities as components of trust assets in “Money held in trust,” which are held for purposes other than trading or held-to-maturity, are recorded at fair value with the unrealized gain (loss) recorded in a separate component of equity.

(5) Tangible Fixed Assets

“Tangible fixed assets” are stated at cost less accumulated depreciation. Depreciation of “Tangible fixed assets” of the Bank, except for “Lease assets,” is calculated using the declining-balance method over the estimated useful lives of the assets. The range of useful lives is principally from 15 to 50 years for “Buildings” and from 2 to 20 years for “Other tangible fixed assets.”

Depreciation of “Tangible fixed assets” of the subsidiaries is mainly calculated using the straight-line method over the estimated useful lives.

Depreciation of “Lease assets” in “Tangible fixed assets” of the finance leases other than those that are deemed to transfer the ownership of leased property to the lessees is calculated using the straight-line method over respective lease periods. The residual value of “Lease assets” is determined using the guaranteed residual value provided by the lease contracts or otherwise no value.

(6) Intangible Fixed Assets

Amortization of “Intangible fixed assets,” except for “Lease assets,” is calculated using the straight-line method. The capitalized cost of computer software developed/obtained for internal use is amortized using the straight-line method over the estimated useful lives (mainly 3 to 10 years) determined by the Bank or its subsidiaries.

Amortization of “Lease assets” in “Intangible fixed assets” of the finance leases other than those that are deemed to transfer the ownership of leased property to the lessees is calculated using the straight-line method over respective lease periods. The residual value of “Lease assets” is determined using the guaranteed residual value provided by the lease contracts or otherwise no value.

(7) Deferred Charges

Bond and stock issuance costs are charged to expense as incurred.

(8) Allowance for Credit Losses

The Bank and its domestic subsidiaries determine the amount of the “Allowance for credit losses” in accordance with the predetermined self-assessment standards and internal standards for write-offs and allowances.

For claims on borrowers that have entered into bankruptcy, special liquidation proceedings or similar legal proceedings (“bankrupt borrowers”) or borrowers that are not legally or formally insolvent but are regarded as substantially in a similar situation (“virtually bankrupt borrowers”), an allowance is provided based on the amount of claims, after the write-offs as stated below, net of the expected amounts of recoveries from collateral and guarantees.

For claims on borrowers that are not currently bankrupt but are likely to become bankrupt whose cash flows from collection of principal and interest cannot be reasonably estimated, an allowance is provided in the amount deemed necessary based on an overall solvency assessment of the claims, net of the expected amount of recoveries from collateral and guarantees.

For claims on borrowers likely to become bankrupt and borrowers requiring close watch whose cash flows from collection of principal and interest can be reasonably estimated, an allowance is provided based on the difference between the relevant cash flows discounted by the initial contractual interest rate and the carrying value of the claims.

For other claims, allowances are provided based mainly on expected losses for the immediately following one-year period or the average remaining term to maturity of loans. Expected losses are calculated by applying a loss rate, which is obtained based on the average rate of historical credit loss rate or historical probability-of-default over a certain period, which are derived from actual credit loss or actual default over one year or over the average remaining period of loans, with necessary adjustment for future loss projections and other factors.

For specified overseas claims, an allowance is provided based on the estimated loss resulting from the political and economic conditions of those countries.

The operating branches and assessment divisions implement self-assessments for all claims in accordance with the Bank’s self-assessment standards. The Internal Audit & Credit Examination Division, which is independent from operating divisions, conducts verifications of these assessments.

For collateralized or guaranteed claims of bankrupt borrowers or virtually bankrupt borrowers, the amount of claims less the estimated value of collateral or guarantees is deemed to be uncollectible and written off against the outstanding amount of claims. The amount of write-offs was ¥222,003 million ($1,814 million) and ¥267,776 million as of March 31, 2022 and 2021, respectively.

Other subsidiaries determine the "Allowance for credit losses" based on the necessary amounts considering the historical loss ratio or other factors for general claims and the uncollectible amount estimated considering the specific collectability for specific deteriorated claims.

(Additional information)
(Allowance for credit losses of certain overseas subsidiaries which apply U.S. GAAP)
Certain overseas subsidiaries which apply U.S. GAAP have adopted the FASB Accounting Standards Codification ("ASC") 326, "Measurement of Credit Losses on Financial Instruments" and provide for an allowance for credit losses by estimating credit losses currently expected for the remaining term of the relevant contract. Expected credit losses are calculated collectively for each portfolio of loans with similar risk characteristics based on the loss rates derived from past credit loss experience or bankruptcy experience through the application of a model that incorporates future forecast information, such as macroeconomic variables, into the probability of bankruptcy, etc. In addition, adjustments are made in the calculation of allowance for credit losses for qualitative factors relating to current conditions and future forecasts which may not be sufficiently captured in such model but should be appropriately taken into account. Future uncertainties due to the impact of the COVID-19 pandemic are factored into estimates for the credit loss provisioning through such adjustments based on macroeconomic variables and/or qualitative factors.

With respect to loan assets with deteriorated credit risk that are deemed not to entail risks in common with other loan assets, an allowance for credit losses is recognized individually for each loan asset based on risks that are particular to the asset. This credit loss provisioning is done through certain methodologies, including calculating the difference between the carrying amount of the loan asset and the amount of estimated cash flows from the loan asset discounted by the effective interest rate as well as using the fair value of the collateral for the loan asset.
Upon the conclusion of a share transfer agreement to transfer all shares in MUFG Union Bank, N.A. ("MUB") held by MUAH to U.S. Bancorp ("USB"), loans classified as held for sale are measured at fair value in accordance with ASC 310 "Receivables," and therefore no allowance for credit losses is recorded.

(9) Reserve for Employee Bonuses
"Reserve for employee bonuses" is provided for estimated payment of bonuses to employees attributable to the respective fiscal year.

(10) Reserve for Bonuses to Directors
"Reserve for bonuses to directors" is provided for estimated payment of bonuses to directors attributable to the respective fiscal year.

(11) Reserve for Stocks Payment
"Reserve for stocks payment," which is provided for estimated compensation under a stock compensation plan for directors and other executives, is recorded in the amount deemed to have accrued at the consolidated balance sheet date based on the estimated amount of compensation.

(12) Retirement Benefits and Pension Plans
The Bank accounts for the liability for retirement benefits based on the projected benefit obligations and plan assets at the consolidated balance sheet date. The projected benefit obligations are attributed to periods on a benefit formula basis.

Past service costs are amortized on a straight-line basis for a period within the employees' average remaining service period primarily over 10 years, commencing in the fiscal year in which the cost is incurred.

Actuarial gains and losses are amortized on a straight-line basis for a period within the employees' average remaining service period, primarily over 10 years, commencing in the fiscal year immediately following the fiscal year in which the gains or losses incurred.

Some overseas branches of the Bank and some subsidiaries adopt the simplified method in determining liability for retirement benefits and net periodic benefit costs.

(13) Reserve for Retirement Benefits to Directors
"Reserve for retirement benefits to directors," which is provided for payments of retirement benefits to directors of certain subsidiaries, is recorded in the amount deemed to have accrued at the consolidated balance sheet date based on the estimated amount of benefits.

(14) Reserve for Loyalty Award Credits
"Reserve for loyalty award credits," which is provided to meet future use of points granted to "Super IC Card" customers, is recorded based on the estimated future use of unused points.

(15) Reserve for Contingent Losses

"Reserve for contingent losses," which is provided for possible losses from contingent events related to off-balance sheet transactions and various litigation and regulatory matters, is calculated by estimating the impact of such contingent events.

(16) Revenue Recognition

(Revenue recognition method)

The Bank recognizes revenue from contracts with customers in the consolidated statement of income when it satisfies the performance obligation identified in the respective contract according to the commercial substance of the contract.

(Revenue recognition for major transactions)

Revenue from contracts with customers are recognized by determining when the performance obligations are satisfied as described below, which is an important factor that impacts the decision on the timing of revenue recognition. Accordingly, revenue is recognized in a way that truthfully reflects the economic substance of each contract.

Consideration for the transaction is mostly settled by cash upon the transfer of control of a good or service and receivables recognized on other transactions are principally collected within one year.

Fees and commissions on foreign exchange services consist primarily of fees and commissions charged for remittances and transfers and are recognized at the point in time when they are settled.

Fees and commissions on deposits-taking services consist primarily of fees and commissions charged for the usage of ATMs and for periodic account maintenance services. Revenue from ATM usage is recognized at the point in time when the transaction is completed, and account maintenance service fees are recognized over the period in which the services are provided.

Fees and commissions on lending services consist primarily of consideration for administration services during the lending term of syndicate loans and financial advisory services provided to corporate customers and revenue is recognized over the period in which the services are provided.

Fees and commissions on securities-related services consist primarily of consideration for referral of the Bank's customers to securities companies and transaction mediation services and revenue is recognized at the point in time when the related services are provided to the Bank's customers by the securities company.

Fees and commissions on credit card-related services consist primarily of membership fees from affiliated stores and royalty and other income from franchisees. Membership fees from affiliated stores are recognized as revenue when sales data of credit cards reaches the Bank, while royalty and other income from franchisees are recognized as revenue over the period in which the services are provided.

Trust fees consist primarily of fees earned by fiduciary asset management and administration services and are recognized at the amount which consolidated subsidiaries of the Bank have the right to claim on an accrual basis, generally based on the volume of trust assets under management and/or the operating performance for the accounting period of each trust account as the performance obligations are satisfied over the period in which the services are provided.

(17) Assets and Liabilities Denominated in Foreign Currencies

Assets and liabilities denominated in foreign currencies and accounts of the overseas branches of the Bank are translated into Japanese yen primarily at exchange rates in effect on the fiscal year end date, except for investments in affiliates which are translated into Japanese yen at exchange rates in effect on the acquisition dates.

Assets and liabilities denominated in foreign currencies of the subsidiaries are translated into Japanese yen at the exchange rates in effect on the respective fiscal year end date.

(18) Leases

(As lessee)

The Bank's and its domestic subsidiaries' finance leases, other than those that are deemed to transfer the ownership of leased property to the lessees, are accounted for in a similar way to purchases, and depreciation of "Lease assets" is calculated using the straight-line method over the lease term with zero residual value unless a residual value is guaranteed in the corresponding lease contracts.

(As lessor)

Finance leases other than those that are deemed to transfer the ownership of leased property to the lessees are accounted for in a similar way to sales, and income and expenses related to such leases are recognized by allocating interest equivalents to applicable fiscal periods instead of recording sales and costs of goods sold.

(19) Income Taxes

The provision for "Income taxes" is calculated based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

(20) Derivatives and Hedging Activities

Derivatives (except for trading purposes) are stated at fair value.
With respect to derivative transactions (except for trading purposes), certain market risk adjustments and certain counterparty credit risk adjustments, which are calculated based on net assets or liabilities after offsetting financial assets and financial liabilities, are reflected in the valuation of those financial assets and liabilities.

1) Hedge accounting for interest rate risks

The Bank has adopted the deferred hedge accounting method for hedging transactions for interest rate risks arising from financial assets and liabilities. Portfolio hedging or individual hedging, as described in the Japanese Institute of Certified Public Accountants ("JICPA") Industry Committee Practical Guidelines No. 24 "Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (March 17, 2022) and JICPA Accounting Committee Report No. 14 "Practical Guidelines for Accounting for Financial Instruments" (January 31, 2000), are primarily applied to determine hedged items.

With respect to hedging transactions to offset fluctuations in the fair value of fixed rate deposits, loans and other instruments, hedging instruments (e.g. interest rate swaps) are designated to hedged items individually or collectively by their maturities in accordance with JICPA Industry Committee Practical Guidelines No. 24. With respect to hedging transactions to offset fluctuations in fair value of fixed rate bonds classified as available-for-sale securities, hedging instruments (e.g. interest rate swaps) are designated to hedged items collectively by bond type.

Since material terms related to hedged items and hedging instruments are substantially identical and such hedging transactions are deemed highly effective, the assessment of effectiveness is based on the similarity of the terms.

With respect to hedging transactions to fix the cash flows of forecasted transactions related to floating rate deposits and loans as well as forecasted transactions related to short-term fixed rate deposits, loans and other instruments, hedging instruments (e.g. interest rate swaps) are designated to hedged items collectively by interest rate indices and definite interest rate reset terms in accordance with JICPA Industry Committee Practical Guidelines No. 24. Since material terms related to hedged items and hedging instruments are substantially identical and such hedging transactions are deemed highly effective, the assessment of effectiveness is based on the similarity of the terms. The effectiveness of hedging transactions is also assessed by verifying the correlation of interest rate movement factors.

2) Hedge accounting for foreign currency risks

The Bank has adopted the deferred hedge accounting method for hedging transactions for foreign currency risks arising from financial assets and liabilities denominated in foreign currencies. Portfolio hedging is applied to determine hedged items as described in JICPA Industry Committee Practical Guidelines No. 25 "Treatment of Accounting and Auditing concerning Accounting for Foreign Currency Transactions in the Banking Industry" (October 8, 2020). Hedging instruments (e.g. currency swaps and forward exchange contracts) are designated to hedged items collectively by currency.

The Bank has applied portfolio hedging and individual hedging using financial assets and liabilities denominated in the same foreign currencies and forward exchange contracts for the purpose of hedging foreign currency risks arising from investments in interests in foreign subsidiaries and affiliates and foreign currency denominated securities (other than bonds). The Bank has recorded foreign currency translation differences arising from hedging instruments for investments in interests in foreign subsidiaries and affiliates in the account of foreign currency translation adjustments under other comprehensive income and has applied the fair value hedge accounting to foreign currency denominated securities (other than bonds).

3) Hedge accounting for share price fluctuation risks

The Bank has applied individual hedging using total return swaps as hedging instruments for the purpose of hedging share price fluctuation risks arising from shares that are held for the purpose of strategic investment under available for sale securities. The effectiveness of hedging transactions is assessed by verifying the correlation of fair value fluctuations or others of hedged items and hedging instruments.

The Bank has applied the fair value hedge accounting method for these hedging transactions.

4) Transactions among consolidated companies

Derivative transactions, including interest rate swaps and currency swaps which are designated as hedging instruments, among consolidated companies or between trading accounts and other accounts (or among internal sections) are not eliminated from the consolidated statements of income and related gains and losses are recognized or deferred under hedge accounting because these derivative transactions are executed, meeting certain criteria under JICPA Industry Committee Practical Guidelines No. 24 and No. 25 to be regarded as equivalent to external third-party cover transactions.

(21) Consumption Taxes

National and local consumption taxes are excluded from transaction amounts. Non-deductible portions of consumption taxes on the purchases of “Tangible fixed assets” are charged to expense as incurred.

(22) Application of Consolidated Taxation System

The Bank and certain domestic subsidiaries applied the consolidated taxation system with MUFG as the parent company for tax consolidation purposes.

(23) Application of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System

The Bank and some of its domestic consolidated subsidiaries plan to shift from the consolidated taxation system to the group tax sharing system in the fiscal year ending March 31, 2023.
The Bank and some of its domestic consolidated subsidiaries do not apply Paragraph 44 of ASBJ Guidance No. 28, “Amendments to Accounting Standard for Tax Effect Accounting” (February 16, 2018), to items revised under the stand-alone taxation system in connection with the transition from the consolidated taxation system to the group tax sharing system under the “Partial Amendments to Income Tax Act, etc.” (Act No. 8, March 31, 2020) due to the application of Paragraph 3 of ASBJ PITF No. 39, “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (March 31, 2020), and instead apply the pre-amendment income tax provisions to the amount of deferred tax assets and deferred tax liabilities.
From the beginning of the fiscal year ending March 31, 2023, the Bank and its domestic consolidated subsidiaries plan to adopt ASBJ PITF No. 42, “Practical Solution on the Accounting and Disclosure under the Group Tax Sharing System” (August 12, 2021), which prescribes the accounting treatment and disclosure of corporate tax and local corporate tax as well as tax-effect accounting under the group tax sharing system.

(24) Per Share Information

Basic earnings per common share are calculated by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding for the period.

Diluted earnings per common share reflect the potential dilution that could occur if securities were exercised or converted into common shares. Diluted earnings per common share assume full conversion of the outstanding convertible notes and bonds at the beginning of the fiscal year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

Total equity per common share is calculated by dividing total equity attributable to common shareholders as of the consolidated balance sheet date by the number of common shares as of the consolidated balance sheet date.

Cash dividends per common share presented in the consolidated statements of income are dividends applicable to the respective years including dividends to be paid after the end of the year.

(25) Significant Accounting Estimates

1. Calculation of allowance for credit losses

1) Amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2022 and 2021

The Group is engaged in lending business as one of its core businesses. The Group maintains an allowance for credit losses in accordance with the calculation process predetermined in the internal policies to provide for the Group’s risk of loss from decreases in or elimination of the value of assets such as loans, etc. (the Group defines the risk as “credit risk”) due to deteriorating financial positions of the borrowers including of loans and other factors. The allowance for credit losses recorded in the consolidated balance sheet as of March 31, 2022 and 2021 amounted to ¥1,106,823 million ($9,043 million) and ¥987,044 million, respectively.

The allowance for credit losses is determined in accordance with predetermined internal policies and approved by the Credit Committee under the Executive Committee. In addition, the Internal Audit & Credit Examination Division, which is independent from operating divisions, conducts verifications of these assessments as described in “(8) Allowance for credit losses” under 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

There is uncertainty in the estimates and significant assumptions used in calculating the allowance for credit losses. In particular, future developments concerning the COVID-19 pandemic and the Russia-Ukraine situation, which are expected to impact the borrowers’ operating environment and the economic environment, remain subject to significant uncertainties. Accordingly, the Group makes certain assumptions, including that the effects of COVID-19 would generally improve, while some would remain, as vaccine and treatment development progresses and restrictions on economic activity are relaxed primarily in developed countries, resulting in alleviation of the economic impact, and that the business environment would remain uncertain due to sudden changes relating to the Russia-Ukraine situation. The recorded allowance represents the best estimate made in a manner designed to ensure objectivity and rationality.

2) Other information which is relevant to an understanding by readers of the consolidated financial statements with regard to the accounting estimates

(Allowance for credit losses of the Bank and its domestic consolidated subsidiaries)

a. Method of calculation of the amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2022

The process of calculating the allowance for credit losses for the Bank and its domestic consolidated subsidiaries involves various estimates such as determination of internal credit ratings which are based on evaluation and classification of borrowers' debt-service capacity, assessment of the value of collateral provided by borrowers, and adjustments for future loss projections and other factors to the loss rates calculated based on historical credit loss experience. The details of the provision method are stated in note (8) "Allowance for Credit Losses" under 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. The allowance for credit losses and loans and bills discounted recorded in the Bank's balance sheets amounted to ¥650,033 million ($5,311 million) and ¥90,421,234 million ($738,796 million) as of March 31, 2022 and ¥465,391 million and ¥88,447,036 million as of March 31, 2021, respectively.

b. Significant assumptions used in calculating the amounts presented in the consolidated financial statements for the fiscal year ended March 31, 2022

In order to make appropriate borrower classification determinations, the Bank and its domestic consolidated subsidiaries use a credit rating system that is consistent with the borrower classification as a uniform standard for evaluating credit risk. As a general rule, internal credit ratings are assigned to all customers to which we extend credit and their transactions. Among our internal credit ratings, the borrower ratings for non-financial business corporations and certain other borrowers are assigned based on our evaluation of their debt-service capacity over the next 3 to 5 years on a 15-rating scale. Our principal consolidated domestic banking subsidiaries assign internal credit ratings to borrowers based on qualitative factors, such as the current and expected future business environment of the industry to which borrowers belong as well as their management and funding risks in addition to quantitative financial evaluations through an analysis of their financial results. In this regard, our internal credit ratings may be highly dependent on estimation of borrowers' future performance and business sustainability in case they experience poor business performance or financial difficulties. In particular, the prolonged COVID-19 pandemic and sudden changes relating to the Russia-Ukraine situation have had significant impacts on the financial position and operating results of some borrowers of the Bank and its domestic consolidated subsidiaries. Estimates relating to these borrowers' future performance and business sustainability are affected by changes in their external and internal business environment and are accordingly subject to a high degree of uncertainty.

The Bank determines loss rates primarily by calculating a rate of loss based on a historical average of the credit loss rate or a historical average of the default probability derived from actual credit loss experience or actual bankruptcy experience and making necessary adjustments based on future projections and other factors. The Bank makes such adjustments based on future loss projections and other factors to loss rates calculated based on historical loss experience when and to the extent such adjustments are necessary, by taking into account the rate of increase in the credit loss rate or the default probability in a more recent period, additional expected losses, and other factors, especially in light of the prolonged COVID-19 pandemic and sudden changes relating to the Russia-Ukraine situation. The amount of impact of these adjustments was ¥77,572 million ($634 million) and ¥30,846 million for the fiscal years ended March 31, 2022 and 2021, respectively.

Since these adjustments based on future loss projections and other factors to loss rates calculated based on historical loss experience, which are made to reflect the credit risk for loans and other assets held as of the end of the fiscal year, are based on estimation related to the economic environment with respect to which objective data are not readily available, such estimation is subject to a high degree of uncertainty.

c. Effect on the consolidated financial statements for the following fiscal year

The internal credit ratings are reviewed at least once a year. Estimations of borrowers' future performance and business sustainability, which we consider to be significant assumptions, may be reviewed in light of changes in borrowers' creditworthiness due to changes in their financial condition and in the industry environment. As a result, the allowance for credit losses may increase or decrease in the following fiscal year if the overall credit risk of the Bank and its domestic consolidated subsidiaries is deemed to have increased or decreased.

Adjustments based on future loss projections and other factors to loss rates calculated based on historical loss experience, which we consider to be significant assumptions, are based on estimation related to the economic environment with respect to which objective data are not readily available. These assumptions change to reflect developments in the economic environment, and changes in the assumptions may result in an increase or decrease in the allowance for credit losses in the following fiscal year.

(Allowance for credit losses of certain overseas subsidiaries which apply U.S. GAAP)

a. Method of calculation of the amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2022

Certain overseas subsidiaries which apply U.S. GAAP have adopted ASC 326, "Measurement of Credit Losses on Financial Instruments" and provide for allowance for credit losses by estimating credit losses currently expected for the remaining term of the relevant contract. The details of the providing method are stated in (Additional Information) of (8) "Allowance for Credit Losses" under 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. The allowance for credit losses and loans and bills discounted of main overseas subsidiaries applying U.S. GAAP amounted to ¥430,156 million ($3,515 million) and ¥14,937,312 million ($122,047 million) as of March 31, 2022 and ¥491,868 million and ¥13,916,797 million as of March 31, 2021, respectively.

b. Significant assumptions used in calculating the amounts presented in the consolidated financial statements for the fiscal year ended March 31, 2022

Expected credit losses of our principal overseas subsidiaries that apply U.S. GAAP are calculated for each portfolio of loans with similar risk characteristics using a quantitative model that reflects economic forecast scenarios based on macroeconomic variables. Macroeconomic variables include the unemployment rate, GDP and other inputs, which correlate with historical credit losses. The subsidiaries select multiple economic forecast scenarios in light of the uncertainty in such scenarios and consider such scenarios by applying certain weightings. Various factors, such as the latest economic environment and the views of internal and external economists, are taken into account in the determination of the macroeconomic variables in such economic forecast scenarios and the weightings applied to each economic forecast scenario. In this regard, the estimates made in determining such macroeconomic variables in multiple economic forecast scenarios and the weightings applied to each economic forecast scenario are subject to significant uncertainties due to the significant variability and uncertainty in the future economic environment, including the degree of impact and duration of the prolonged COVID-19 pandemic on the economy.

The calculated amount of expected credit losses is adjusted for qualitative factors to compensate for expected credit losses that are not reflected in a quantitative model. The subsidiaries not only apply economic assumptions to macroeconomic variables in a quantitative model but also make qualitative adjustments. As a result, the estimates made in making such qualitative adjustments are similarly subject to significant uncertainties.

c. Effect on the consolidated financial statements for the following fiscal year

The determination of macroeconomic variables in multiple economic forecast scenarios and the weightings applied to each economic forecast scenario and the qualitative adjustments are based on estimation relating to the economic environment with respect to which objective data are not readily available. These assumptions change to reflect developments in the economic environment, and changes in the assumptions may result in a significant increase or decrease in the allowance for credit losses in the following fiscal year.

2. Impairment loss on fixed assets

1) Amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2022

In line with the reorganization of MUFG's business groups, in the fiscal year ended March 31, 2019, the Bank reorganized its business units, which constitute its managerial accounting segments, on a consolidated basis. Thereafter, the Bank continued to make modifications to its managerial accounting, focusing on the allocation of operating expenses, with an aim to enhance profit and loss management for each such business unit. In order to improve efficiency and effectiveness in resource management for investments in systems and other fixed assets, which are expected to increase further in importance, the Bank has adopted for each such business unit a decision-making process for budget limit management and investments. In March 2022, the Bank allocated business infrastructure assets to each of its business units in order to establish a framework that facilitates each business unit to manage such assets more autonomously. In connection with these measures, the Bank modified its application of accounting for impairment of fixed assets. Specifically, in addition to conducting impairment test on a business location basis and on a bank-wide basis as previously done, the Bank allocated some of such corporate assets to business units and conducted impairment test on a business unit basis. The allocation of such corporate assets to business units was determined based on the utilization ratio for each such asset (considering the number of employees, the number of customers, and the floor area) and other allocation criteria.

As a result, the carrying amounts of business assets belonging to the Digital Service Business Unit, the Retail & Commercial Banking Business Unit and the Global Commercial Banking Business Unit of the Bank were reduced to net selling value and the Bank recognized an impairment loss of ¥127,023 million ($1,038 million), which consists of ¥31,500 million ($257 million) for buildings and ¥93,242 million ($762 million) for software, etc. for the fiscal year ended March 31, 2022.

Identification of indications of impairment and recognition and measurement of impairment losses are performed mainly in accordance with the Accounting Standards for Impairment of Fixed Assets (Business Accounting Council, August 9, 2002) and other standards and with predetermined internal policies. Estimates and significant assumptions made in recognizing and measuring impairment losses are subject to uncertainty. The recorded impairment losses represent our best estimate made in a manner designed to ensure objectivity and rationality.

2) Other information which is relevant to an understanding by readers of the consolidated financial statements with regard to the accounting estimates

a. Method of calculation of the amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2022

The reporting segments of the Bank including its consolidated subsidiaries consist of those components of the Bank for which discrete financial information is available and whose operating results are regularly reported to, and reviewed by, the Board of Directors and the Management Committee in order to make decisions regarding allocation of management resources and evaluate performance. The Bank treats each business location as the smallest grouping unit, allocates certain corporate assets to business units, and identifies indications of impairment and recognizes and measures impairment losses on a business unit basis as well as on other bases. As part of this process of determining impairment losses on a business unit basis, the identification of indications of impairment and the recognition and measurement of impairment losses are conducted in the manner described below.

(Identification of indications of impairment)

If a corporate asset allocated to a business group meets any of the following conditions, an indication of impairment is identified:

· The profit or loss or cash flow arising from the business operations of the business unit is continuously negative or is expected to be continuously negative;
· The total unrealized losses on assets with market value account for 50% or more of the carrying amount of such assets; and
· The business environment for the business unit has deteriorated significantly or is expected to deteriorate significantly.

(Determination of the need for recognition and measurement of impairment loss)
For corporate assets of a business unit identified as having an indication of impairment, the total undiscounted future cash flows from the business unit are compared to the aggregate carrying amount of assets including corporate assets. Impairment losses are recognized if the aggregate carrying amount of such assets exceeds the total undiscounted future cash flows from such assets.
Impairment losses are measured by calculating the difference between the carrying amount of corporate assets and the higher of the value in use and the net selling value of such assets.

b. Significant assumptions used in calculating the amounts presented in the consolidated financial statements for the fiscal year ended March 31, 2022
The Bank allocates corporate assets to business units based on the utilization ratio for each such asset (considering the number of employees, the number of customers, and the floor area) and other allocation criteria.
The future cash flows from assets used to measure the value in use of such assets for the Digital Service Business Unit, the Retail & Commercial Banking Business Unit and the Global Commercial Banking Business Unit of the Bank, which recognized impairment losses on such assets in the current fiscal year, were estimated based on the business plan of the Bank, reflecting such significant assumptions as projected amounts of credit transactions.
The value in use of assets is calculated as a discounted present value of future cash flows from such assets. The discount rate used in the calculation is based on the cost of capital (calculated based on risk-free rates, equity beta, market risk premiums and other factors).
The net selling value of assets is calculated using a price indicator, such as an appraisal price, which is deemed to appropriately reflect the market price of such assets net of the estimated disposal cost.
The appraisal price of commonly used real estate assets allocated to business units is determined by obtaining valuation based on the cost method, the income capitalization method and the sales comparison method and adopting the valuation method that is most appropriate based on the relevant characteristics of primary willing purchasers of each real estate asset and the valuation obtained based on such method. The price determination process incorporates rent and capitalization rates and other factors relating to such real estate assets as primary assumptions and involves assessment of the social and economic environment, the real estate market environment, the condition of neighboring areas, the condition of the real estate assets, market participants for and the most efficient use of such assets, and other factors.
Software assets are customized as systems for internal use and, since they are unusable to other companies, their net selling value was determined to be nil based on valuation using the income approach.

c. Effect on the consolidated financial statements for the fiscal year ending March 31, 2023
Rent and capitalization rates and other factors used as primary assumptions for real estate appraisal, based on which the liquidation value of real estate assets is determined, are estimated by assessing social and economic, real estate market and other conditions. These assumptions change as social and economic, real estate market and other conditions change, and impairment losses on such assets may significantly increase in the following fiscal year due to changes in such assumptions.

3. Fair value measurement of derivatives

1) Amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2022
The Group engages in a large number of various derivative transactions in connection with the business of providing foreign exchange, financing and securities services to customers as well as market transactions and liquidity and funding management operations. The breakdown of fair value by type of derivatives recorded in the consolidated balance sheet as of March 31, 2022 is stated in (2) “Matters concerning Fair Value of Financial Instruments and Breakdown by Fair Value Hierarchy” under 27. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES.

The fair value of derivative transactions is calculated in accordance with the policies and procedures for the calculation of fair value and the procedures for the use of fair value valuation models set forth in predetermined internal policies. The estimates and significant assumptions made in calculating the fair value of derivative transactions are subject to uncertainty. The recorded fair value represents our best estimate made in a manner designed to ensure objectivity and rationality and subject to internal controls. Details of the calculation process of fair value of derivatives are stated in (1) “Disclosures on Financial Instruments” and (Note) 1 “Explanation about valuation techniques and inputs used to measure fair value” of (2) “Matters concerning Fair Value of Financial Instruments and Breakdown by Fair Value Hierarchy” under 27. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES.

2) Other information which is relevant to an understanding by readers of the consolidated financial statements with regard to the accounting estimates

a. Method of calculation of the amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2022
The fair value of exchange-traded derivative transactions is based on the market price. The fair value of over-the-counter derivative transactions is based on the discounted present value or amount calculated under the option-price calculation model. The valuation models are tested from a market consistency perspective. However, the estimates and assumptions used in such models necessarily involve judgment and are subject to complexity and uncertainty. Details of the calculation method are stated in (Note) 1 “Explanation about valuation techniques and inputs used to measure fair value” of (2) “Matters concerning Fair Value of Financial Instruments and Breakdown by Fair Value Hierarchy” under 27. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES.

b. Significant assumptions used in calculating the amounts presented in the consolidated financial statements for the fiscal year ended March 31, 2022

Inputs used in valuation models include inputs that can be observed directly or indirectly in the market, such as foreign currency exchange rates, yield curves, volatility, credit curves and stock prices, as well as inputs that cannot be observed in the market, such as correlation coefficients and other significant estimates. The Group classifies fair value of derivatives into three levels according to observability and materiality of inputs used for calculating fair value. Particularly, derivatives classified as Level 3 due to their fair value being determined based on significant unobservable inputs involve a high degree of complexity and uncertainty in estimates and assumptions used for valuation of fair value. Details of information about inputs are stated in (1) "Quantitative information about significant unobservable inputs" of (Note) 2 "Information about fair value of financial assets and liabilities stated at fair value which is classified as Level 3" of (2) "Matters concerning Fair Value of Financial Instruments and Breakdown by Fair Value Hierarchy" under 27. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES.

c. Effect on the consolidated financial statements for the following fiscal year

The Group has determined that the fair value of derivatives transactions is reasonable after conducting testing. However, the significant assumptions used to calculate the fair value are subject to uncertainty. In particular, the estimates and assumptions made in the valuation of the fair value of derivative transactions classified into Level 3 are subject to significant complexity and uncertainties.

The fair value of derivative transactions held by the Group may fluctuate as a result of changes in inputs used for valuation due to changes in the market environment and other factors. For details of the effects on fair value of changing in inputs, refer to "(4) "Explanation about effects on fair value of changing a significant unobservable input" of (Note) 2 "Information about fair value of financial assets and liabilities stated at fair value which is classified as Level 3" of (2) "Matters concerning Fair Value of Financial Instruments and Breakdown by Fair Value Hierarchy" under 27. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES.

(26) Changes in Accounting Policies

(Changes in Accounting Policies Due to the Revision of Accounting Standards, etc.)

(Accounting Standard for Revenue Recognition)

The Bank has adopted ASBJ Statement No. 29, "Accounting Standard for Revenue Recognition" (March 30, 2018; hereinafter the "Revenue Recognition Standard") and ASBJ Guidance No. 30, "Implementation Guidance on Accounting Standard for Revenue Recognition" (March 30, 2018) from the beginning of the fiscal year ended March 31, 2022. Under these accounting standards, revenue is recognized in an amount expected to be received in exchange for goods or services when control of promised goods or services is transferred to a customer.

In accordance with the transitional measures set forth in the proviso in paragraph 84 of the Revenue Recognition Standard, the cumulative effect of retroactively applying the new accounting policy to reporting periods prior to the beginning of the fiscal year ended March 31, 2022 was recognized as adjustments to retained earnings at the beginning of the same period, and the new accounting policy is applied from the beginning of the fiscal year ended March 31, 2022 as a change in accounting policy. However, the new accounting policy has not been retrospectively applied to contracts for which substantially all their revenue had been recognized prior to the beginning of the fiscal year ended March 31, 2022 in accordance with the former accounting treatment, by applying the method set forth in paragraph 86 of the Revenue Recognition Standard.

The impact of this change on the beginning balance of retained earnings, figures for fees and commissions income, income before income taxes and per share information for the fiscal year ended March 31, 2022 is immaterial.

In accordance with the transitional measures set forth in paragraph 89-3 of the Revenue Recognition Standard, information on breakdowns of revenues from contracts with customers for the fiscal year ended March 31, 2021 is not disclosed.

3. CASH AND CASH EQUIVALENTS

As noted in (3) "Cash and Cash Equivalents" under 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, "Cash and due from banks" including time deposits and negotiable certificates of deposit in the consolidated balance sheets has been treated as "Cash and cash equivalents" in the consolidated statements of cash flows, and there were no reconciling items between the two accounts as of March 31, 2022 and 2021.

Major components of assets and liabilities transferred in a transaction where cash and cash equivalents were received as consideration

Fiscal year ended March 31, 2022
MUAH, which is a consolidated subsidiary of the Bank, has agreed to sell a portion of its business to a major U.S. bank. The components of assets and liabilities that were reduced to reflect the expected sale are as follows:

	Millions of Yen	Millions of U.S. Dollars
Assets	¥ 761,161	$ 6,219
Liabilities	(758,654)	(6,199)
Goodwill	2,685	22
Proceeds from business transfers	29,032	237
Transfer value	34,225	280
Cash and cash equivalents included in above assets	758,654	6,199
Payments for business transfers-out	¥ (724,428)	$ (5,919)

Fiscal year ended March 31, 2021
Not applicable

4. TRADING ASSETS OR LIABILITIES AND SECURITIES

Securities as of March 31, 2022 and 2021 include equity securities in affiliates of ¥350,566 million ($2,864 million) and ¥326,425 million, respectively, and capital subscriptions to entities such as limited liability companies of ¥27,329 million ($223 million) and ¥15,877 million, respectively. These amounts include investments in jointly controlled entities in an amount of ¥4,893 million ($40 million) and ¥36,320 as of March 31, 2022 and 2021, respectively.

Securities loaned under unsecured securities lending transactions amounted to ¥100,040 million ($817 million) and nil as of March 31, 2022 and 2021, respectively.

For securities borrowed and purchased under resale agreements where the secured parties are permitted to sell or re-pledge the securities without restrictions, ¥7,205,125 million ($58,870 million) and ¥6,116,243 million of such securities were re-pledged as of March 31, 2022 and 2021, respectively.

The remaining ¥4,799,813 million ($39,217 million) and ¥4,027,765 million of these securities were held without disposition as of March 31, 2022 and 2021, respectively.

The following tables include trading securities, short-term bonds, and other accounts in "Trading assets," negotiable certificates of deposit in "Cash and due from banks" and securitized products in "Monetary claims bought" in addition to "Securities."

(1) Trading securities:

Net unrealized losses on trading securities were ¥4,310 million ($35 million) for the fiscal year ended March 31, 2022 and net unrealized gains on trading securities were ¥3,567 million for the fiscal year ended March 31, 2021.

(2) Held-to-maturity debt securities with fair value:

	Millions of Yen				
	March 31, 2022				
	Carrying amount	Fair value	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Japanese government bonds	¥ 1,748,029	¥ 1,758,197	¥ 10,167	¥ 13,689	¥ (3,521)
Municipal bonds	175,071	173,960	(1,111)	4	(1,115)
Corporate bonds	60,283	60,173	(110)	1	(111)
Foreign bonds	234,652	225,923	(8,728)	49	(8,777)
Other	518,016	521,137	3,121	4,428	(1,306)
Total	¥ 2,736,051	¥ 2,739,391	¥ 3,339	¥ 18,172	¥ (14,833)

	Millions of Yen				
	March 31, 2021				
	Carrying amount	Fair value	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Japanese government bonds	¥ 1,100,447	¥ 1,123,480	¥ 23,032	¥ 23,032	¥ –
Foreign bonds	756,657	779,560	22,902	25,711	(2,808)
Other	706,888	698,622	(8,265)	15	(8,281)
Total	¥ 2,563,993	¥ 2,601,663	¥ 37,669	¥ 48,759	¥ (11,089)

	Millions of U.S. Dollars				
	March 31, 2022				
	Carrying amount	Fair value	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Japanese government bonds	$ 14,282	$ 14,366	$ 83	$ 112	$ (29)
Municipal bonds	1,430	1,421	(9)	0	(9)
Corporate bonds	493	492	(1)	0	(1)
Foreign bonds	1,917	1,846	(71)	0	(72)
Other	4,233	4,258	26	36	(11)
Total	$ 22,355	$ 22,382	$ 27	$ 148	$ (121)

(3) Available-for-sale securities with fair value:

	Millions of Yen				
	March 31, 2022				
	Carrying amount	Acquisition cost	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Domestic equity securities	¥ 3,864,742	¥ 1,476,431	¥ 2,388,310	¥ 2,426,193	¥ (37,883)
Domestic bonds	37,559,473	37,601,627	(42,153)	85,178	(127,331)
Japanese government bonds	29,992,064	30,031,469	(39,405)	62,264	(101,669)
Municipal bonds	3,947,956	3,954,544	(6,587)	6,662	(13,250)
Corporate bonds	3,619,453	3,615,613	3,840	16,251	(12,411)
Foreign equity securities	218,466	191,048	27,417	49,262	(21,844)
Foreign bonds	15,460,807	16,099,542	(638,735)	45,862	(684,598)
Other	4,961,930	4,830,306	131,623	199,489	(67,865)
Total	¥ 62,065,420	¥ 60,198,957	¥ 1,866,463	¥ 2,805,985	¥ (939,522)

Note:
Gains of ¥177,610 million included in “Net unrealized gain (loss)” were recognized in profit or loss by applying the fair value hedge accounting.

	Millions of Yen				
	March 31, 2021				
	Carrying amount	Acquisition cost	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Domestic equity securities	¥ 4,330,449	¥ 1,617,946	¥ 2,712,503	¥ 2,747,659	¥ (35,155)
Domestic bonds	38,404,427	38,284,821	119,605	157,408	(37,803)
Japanese government bonds	31,016,340	30,932,703	83,637	113,466	(29,829)
Municipal bonds	3,706,242	3,693,990	12,251	15,066	(2,814)
Corporate bonds	3,681,844	3,658,128	23,716	28,875	(5,159)
Foreign equity securities	85,949	65,196	20,753	20,755	(1)
Foreign bonds	15,074,318	15,140,627	(66,308)	155,940	(222,249)
Other	4,232,395	4,176,703	55,692	119,639	(63,947)
Total	¥ 62,127,541	¥ 59,285,295	¥ 2,842,246	¥ 3,201,404	¥ (359,158)

Note:
Gains of ¥160,697 million included in “Net unrealized gain (loss)” were recognized in profit or loss by applying the fair value hedge accounting.

	Millions of U.S. Dollars				
	March 31, 2022				
	Carrying amount	Acquisition cost	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Domestic equity securities	$ 31,577	$ 12,063	$ 19,514	$ 19,823	$ (310)
Domestic bonds	306,884	307,228	(344)	696	(1,040)
Japanese government bonds	245,053	245,375	(322)	509	(831)
Municipal bonds	32,257	32,311	(54)	54	(108)
Corporate bonds	29,573	29,542	31	133	(101)
Foreign equity securities	1,785	1,561	224	403	(178)
Foreign bonds	126,324	131,543	(5,219)	375	(5,594)
Other	40,542	39,467	1,075	1,630	(554)
Total	$ 507,112	$ 491,862	$ 15,250	$ 22,927	$ (7,676)

Note:
Gains of $1,451 million included in “Net unrealized gain (loss)” were recognized in profit or loss by applying the fair value hedge accounting.

(4) Proceeds from sales of available-for-sale securities and related realized gains and losses for the fiscal years ended March 31, 2022 and 2021 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2022	March 31, 2021	March 31, 2022
Sales proceeds	¥ 54,175,274	¥ 58,463,273	$ 442,645
Realized gains	422,087	535,980	3,449
Realized losses	224,295	211,494	1,833

(5) Reclassified securities

In the fiscal year ended March 31, 2022, foreign bonds in an amount of ¥794,010 million ($6,488 million) which were previously classified as "Held-to-maturity debt securities" were reclassified to "Available-for-sale securities." This change was made because the holding purpose was changed in accordance with ASC 320 "Investments – Debt Securities" following the conclusion of a share transfer agreement of MUB, which was not estimable at the time of acquisition of these debt securities.
The effects of this change on the consolidated financial statements are immaterial.

Fiscal year ended March 31, 2021
Not applicable

(6) Impairment loss on securities

Securities other than trading securities and investments in affiliates (excluding non-marketable equity securities or investment in partnerships and others), whose fair value significantly declined compared with the acquisition cost, and is considered to be other than recoverable decline, were written down to the respective fair value which is recorded as the carrying amount on the consolidated balance sheets.
Impairment losses for the fiscal years ended March 31, 2022 and 2021 were ¥4,969 million ($41 million) consisting of ¥4,944 million ($40 million) on domestic equity securities and ¥24 million ($0 million) on debt securities and others and ¥1,190 million consisting of ¥1,118 million on domestic equity securities and ¥71 million on debt securities and others, respectively.

The criteria for determining whether the fair value "significantly declined" are defined based on the classification of the issuer in the Bank's internal standards for asset quality self-assessment as follows:

(a) Bankrupt, virtually bankrupt, likely to become bankrupt issuers: Fair value is lower than acquisition cost.
(b) Issuers requiring close watch: Fair value has declined by 30% or more of the acquisition cost.
(c) Normal issuers: Fair value has declined by 50% or more of the acquisition cost.

"Bankrupt issuers" mean issuers who have entered into bankruptcy, special liquidation proceedings or similar legal proceedings or whose notes have been dishonored and suspended from processing through clearing houses. "Virtually bankrupt issuers" mean issuers who are not legally or formally bankrupt but are regarded as substantially in a similar condition. "Likely to become bankrupt issuers" mean issuers who are not legally bankrupt but are likely to become bankrupt. "Issuers requiring close watch" mean issuers who require close watch of the management. "Normal issuers" mean issuers other than "Bankrupt issuers," "Virtually bankrupt issuers," "Likely to become bankrupt issuers" or "Issuers requiring close watch."

5. MONEY HELD IN TRUST

"Money held in trust" classified as trading as of March 31, 2022 and 2021 was as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2022	March 31, 2021	March 31, 2022
Carrying amount	¥ 51,877	¥ 37,257	$ 424
Net unrealized loss	(1,977)	(8,870)	(16)

There was no "Money held in trust" classified as held-to-maturity as of March 31, 2022 and 2021.

"Money held in trust" classified as other than trading and held-to-maturity as of March 31, 2022 and 2021 was as follows:

	Millions of Yen				
	March 31, 2022				
	Carrying amount	Acquisition cost	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Money held in trust classified as other than trading and held-to-maturity	¥ 2,226	¥ 2,226	¥ –	¥ –	¥ –

	Millions of Yen				
	March 31, 2021				
	Carrying amount	Acquisition cost	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Money held in trust classified as other than trading and held-to-maturity	¥ 1,647	¥ 1,647	¥ –	¥ –	¥ –

	Millions of U.S. Dollars				
	March 31, 2022				
	Carrying amount	Acquisition cost	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Money held in trust classified as other than trading and held-to-maturity	$ 18	$ 18	$ –	$ –	$ –

6. NET UNREALIZED GAIN ON AVAILABLE-FOR-SALE SECURITIES

Net unrealized gain on available-for-sale securities as of March 31, 2022 and 2021 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2022	March 31, 2021	March 31, 2022
Unrealized gain:	¥ 1,709,202	¥ 2,678,640	$ 13,965
Available-for-sale securities	1,709,202	2,685,371	13,965
Money held in trust except for trading and held-to-maturity purpose	–	–	–
Securities reclassified from available-for-sale securities into held-to-maturity debt securities	–	(6,731)	–
Deferred tax liabilities	(470,056)	(764,030)	(3,841)
Net unrealized gain on available-for-sale securities before adjustments by ownership share	1,239,146	1,914,610	10,125
Non-controlling interests	(5,993)	(8,817)	(49)
Bank's ownership share in unrealized gain on available-for-sale securities held by affiliates accounted for using the equity method	(2,991)	1,846	(24)
Net unrealized gain on available-for-sale securities	¥ 1,230,161	¥ 1,907,639	$ 10,051

Notes:
1. Unrealized gains as of March 31, 2022 and 2021 in the table above do not include gains, which were recognized in profit or loss by the fair value hedge accounting in the amount of ¥177,610 million ($1,451 million) and ¥160,697 million, respectively as described in Note 4 (3).
2. Unrealized gain in the table above includes ¥20,350 million ($166 million) and ¥3,822 million of net unrealized gain on available-for-sale securities invested in limited partnerships as of March 31, 2022 and 2021, respectively.

7. NON-PERFORMING LOANS

Loans to be disclosed under the Banking Act and the Financial Reconstruction Act (the “FRA”) were as follows. Disclosed loans include corporate bonds included in Securities (to the extent that such bonds were issued through private placements as stipulated in Article 2, Paragraph 3 of the Financial Instruments and Exchange Act and that the principal of and interest on such bonds are partly or fully guaranteed by the Bank), Loans and bills discounted, Foreign exchanges, accrued interest and suspense payments included in Other assets, and Customers' liabilities for acceptances and guarantees, each as included in the consolidated balance sheets, and securities loaned (to the extent borrowers have the right to sell or pledge such securities) as included in the notes.

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2022	March 31, 2021	March 31, 2022
Bankrupt or De facto Bankrupt	¥ 245,042	¥ 281,869	$ 2,002
Doubtful	692,173	524,787	5,655
Special Attention	359,056	374,967	2,934
Accruing loans contractually past due 3 months or more	6,487	16,093	53
Restructured loans	352,569	358,874	2,881
Subtotal	1,296,272	1,181,624	10,591
Normal	117,851,169	112,738,037	962,915
Total	¥ 119,147,441	¥ 113,919,661	$ 973,506

Bankrupt or De facto Bankrupt represents loans to borrowers that are bankrupt or in substantially similar condition due to reasons including a petition being filed to commence bankruptcy, reorganization or rehabilitation proceedings.
Doubtful represents loans to borrowers that are not yet in a state of bankruptcy but that are in deteriorated financial condition, with deteriorated operating results, and with a high likelihood of loan principal and interest not being collected or received in accordance with contractual terms, other than loans included in the Bankrupt or De facto Bankrupt category.
Accruing loans contractually past due 3 months or more represent loans with respect to which principal repayments or interest payments have been past due for 3 months or more, other than loans included in the Bankrupt or De facto Bankrupt category or the Doubtful category.
Restructured loans represent loans that have been modified with concessionary terms, including interest rate reductions, deferral of interest payments, deferral of principal repayments, waivers of loan claims and other renegotiated terms, that are favorable to borrowers, for the purpose of assisting such borrowers in improving their financial condition, other than loans included in the Bankrupt or De facto Bankrupt category, the Doubtful category or the Accruing loans contractually past due 3 months or more category.
Normal represents loans with no particular issues identified in terms of the financial condition and results of operations of borrowers and thus not included in the Bankrupt or De facto Bankrupt category, the Doubtful category, the Accruing loans contractually past due 3 months or more category or the Restructured loan category.
The amounts provided in the table above represent gross amounts before deduction of allowance for credit losses.

(Changes in Presentation of Financial Information)
As the Cabinet Office Ordinance to Partially Amend the Enforcement Regulations of the Banking Act (Cabinet Office Ordinance No. 3, January 24, 2020) came into effect on March 31, 2022, the presentation of "risk-monitored loans" previously based on the categories stipulated by the Banking Act has been revised based on the categories of loans to be disclosed under the FRA.

8. TANGIBLE FIXED ASSETS

The accumulated depreciation of "Tangible fixed assets" as of March 31, 2022 and 2021 amounted to ¥904,493 million ($7,390 million) and ¥893,177 million, respectively.

Deferred gains on "Tangible fixed assets" not recognized for tax purposes as of March 31, 2022 and 2021 amounted to ¥55,302 million ($452 million) and ¥57,725 million, respectively.

9. LAND REVALUATION SURPLUS

In accordance with the "Act on Revaluation of Land" (the "Act") (No. 34, March 31, 1998), land used for business operations of the Bank has been revalued as of the dates indicated below. The excess of revaluation to carrying value at the time of revaluation, net of income taxes corresponding to the excess, which are recognized as "Deferred tax liabilities for land revaluation" in liabilities, is stated as "Land revaluation surplus" in equity.

Date of revaluation: March 31, 1998
The method of revaluation of assets is set forth in Article 3-3 of the "Act":
Fair values are determined based on (1) "Published land price under the Land Price Publication Law" stipulated in Article 2-1 of the "Order for Enforcement on Law on Revaluation of Land" ("Order") (No. 119, March 31, 1998), (2) "Standard land price determined on measurement spots under Order for Enforcement of the National Land Planning Law" stipulated in Article 2-2 of the "Order," (3) "Land price determined using the method established and published by the Commissioner of National Tax Agency of Japan in order to calculate land value, which is used for determining taxable amounts subject to landholding tax articulated in Article 16 of the Landholding Tax Law" stipulated in Article 2-4 of "Order" with price adjustments by shape and time.

10. CUSTOMERS' LIABILITIES FOR ACCEPTANCES AND GUARANTEES

All contingent liabilities arising from acceptances and guarantees are reflected in "Acceptances and guarantees." "Customers' liabilities for acceptances and guarantees" are shown as contra accounts, representing the Bank's right to receive indemnity from the applicants.

Guarantee obligations for private placement bonds included in "Securities" (provided in accordance with the Article 2-3 of the "Financial Instruments and Exchange Act") as of March 31, 2022 and 2021 were ¥259,497 million ($2,120 million) and ¥268,057 million, respectively.

11. ASSETS PLEDGED AS COLLATERAL

Assets pledged as collateral and their relevant liabilities as of March 31, 2022 and 2021 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2022	March 31, 2021	March 31, 2022
Assets pledged as collateral:			
Cash and due from banks	¥ 3,410	¥ 3,466	$ 28
Securities	16,621,197	16,138,432	135,805
Loans and bills discounted	11,021,496	11,495,048	90,052
Other assets	5,118	5,048	42
Total	¥ 27,651,222	¥ 27,641,995	$ 225,927
Relevant liabilities to above assets:			
Deposits	¥ 563,799	¥ 458,344	$ 4,607
Call money and bills sold	5,702	–	47
Trading liabilities	15,713	19,360	128
Borrowed money	27,230,290	27,326,072	222,488
Bonds payable	29,626	55,905	242
Other liabilities	93	1,686	1
Total	¥ 27,845,226	¥ 27,861,370	$ 227,512

In addition to the above, the following assets were pledged as collateral for cash settlements and other transactions or as deposits for margin accounts of futures and other transactions:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2022	March 31, 2021	March 31, 2022
Assets pledged as collateral:			
Cash and due from banks	¥ 14	¥ –	$ 0
Trading assets	531,854	591,741	4,346
Securities	13,035,967	12,358,629	106,512
Loans and bills discounted	4,420,416	4,163,439	36,117
Total	¥ 17,988,253	¥ 17,113,809	$ 146,975

Furthermore, “Trading assets” and “Securities” sold under repurchase agreements or loaned under securities lending with cash collateral were ¥1,082,616 million ($8,846 million) and ¥5,888,592 million ($48,113 million), respectively, as of March 31, 2022 and ¥1,580,821 million and ¥2,383,963 million, respectively, as of March 31, 2021.

“Payables under repurchase agreements” relevant to above assets were ¥8,958,286 million ($73,195 million) and ¥3,639,512 million as of March 31, 2022 and 2021, respectively.

“Payables under securities lending transactions” relevant to above assets were ¥157,661 million ($1,288 million) and ¥7,483 million as of March 31, 2022 and 2021, respectively.

“Securities” pledged by GC Repos under the Subsequent Collateral JGB Allocation Method were ¥695,798 million ($5,685 million) and ¥948,493 million as of March 31, 2022 and 2021, respectively.

“Non-recourse debts” of consolidated special purpose company corresponding to borrowed money were ¥2,100 million ($17 million) and ¥2,100 million as of March 31, 2022 and 2021, respectively.

Relevant assets to above non-recourse debt corresponding to loans and bills discounted were ¥20,000 million ($163 million) and ¥20,000 million as of March 31, 2022 and 2021, respectively.

These amounts are included in above tables.

12. LOAN COMMITMENTS

Overdraft facilities and commitment lines of credit are binding contracts under which the Group has obligations to disburse funds up to predetermined limits upon the borrower's request as long as there has been no breach of contract. The total amount of the unused portion of these facilities was ¥85,411,838 million ($697,866 million) and ¥85,522,045 million as of March 31, 2022 and 2021, respectively.

The total amount of the unused portion does not necessarily represent the actual future cash requirements because many of these contracts are expected to expire without being drawn upon. In addition, most of these contracts include clauses, which allow the Group to decline the borrowers' request for disbursement or decrease contracted limits for cause, such as changes in financial conditions or deteriorating borrowers' creditworthiness. The Group may request the borrowers to pledge real property and/or securities as collateral upon signing of the contract and will perform periodic monitoring on the borrowers' business conditions in accordance with internal procedures, which may lead to renegotiation of the terms and conditions of the contracts and/or initiate the request for additional collateral and/or guarantees.

13. BORROWED MONEY, LEASE LIABILITIES AND COMMERCIAL PAPER

"Borrowed money," "Lease liabilities" and "Commercial paper" as of March 31, 2022 and 2021 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2022	March 31, 2021	March 31, 2022
Borrowings from banks and other, due 2021-2041, 0.50% on the average	¥ 36,933,650	¥ 36,814,266	$ 301,770
Bills rediscounted	–	–	–
Total borrowed money	¥ 36,933,650	¥ 36,814,266	$ 301,770
Lease liabilities, due 2021-2048	101,757	102,537	831
Commercial paper, 0.44% on the average	1,322,774	883,258	10,808

Notes:
1. The interest rates above are calculated using the weighted-average method based on the interest rate and balance as of March 31. The average interest rate of lease liabilities for finance leases of certain consolidated companies is not presented above because lease liabilities are recorded on the consolidated balance sheets for the total amount of lease payments including interest.
2. The borrowings above include subordinated borrowings in the amounts of ¥8,707,450 million ($71,145 million) and ¥7,915,319 million as of March 31, 2022 and 2021, respectively.
3. The borrowings above include perpetual subordinated borrowings without the repayment term.
4. The borrowings above include non-recourse debts of a consolidated special purpose entity in the amount of ¥2,100 million ($17 million).
5. Lease liabilities are included in "Other liabilities" in the consolidated balance sheets.
6. "Commercial paper" is issued in the form of promissory notes as a fund-raising activity.

Annual maturities of borrowings as of March 31, 2022 were as follows:

Year ending March 31	Millions of Yen	Millions of U.S. Dollars
2023	¥ 10,099,177	$ 82,516
2024	1,610,104	13,156
2025	17,169,669	140,287
2026	2,084,907	17,035
2027	662,536	5,413
2028 and thereafter	5,307,254	43,363
Total	¥ 36,933,650	$ 301,770

Annual maturities of lease liabilities as of March 31, 2022 were as follows:

Year ending March 31	Millions of Yen	Millions of U.S. Dollars
2023	¥ 21,193	$ 173
2024	17,397	142
2025	13,798	113
2026	11,908	97
2027	9,944	81
2028 and thereafter	27,515	225
Total	¥ 101,757	$ 831

14. BONDS PAYABLE

"Bonds payable" as of March 31, 2022 and 2021 consisted of the following:

Description	Issued	Millions of Yen 2022	Millions of Yen 2021	Millions of U.S. Dollars 2022	Coupon rate (%)	Secured or unsecured	Due
The Bank:							
Straight bonds payable in yen	Oct. 2002-Jul. 2014	¥ 72,400 [35,000]	¥ 123,400 [51,000]	$ 592 [286]	0.35-2.34	Unsecured	Apr. 2021-Apr. 2027
Senior bonds payable in US$	Feb. 2013-Mar. 2015	384,888 (USD 3,145 million) [61,183]	431,167 (USD 3,895 million) [83,033]	3,145 [500]	2.60-4.70	Unsecured	Sep. 2021-Mar. 2044
Euro senior bonds payable in US$	Jan. 2015-Mar. 2022	655,392 (USD 5,355 million)	598,437 (USD 5,405 million)	5,355	0.00	Unsecured	Apr. 2021-Mar. 2052
Senior bonds payable in Euro	Mar. 11, 2015	−	97,288 (EUR 750 million) [97,288]	−	0.87	Unsecured	Mar. 11, 2022
Euro senior bonds payable in Euro	Sep. 2017-Sep. 2018	6,151 (EUR 45 million)	12,331 (EUR 95 million)	50	(0.32)-(0.10)	Unsecured	Sep. 2021-Sep. 2033
Euro senior bonds payable in A$	Mar. 17, 2017	−	3,095 (AUD 37 million)	−	0.00	Unsecured	Mar. 17, 2022
Subordinated bonds payable in yen	Oct. 2009-May 2012	236,000 [60,000]	351,000 [115,000]	1,928 [490]	1.39-2.91	Unsecured	Jun. 2021-Jan. 2031
Subsidiaries*1:							
Straight bonds payable	Jun. 2012-Dec. 2021	456,880 (USD 1,981 million) (THB 48,708 million) (IDR 6,758,950 million) (MYR 250 million) [370,800]	626,480 (USD 3,314 million) (KHR 120,000 million) (THB 77,865 million) (IDR 8,406,810 million) (MYR 250 million) [222,485]	3,733 [3,030]	0.00-10.25	*2	Jan. 2021-Oct. 2026
Subordinated bonds payable	Aug. 1997-Dec. 2021	258,708 (USD 45 million) (THB 60,811 million) [483]	261,621 (USD 49 million) (THB 60,811 million) [2,606]	2,114 [4]	0.10-9.90	Unsecured	Mar. 2021-Mar. 2035
Total		¥ 2,070,421	¥ 2,504,821	$ 16,917			

Notes:
1. *1 Subsidiaries include MUAH, BTMU (Curacao) Holdings N.V., MUFG Bank (Malaysia) Berhad, Krungsri, Bank Danamon and others.
2. *2 25 issues of secured straight bonds issued by consolidated subsidiaries are included. All other issues are unsecured.
3. ( ) denotes the amounts of foreign currency denominated bonds payable.
4. [ ] denotes the amounts expected to be redeemed within one year.
5. "Bonds payable" above include subordinated bonds in the amounts of ¥494,708 million ($4,042 million) and ¥612,621 million as of March 31, 2022 and 2021, respectively.

Annual maturities of bonds payable as of March 31, 2022 were as follows:

Year ending March 31	Millions of Yen	Millions of U.S. Dollars
2023	¥ 527,468	$ 4,310
2024	208,256	1,702
2025	154,648	1,264
2026	62,700	512
2027	49,349	403
2028 and thereafter	1,067,998	8,726
Total	¥ 2,070,421	$ 16,917

15. ASSET OR LIABILITY FOR RETIREMENT BENEFITS

The Bank and its domestic subsidiaries have retirement benefit plans with defined benefits, such as defined benefit corporate pension plans and lump-sum severance payment plans. In certain cases of severance of employees, additional severance benefits may be paid, which are not included in retirement benefit obligations calculated actuarially pursuant to applicable accounting standard for retirement benefits.

Certain overseas branches of the Bank and certain overseas subsidiaries also have benefit plans with defined benefits.

Defined Benefit Plans:

(1) The changes in defined benefit obligation for the fiscal years ended March 31, 2022 and 2021 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2022	March 31, 2021	March 31, 2022
Balance at beginning of year	¥ 1,983,515	¥ 1,919,904	$ 16,207
[of which foreign exchange translation adjustments]	*[(56,521)]*	*[20,955]*	*[(462)]*
Service cost	49,779	48,217	407
Interest cost	21,458	23,150	175
Actuarial losses	(52,065)	29,381	(425)
Benefits paid	(97,485)	(93,074)	(797)
Past service cost (credit)	419	(1,248)	3
Others	739	664	6
Balance at end of year	¥ 1,906,360	¥ 1,926,993	$ 15,576

Note:
Some overseas branches of the Bank and some overseas subsidiaries have adopted the simplified method in calculating the projected benefit obligation.

(2) The changes in plan assets for the fiscal years ended March 31, 2022 and 2021 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2022	March 31, 2021	March 31, 2022
Balance at beginning of year	¥ 2,691,819	¥ 2,262,858	$ 21,994
[of which foreign exchange translation adjustments]	*[(62,844)]*	*[21,063]*	*[(513)]*
Expected return on plan assets	89,587	76,396	732
Actuarial gains	20,459	348,452	167
Contributions from the employer	14,170	11,305	116
Benefits paid	(74,957)	(70,419)	(612)
Others	387	381	3
Balance at end of year	¥ 2,741,465	¥ 2,628,974	$ 22,399

(3) A reconciliation between liability for retirement benefits and asset for retirement benefits recorded in the consolidated balance sheets and the balances of defined benefit obligation and plan assets as of March 31, 2022 and 2021 was as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2022	March 31, 2021	March 31, 2022
Funded defined benefit obligation	¥ 1,831,888	¥ 1,849,214	$ 14,968
Plan assets	(2,741,465)	(2,628,974)	(22,399)
	(909,577)	(779,759)	(7,432)
Unfunded defined benefit obligation	74,472	77,778	608
Net asset arising from defined benefit obligation	¥ (835,104)	¥ (701,980)	$ (6,823)

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2022	March 31, 2021	March 31, 2022
Liability for retirement benefits	¥ 77,067	¥ 79,511	$ 630
Asset for retirement benefits	(912,172)	(781,492)	(7,453)
Net asset arising from defined benefit obligation	¥ (835,104)	¥ (701,980)	$ (6,823)

(4) The components of net periodic retirement benefit costs for the fiscal years ended March 31, 2022 and 2021 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2022	March 31, 2021	March 31, 2022
Service cost	¥ 49,779	¥ 48,217	$ 407
Interest cost	21,458	23,150	175
Expected return on plan assets	(89,587)	(76,396)	(732)
Amortization of past service credit	(2,936)	(5,212)	(24)
Recognized actuarial (gains) losses	(21,591)	18,814	(176)
Others (additional temporary severance benefits)	15,122	15,415	124
Net periodic retirement benefit costs	¥ (27,754)	¥ 23,989	$ (227)

Note:
Retirement benefit costs of some overseas branches of the Bank and some subsidiaries, which have adopted the simplified method are included in "Service cost."

(5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2022 and 2021 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2022	March 31, 2021	March 31, 2022
Past service cost	¥ (2,409)	¥ (4,390)	$ (20)
Actuarial gains	40,787	344,521	333
Total	¥ 38,378	¥ 340,131	$ 314

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2022 and 2021 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2022	March 31, 2021	March 31, 2022
Unrecognized past service credit	¥ 3,695	¥ 6,104	$ 30
Unrecognized actuarial gains	252,536	211,749	2,063
Total	¥ 256,232	¥ 217,853	$ 2,094

(7) Plan assets

a. Components of plan assets

The composition of plan assets by major category as of March 31, 2022 and 2021 was as follows:

	March 31, 2022	March 31, 2021
Domestic equity investments	26.50%	28.74%
Domestic debt investments	16.81	16.64
Foreign equity investments	22.17	22.82
Foreign debt investments	20.66	16.66
General account of life insurance	7.08	7.37
Others	6.78	7.77
Total	100.00	100.00

Note:
Total plan assets include retirement benefit trust of 20.97% and 20.83%, which was set up on corporate pension plans as of March 31, 2022 and 2021, respectively.

b. Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering the allocation of the plan assets expected currently, and in the future, and the long-term rates of return, which are expected currently and in the future from the various components of the plan assets.

(8) Assumptions used for the fiscal years ended March 31, 2022 and 2021 were set forth as follows:

	2022	2021
Discount rate:		
Domestic	0.10%-0.92%	0.00%-0.75%
Overseas	0.52%-9.04%	0.51%-8.50%
Expected salary increase rate:		
Domestic	2.63%-4.50%	2.63%-4.50%
Overseas	1.50%-10.50%	0.90%-9.00%
Expected rate of return on plan assets:		
Domestic	1.96%-3.00%	1.92%-3.00%
Overseas	0.90%-9.04%	0.90%-7.00%

16. CONTINGENT LIABILITIES

In the ordinary course of business, the Group is subject to various litigation and regulatory matters. In accordance with applicable accounting guidance, the Group establishes an accrued liability for loss contingencies arising from litigation and regulatory matters when they are determined to be probable in their occurrences and the probable loss amount can be reasonably estimated.
Based upon current knowledge and consultation with counsel, management believes the eventual outcome of such litigation and regulatory matters where losses are probable and the probable loss amounts can be reasonably estimated would not have a material adverse effect on the Group’s financial positions, results of operations or cash flows. Additionally, management believes the amount of loss that is reasonably possible, but not probable, from various litigations and regulatory matters is not material to the Group’s financial positions, results of operations or cash flows.

17. CAPITAL REQUIREMENT

Japanese banks are subject to the Banking Law and to the Companies Act of Japan (the “Companies Act”).

The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(1) ***Dividends***

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders’ meeting. For companies that meet certain criteria such as: (1) having the Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. With respect to the third condition above, the Board of Directors of companies with (a) board committees (namely, appointment committee, compensation committee and audit committee), or (b) an audit and supervisory committee (as implemented under the Companies Act effective May 1, 2015) may also declare dividends at any time because such companies, by their nature, meet the criteria under the Companies Act. The Bank is organized as a company with an audit and supervisory committee, effective June 28, 2016. The Bank meets all of the above criteria. The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to certain limitations and additional requirements. Interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Bank can do so because it stipulates this in its articles of incorporation. The Companies Act provides certain limitations on the amounts available for dividends or the purchases of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of equity after dividends must be maintained at no less than ¥3 million.

(2) ***Increases/Decreases and Transfer of Capital Stock, Reserve and Surplus***

The Banking Law requires that an amount equal to 20% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as capital reserve (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of the aggregate amount of legal reserve and capital reserve equals 100% of capital stock.
Under the Companies Act and the Banking Law, the aggregate amount of capital reserve and legal reserve that exceeds 100% of the capital stock may be made available for dividends by resolution of the shareholders after transferring such excess to other capital surplus and other retained earnings in accordance with the Companies Act. Under the Companies Act, the total amount of capital reserve and legal reserve may be reversed without limitation. The Companies Act also provides that capital stock, legal reserve, capital reserve, other capital surplus and other retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

(3) ***Treasury Stock and Treasury Stock Acquisition Rights***

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by a specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

18. CAPITAL STOCK AND DIVIDENDS PAID

Capital stock consists of common stock and preferred stock. The changes in the number of issued shares of common stock and preferred stock during the fiscal years ended March 31, 2022 and 2021 were as follows:

	Number of shares in thousands			
	April 1, 2021	Increase	Decrease	March 31, 2022
Outstanding shares issued:				
Common stock	12,350,038	–	–	12,350,038
Preferred stock–first series of Class 2	100,000	–	–	100,000
Preferred stock–first series of Class 4	79,700	–	–	79,700
Preferred stock–first series of Class 6	1,000	–	–	1,000
Preferred stock–first series of Class 7	177,000	–	–	177,000
Total	12,707,738	–	–	12,707,738
Treasury stock:				
Preferred stock–first series of Class 2	100,000	–	–	100,000
Preferred stock–first series of Class 4	79,700	–	–	79,700
Preferred stock–first series of Class 6	1,000	–	–	1,000
Preferred stock–first series of Class 7	177,000	–	–	177,000
Total	357,700	–	–	357,700

	Number of shares in thousands			
	April 1, 2020	Increase	Decrease	March 31, 2021
Outstanding shares issued:				
Common stock	12,350,038	–	–	12,350,038
Preferred stock–first series of Class 2	100,000	–	–	100,000
Preferred stock–first series of Class 4	79,700	–	–	79,700
Preferred stock–first series of Class 6	1,000	–	–	1,000
Preferred stock–first series of Class 7	177,000	–	–	177,000
Total	12,707,738	–	–	12,707,738
Treasury stock:				
Preferred stock–first series of Class 2	100,000	–	–	100,000
Preferred stock–first series of Class 4	79,700	–	–	79,700
Preferred stock–first series of Class 6	1,000	–	–	1,000
Preferred stock–first series of Class 7	177,000	–	–	177,000
Total	357,700	–	–	357,700

There was no issuance of stock acquisition rights and treasury stock acquisition rights as of March 31, 2022 and 2021.

The Bank paid the following cash dividends during the fiscal years ended March 31, 2022 and 2021:

Fiscal year ended March 31, 2022:

Cash dividends approved at the Board of Directors' meeting held on May 17, 2021:	Total amount (Millions of Yen)	Per share amount (Yen)	Dividend record date	Effective date
Common stock	¥ 88,549	¥ 7.17	Mar. 31, 2021	May 18, 2021

Cash dividends approved at the Board of Directors' meeting held on May 17, 2021:	Total amount (Millions of U.S. Dollars)	Per share amount (U.S. Dollar)	Dividend record date	Effective date
Common stock	$ 723	$ 0.06	Mar. 31, 2021	May 18, 2021

Cash dividends approved at the Board of Directors' meeting held on November 15, 2021:	Total amount (Millions of Yen)	Per share amount (Yen)	Dividend record date	Effective date
Common stock	¥ 150,423	¥ 12.18	Sep. 30, 2021	Nov. 16, 2021

Cash dividends approved at the Board of Directors' meeting held on November 15, 2021:	Total amount (Millions of U.S. Dollars)	Per share amount (U.S. Dollar)	Dividend record date	Effective date
Common stock	$ 1,229	$ 0.10	Sep. 30, 2021	Nov. 16, 2021

Cash dividends approved at the Board of Directors' meeting held on January 27, 2022:	Total amount (Millions of Yen)	Per share amount (Yen)	Dividend record date	Effective date
Common stock	¥ 126,093	¥ 10.21	–	Feb. 2, 2022

Cash dividends approved at the Board of Directors' meeting held on January 27, 2022:	Total amount (Millions of U.S. Dollars)	Per share amount (U.S. Dollar)	Dividend record date	Effective date
Common stock	$ 1,030	$ 0.08	–	Feb. 2, 2022

Fiscal year ended March 31, 2021:

Cash dividends approved at the Board of Directors' meeting held on May 15, 2020:	Total amount (Millions of Yen)	Per share amount (Yen)	Dividend record date	Effective date
Common stock	¥ 139,678	¥ 11.31	Mar. 31, 2020	May 18, 2020

Cash dividends approved at the Board of Directors' meeting held on November 13, 2020:	Total amount (Millions of Yen)	Per share amount (Yen)	Dividend record date	Effective date
Common stock	¥ 139,184	¥ 11.27	Sep. 30, 2020	Nov. 16, 2020

Subject to approval at the Board of Directors' meeting, the Bank paid the following cash dividends on May 17, 2022, to shareholders of record as of March 31, 2022:

Cash dividends approved at the Board of Directors' meeting held on May 16, 2022:	Total amount (Millions of Yen)	Dividend resource	Per share amount (Yen)	Dividend record date	Effective date
Common stock	¥ 156,474	Retained earnings	¥ 12.67	Mar. 31, 2022	May 17, 2022

Cash dividends approved at the Board of Directors' meeting held on May 16, 2022:	Total amount (Millions of Yen)	Dividend resource	Per share amount (Yen)	Dividend record date	Effective date
Common stock	$ 1,278	Retained earnings	$ 0.10	Mar. 31, 2022	May 17, 2022

19. STOCK OPTIONS

There were no stock options outstanding as of March 31, 2022 and 2021.

20. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the fiscal years ended March 31, 2022 and 2021, include the following items

	Millions of Yen				Millions of U.S. Dollars	
Fiscal years ended March 31	2022		2021		2022	
Personnel costs	¥	891,858	¥	900,646	$	7,287
Depreciation		236,112		235,929		1,929

21. OTHER INCOME

Other income for the fiscal years ended March 31, 2022 and 2021 was as follows:

	Millions of Yen				Millions of U.S. Dollars	
Fiscal years ended March 31	2022		2021		2022	
Gains on sales of equity securities and other securities	¥	315,451	¥	131,889	$	2,577
Gain on sales of stocks of subsidiaries		4,295		–		35
Gain on sales of stocks of affiliates		28,968		–		237
Gain on business transfer		22,702		–		185
Gain on changes in equity		8,395		–		69
Lease income of consolidated subsidiaries operating leasing business		2,582		3,849		21
Gain on disposal of fixed assets		26,213		28,873		214
Gain on collection of bad debts		64,283		44,649		525
Equity in earnings of the equity method investees		25,038		19,130		205
Other		64,780		55,719		529
Total	¥	562,711	¥	284,111	$	4,598

22. OTHER EXPENSES

Other expenses for the fiscal years ended March 31, 2022 and 2021 was as follows:

	Millions of Yen		Millions of U.S. Dollars
Fiscal years ended March 31	2022	2021	2022
Losses on write-down or sales of equity securities and other securities	¥ 38,377	¥ 44,932	$ 314
Write-offs of loans	82,069	110,545	671
Provision of reserve for contingent losses	33,007	10,801	270
Loss on forgiveness of loans and others	16,774	22,209	137
Loss on disposal of fixed assets	10,444	11,925	85
Impairment loss on fixed assets	162,686	23,472	1,329
Other	86,720	91,220	709
Total	¥ 430,081	¥ 315,106	$ 3,514

Impairment loss on fixed assets:
For the fiscal year ended March 31, 2022, the Bank recognized an impairment loss of ¥127,023 million ($1,038 million), which consists of ¥31,500 million ($257 million) for buildings and ¥93,242 million ($762 million) for software, etc.

In line with the reorganization of MUFG's business groups, in the fiscal year ended March 31, 2019, the Bank reorganized its business units, which constitute its managerial accounting segments, on a consolidated basis. Thereafter, the Bank continued to make modifications to its managerial accounting, focusing on the allocation of operating expenses, with an aim to enhance profit and loss management for each such business unit. In order to improve efficiency and effectiveness in resource management for investments in systems and other fixed assets, which are expected to increase further in importance, the Bank has adopted for each such business unit a decision-making process for budget limit management and investments. In March 2022, the Bank allocated business infrastructure assets to each of its business units in order to establish a framework that facilitates each business unit to manage such assets more autonomously.

In connection with these measures, the Bank modified its application of accounting for impairment of fixed assets. Specifically, in addition to conducting impairment test on a business location basis and on a bank-wide basis as previously done, the Bank detailed certain corporate assets, allocated some of such corporate assets to business units and conducted impairment test on a business unit basis. The allocation of such corporate assets to business units was determined based on the utilization ratio for each such asset and other allocation criteria.

Primarily as a result of the foregoing, impairment losses were recorded on assets (mainly software and the headquarters building) of the Digital Service Business Unit, the Retail & Commercial Banking Business Unit and the Global Commercial Banking Business Unit of the Bank as the carrying amount of such assets was no longer deemed fully recoverable.

The recoverable value of such assets of each business unit was calculated based on their net selling value, which represented the market value of such assets (calculated based on the real estate appraisal standards and other methods) net of estimated disposal costs.

23. INCOME TAXES

The Bank and its domestic subsidiaries are subject to Japanese national and local income taxes, which, in the aggregate, resulted in the same normal effective statutory tax rates of approximately 30.62% for both the fiscal years ended March 31, 2022 and 2021.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in “Deferred tax assets” and “Deferred tax liabilities” as of March 31, 2022 and 2021 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Deferred tax assets:			
Excess over deductible limit of provision of allowance for credit losses and write-offs of loans	¥ 327,505	¥ 301,104	$ 2,676
Revaluation loss on securities	70,483	72,614	576
Unrealized losses on available-for-sale securities	29,779	4,530	243
Liability for retirement benefits	13,791	27,612	113
Reserve for contingent losses	31,584	24,419	258
Depreciation and impairment losses	85,255	48,016	697
Tax loss carryforwards	11,544	7,955	94
Cost adjustments on land merger	23,092	25,135	189
Net deferred gain on derivatives under hedge accounting	56,625	－	463
Other	338,283	300,845	2,764
Subtotal	987,946	812,234	8,072
Less valuation allowances	(112,022)	(117,323)	(915)
Total	¥ 875,924	¥ 694,910	$ 7,157
Deferred tax liabilities:			
Unrealized gains on available-for-sale securities	¥ (492,008)	¥ (763,307)	$ (4,020)
Revaluation gain on securities at merger	(49,314)	(52,562)	(403)
Unrealized gain on lease transactions	(48,286)	(49,812)	(395)
Net deferred loss on derivatives under hedge accounting	－	(79,543)	－
Gain on establishment of retirement benefit trust	(45,695)	(45,495)	(373)
Retained earnings of affiliates	(121,584)	(103,430)	(993)
Other	(194,816)	(172,025)	(1,592)
Total	¥ (951,706)	¥ (1,266,177)	$ (7,776)
Net deferred tax liabilities	¥ (75,782)	¥ (571,266)	$ (619)

The reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the consolidated statements of income for the fiscal years ended March 31, 2022 and 2021 was as follows:

	2022	2021
Normal effective statutory tax rate	30.62 %	30.62 %
Elimination of dividends received from subsidiaries and affiliates	1.32	2.04
Permanent non-taxable differences (e.g., non-taxable dividend income)	(1.76)	(3.09)
Change in valuation allowances	(2.11)	0.21
Taxation on unrealized gain on available-for-sale securities	5.15	－
Equity in earnings of the equity method investees	(1.03)	(1.38)
Tax rate difference of overseas subsidiaries	(4.64)	(5.43)
Retained earnings of affiliates	2.16	1.21
Amortization of goodwill	0.21	0.34
Other	(2.40)	(1.81)
Actual effective tax rate	27.52 %	22.71 %

24. LEASES

Operating Leases

(1) Lessee

Future lease payments including interest payables under noncancelable operating leases as of March 31, 2022 and 2021 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2022	March 31, 2021	March 31, 2022
Due within one year	¥ 24,180	¥ 30,990	$ 198
Due after one year	76,820	87,826	628
Total	¥ 101,001	¥ 118,816	$ 825

*The above table does not include amounts stated in the balance sheet of foreign subsidiaries.

(2) Lessor

Future lease receivables including interest receivables under noncancelable operating leases as of March 31, 2022 and 2021 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2022	March 31, 2021	March 31, 2022
Due within one year	¥ 1,958	¥ 2,759	$ 16
Due after one year	12,658	15,862	103
Total	¥ 14,617	¥ 18,621	$ 119

25. COMPREHENSIVE INCOME

The components of other comprehensive income (loss) for the fiscal years ended March 31, 2022 and 2021 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Net unrealized (loss) gain on available-for-sale securities:			
(Loss) gain arising during the year	¥ (738,854)	¥ 838,699	$ (6,037)
Reclassification adjustments to loss	(230,480)	(229,445)	(1,883)
Amount before income tax effect	(969,335)	609,253	(7,920)
Income tax effect	293,874	(183,549)	2,401
Total	(675,460)	425,704	(5,519)
Net deferred loss on derivatives under hedge accounting:			
Loss arising during the year	(357,888)	(179,934)	(2,924)
Reclassification adjustments to profit	(80,318)	(1,613)	(656)
Amount before income tax effect	(438,207)	(181,548)	(3,580)
Income tax effect	133,512	57,662	1,091
Total	(304,694)	(123,885)	(2,490)
Foreign currency translation adjustments:			
Gain (loss) arising during the year	450,201	(136,394)	3,678
Reclassification adjustments to profit	524	–	4
Amount before income tax effect	450,726	(136,394)	3,683
Income tax effect	(1,023)	230	(8)
Total	449,703	(136,164)	3,674
Defined retirement benefit plans:			
Gain arising during the year	62,940	326,529	514
Reclassification adjustments to profit	(24,562)	13,601	(201)
Amount before income tax effect	38,378	340,131	314
Income tax effect	(8,823)	(103,312)	(72)
Total	29,554	236,819	241
Share of other comprehensive income (loss) in affiliates accounted for using the equity method:			
Income (loss) arising during the year	9,134	(2,539)	75
Reclassification adjustments to profit	(667)	(167)	(5)
Total	8,467	(2,706)	69
Total other comprehensive (loss) income	¥ (492,430)	¥ 399,766	$ (4,023)

26. PER SHARE INFORMATION

	Yen		U.S. Dollars
Fiscal years ended March 31	2022	2021	2022
Basic earnings per common share	¥ 40.72	¥ 24.91	$ 0.33
Diluted earnings per common share	40.72	24.91	0.33

	Yen		U.S. Dollars
	March 31, 2022	March 31, 2021	March 31, 2022
Total equity per common share	¥ 954.38	¥ 984.24	$ 7.80

Notes:

1. Basic earnings per common share and diluted earnings per common share are calculated based on the following:

	Millions of Yen		Millions of U.S. Dollars
Fiscal years ended March 31	2022	2021	2022
Net income attributable to the shareholders of the Bank	¥ 503,001	¥ 307,761	$ 4,110
Net income attributable to the shareholders of the Bank related to common shares	503,001	307,761	4,110

	Number of shares in thousands	
Fiscal years ended March 31	2022	2021
Average number of common shares during the year	12,350,038	12,350,038

	Millions of Yen		Millions of U.S. Dollars
Fiscal years ended March 31	2022	2021	2022
Diluted earnings per common share			
Adjustment to net income attributable to the shareholders of the Bank	¥ (23)	¥ (16)	$ (0.19)

2. Total equity per common share is calculated based on the following:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2022	March 31, 2021	March 31, 2022
Total equity	¥ 12,242,901	¥ 12,571,975	$ 100,032
Deductions from total equity:			
Non-controlling interests	456,174	416,462	3,727
Total	456,174	416,462	3,727
Total equity attributable to common shares	¥ 11,786,726	¥ 12,155,513	$ 96,305

	Number of shares in thousands	
	March 31, 2022	March 31, 2021
Number of common shares used in computing total equity per common share at the fiscal year end	12,350,038	12,350,038

27. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Disclosures on Financial Instruments

1) Policy for Financial Instruments

The Group provides comprehensive financial services such as deposit-taking and lending services, securities investment and other securities services and foreign exchange services. In order to prevent these businesses from being negatively affected by fluctuations in interest and foreign exchange rates, the Group conducts comprehensive asset and liability management ("ALM") by adjusting market exposure and the balance between short-term and long-term assets and liabilities. To do so, the Group raises capital from the market and hedges risks through derivative transactions among other things.

2) Nature and Extent of Risks Arising from Financial Instruments

The Bank holds various types of financial instruments such as loans, securities and derivatives and is thus exposed to credit and market risks.

Credit risk is the risk of loss on receivables such as loans due to nonperformance of contractual obligations caused by factors such as the deteriorating financial condition of a borrower.

Market risk mainly arises from changes in domestic and overseas interest rates, foreign exchange rates and fluctuations in market prices of stocks and bonds. For example, an increase in domestic and overseas interest rates would reduce the value of the Bank's bond portfolio consisting of government and other bonds, and a rise in Japanese yen would reduce the value of foreign currency denominated securities and other assets when converted into Japanese yen. The Bank also invests in marketable equity securities, and a fall in the market price would decrease the fair value of these securities. As part of trading and ALM activities, the Bank holds derivative products such as interest rate swaps. A significant change in foreign exchange or interest rates may cause a significant fluctuation in the fair value of these derivative products. In conducting transactions for the purposes of hedging risks associated with derivative products, the Bank hedges against interest rate risks with items including forecasted transactions involving fixed and variable rate deposits, loans and bonds through designated hedging instruments including interest rate swaps. The Bank hedges against foreign exchange rate fluctuation risks associated with instruments such as foreign currency denominated financial assets and liabilities through hedging instruments including currency swap transactions and forward exchange contracts. In lieu of determining effectiveness, the Bank designs hedging activities so that the material terms of the hedging instruments are almost identical to those of the hedged items. In limited circumstances, the effectiveness of hedging activities is assessed by the correlation between factors that cause changes in interest rates.

3) Risk Management for Financial Instruments

Credit Risk Management

The Bank regularly monitors and assesses the credit portfolios and uses credit rating systems and asset self-assessment systems to ensure timely and proper evaluation of credit risk. Based on the credit risk control rules, the Bank has established a credit risk control system throughout the Bank. In addition, the Bank controls credit risks of the whole Group by providing guidance to the Group companies on each credit risk control system. In screening individual transactions and managing credit risk, the Bank has in place a check-and-balance system in which the credit administration section and the business promotion section are kept separate. The Bank holds regular management committee meetings to ensure full reporting and discussion on important credit risk management and administration matters. In addition to providing checks and balances between different sections and conducting management level deliberations, the audit department also undertakes to verify credit operations to ensure appropriate credit administration.

Market Risk Management

a) Risk Management System

The Bank has established back offices (the operations administration section) and middle offices (the risk control section), which are independent from front offices (the market department), by which checks and balances are maintained. As part of risk control by management, the Board of Directors, etc. establishes the framework for the market risk management system and defines authorities related to market operations. Furthermore, the Bank allocates economic capital corresponding to the volume of market risk within the scope of the Bank's capital base and establishes quantitative limits on market risk based on the allocated economic capital as well as limits on losses to contain the Bank's exposure to risks and losses within a certain range.

b) Market Risk Management

The Bank reports daily the status on the exposure to market risk and compliance with quantitative limits on market risk and losses to its risk management officer and also regularly reports to the ALM Committee and the Corporate Risk Management Committee, conducting comprehensive analyses on risk profiles including stress testing. The Bank administers risks at each business unit by hedging against interest rate and exchange rate fluctuation risks associated with marketable assets and liabilities with various hedging transactions using securities and derivatives as appropriate. With respect to trading account transactions and their administration, the Bank documents the process and periodically verifies through internal audits that the valuation methods and operation of such transactions are appropriate.

c) Market Risk Measurement Model

Since the daily variation in market risk is significantly greater than that in other types of risks, the Bank measures and manages market risk using VaR, and VaI on a daily basis. Market risk for both trading and banking activities (excluding strategic equity securities, MUAH, Krungsri and Bank Danamon) are measured using a uniform market risk measurement model. The principal model used for these activities is historical simulation model (holding period — 1 business days; confidence interval — 95%; and observation period — 250 business days for trading operations; and holding period — 10 business days; confidence interval — 99%; and observation period — 701 business days for banking operations).

* Market risk can be classified into "general market risk" defined as the risk of suffering loss due to the volatility in the general market trend, and "specific market risk" defined as the risk of suffering loss due to the volatility of specific financial instruments such as debt securities or shares, independent of the general market trend. The amount of general market risk calculated by a market risk measurement model is called the VaR (Value at Risk), while the amount of specific market risk is called VaI (Value at Idiosyncratic Risk).

* The historical simulation method calculates the VaR and VaI amount by estimating the profit and loss on the current portfolio by applying actual fluctuations in market rates and prices that occurred over a fixed period in the past. The noted features of the historical simulation method include the ability to directly reflect the characteristics of the market fluctuations and the ability to rigorously measure the risk arising from options. However, they may not be able to ascertain risks when market volatility reaches abnormal levels because the VaR and VaI measure market risk volume with a fixed event probability calculated statistically based on past market changes.

* For banking activities of MUAH, Krungsri and Bank Danamon, the market risk volume is identified using Earnings at Risk ("EaR").

* EaR is an index presenting the volatility of net interest income ("NII") associated with the changes in interest rates and is presented by the percent change (%) against NII of the standard scenario. MUAH sets two types of scenarios of +100 basis points (+1.00%) and -100 basis points (-1.00%) of interest rate changes in making a trial calculation of EaR, Krungsri sets two types of scenarios of +100 basis points (+1.00%) and -100 basis points (-1.00%) and Bank Danamon sets two types of scenarios of +400 basis points (+4.00%) and -400 basis points (-4.00%).

* NII represents the difference between interest income and interest expenses, which is net income generated from total fund.

d) Quantitative Information in Respect of Market Risk

(i) Amount of Market Risk Associated with Trading Activities

The amount of consolidated market risk associated with trading activities across the Group was ¥679 million ($6 million) and ¥1,167 million as of March 31, 2022 and 2021, respectively.

(ii) Amount of Market Risk Associated with Banking Activities

The amount of consolidated market risk associated with banking activities (excluding strategic equity securities, MUAH, Krungsri and Bank Danamon) across the Group was ¥502,480 million ($4,106 million) and ¥496,112 million as of March 31, 2022 and 2021, respectively. As the appropriate identification of interest rate risk is vital to banking activities (excluding strategic equity securities, MUAH, Krungsri and Bank Danamon), the risk is managed based on the following assumptions for appropriate measurement of core deposit and prepayment in loans and deposits. For a certain part of the deposits without contractual maturities (so called core deposit), interest rate risk is recognized by allocating maturities of various terms (no longer than ten years), taking into account the results of the statistical analysis using the data on the transition of balance by product, prospective of deposit interest rate and other business judgments. The amount of core deposits and the method of allocating maturities are reviewed on a regular basis. Meanwhile, the deposits and loans with contractual maturities involve risks associated with premature repayment or cancellation. These risks are reflected in interest rate risks by estimating the ratio of cancellations through the statistical analysis based on the factors including interest rate change and actual repayments and cancellations.

EaR of banking activities of MUAH as of December 31, 2021 and 2020 was +4.11% at the time of interest rate changes of +100 basis points (+1.00%) and +4.38% at the time of interest rate changes of +100 basis points (+1.00%), respectively, and -4.39% and -2.96%, respectively, at the time of interest rate changes of -100 basis points (-1.00%).

EaR of banking activities of Krungsri as of December 31, 2021 and 2020 was -4.08% and -2.21%, respectively, at the time of interest rate changes of +100 basis points (+1.00%) and -6.52% and -7.10%, respectively, at the time interest changes of -100 basis points (-1.00%).

EaR of banking activities of Bank Danamon as of December 31, 2021 and 2020 was -8.60% and -7.34% respectively, at the time of interest rate changes of +400 basis points (+4.00%) and -12.02% and -6.81%, respectively, at the time of interest rate changes of -400 basis points (-4.00%).

(iii) Risk of strategic equity portfolio

The market value of the strategically held stocks (publicly traded) of the Bank as of March 31, 2022 and 2021 was subject to a variation of approximately ¥2,043 million ($17 million) and ¥2,261 million, respectively, when the TOPIX index moves one point in either direction.

e) Backtesting

The Bank conducts backtesting in which a one-day holding period of the VaR calculated by the model is compared with hypothetical profit or loss on a daily basis to verify the accuracy of the market risk measurement model. The Bank also endeavors to secure the accuracy by verifying the reasonableness of assumptions used by the market risk measurement model and identifying the characteristics of the market risk measurement model in use from diversified viewpoints.

The results of backtesting (Basel Regulation basis) (250 business days) in the trading activities showed that the frequency that hypothetical loss exceeded the VaR was zero and zero times in the fiscal year ended March 31, 2022 and 2021, respectively. Since the excess frequency was within 4 times, the Bank's VaR measurement model is considered to be sufficiently precise in measuring market risk.

f) Stress Testing

The Bank's VaR determined using market risk measurement model measures the risk volume at a certain probability of incidence calculated statistically based on the past market fluctuations and is not designed to capture the risk under certain abnormal market fluctuations. In order to provide for the risk, the Bank implements stress testing on potential losses using various scenarios. The Bank implements diversified stress testing considering the future prospects and endeavors to capture presence of the risk. In addition, daily stress testing at the Bank estimates maximum potential losses on the current trading portfolio based on the actual volatility in each market recorded during the ten-business-day VaR observation period.

Management of Liquidity Risk Associated with Fund Raising Activities

The Bank strives to secure appropriate liquidity in both Japanese yen and foreign currencies by managing the sources of capital and liquidity gap, liquidity-supplying products such as commitment lines, as well as buffer assets that help maintain liquidity level. Specifically, the Board of Directors, etc. provides the framework for liquidity risk management, operates businesses in various stages according to the urgency of funding needs and exercises management at each such stage. The liquidity risk management department independent from others is designed to perform checking functions. The department reports to the ALM Committee and the Board of Directors the results from its activities such as evaluation of funding urgency and monitoring of compliance with quantitative limits. The department responsible for funding management performs funding and management activities, and regularly reports the current funding status and forecast as well as the current liquidity risk status to the department responsible for liquidity risk management and other appropriate bodies such as the ALM Committee.

4) Supplementary Explanation on Fair Value and others of Financial Instruments

Since certain assumptions have been adopted in the calculation of the fair value of financial instruments, they may differ in value if different assumptions have been used.

(2) Matters concerning Fair Value of Financial Instruments and Breakdown by Fair Value Hierarchy

The following tables summarize the amount stated on consolidated balance sheets and the fair value of financial instruments as of March 31, 2022 and March 31, 2021 together with their difference and the fair value of financial instruments by level within the fair value hierarchy as of March 31, 2022 and March 31, 2021.
The following tables do not include investment trusts and equity securities with no quoted market price available for which transitional measures are applied in accordance with Paragraph 26 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, July 4, 2019; hereinafter referred to as "Guidance for Application of Fair Value Measurement"), and investment in partnerships and others for which transitional measures are applied in accordance with Paragraph 27 of Guidance for Application of Fair Value Measurement (see (1)*2, (Note) 3).
The fair values of financial instruments are classified into the following three levels depending on the observability and importance of the input used in the fair value calculation.

Level 1:	Fair value determined based on the (unadjusted) quoted price in the active market for the same asset or liability
Level 2:	Fair value determined based on observable inputs other than the Level 1 inputs, either directly or indirectly
Level 3:	Fair value determined based on significant unobservable inputs

Where multiple inputs that have a material effect on the fair value are used, the fair value is classified at the lowest priority level of the level to which each of those inputs belongs.

(1) Financial assets and liabilities stated at fair value on the consolidated balance sheets

	Millions of Yen			
	March 31, 2022			
	Carrying amount			
	Level 1	Level 2	Level 3	Total
Monetary claims bought (*1)	¥ –	¥ 651,709	¥ 32,121	¥ 683,831
Trading assets	362,881	3,001,911	46,277	3,411,070
Money held in trust (Trading purpose, other)	–	54,104	–	54,104
Securities (Available-for-sale securities)	40,436,424	16,696,483	452,350	57,585,257
Of which:				
Domestic equity securities	*3,848,573*	*16,168*	–	*3,864,742*
Japanese government bonds	*29,583,836*	*408,227*	–	*29,992,064*
Municipal bonds	–	*3,947,956*	–	*3,947,956*
Corporate bonds	–	*3,616,933*	*2,519*	*3,619,453*
Foreign equity securities	*184,157*	*1,837*	*32,471*	*218,466*
Foreign bonds	*6,806,267*	*8,577,273*	*77,265*	*15,460,807*
*Other (*2)*	*13,589*	*128,085*	*340,092*	*481,768*
Total assets	40,799,306	20,404,209	530,749	61,734,265
Trading liabilities	296,177	86,928	–	383,105
Total liabilities	296,177	86,928	–	383,105
Derivatives (*3) (*4) (*5)	¥ 7,633	¥ (192,058)	¥ 50,509	¥ (133,915)
Of which:				
Interest related instruments	*327*	*(172,233)*	*44,633*	*(127,272)*
Currency related instruments	*(1,455)*	*38,045*	*3,734*	*40,324*
Equity related instruments	*2*	*(26,946)*	*(625)*	*(27,569)*
Bond related instruments	*8,759*	*(3,418)*	*2,770*	*8,111*
Commodity related instruments	–	–	–	–
Credit derivative instruments	–	*(27,506)*	–	*(27,506)*
Other	–	–	*(3)*	*(3)*

(*1) Monetary claims bought consist of securitized products accounted for in the same manner as available-for-sale securities, which are ¥683,831 million.

(*2) Investment trusts, which are not included in the above table pursuant to the transitional measure provided by Paragraph 26 of the Guidance for Application of Fair Value Measurement, amount to ¥3,485,631 million in the consolidated balance sheets.

(*3) Derivatives in trading assets and liabilities and in other assets and liabilities are shown together. Assets and liabilities arising from derivative transactions are presented on a net basis. Total amounts which are net liabilities are presented in parentheses.

(*4) Derivative transactions to which hedge accounting is applied are reported in the consolidated balance sheets at ¥(348,478) million.

(*5) Derivatives to which hedge accounting is applied are primarily interest rate swaps designated as hedging instruments to fix cash flows of loans, etc. as hedged items, and are mainly subject to deferral hedge accounting. Of these hedging relationships, all the hedging relationships for which ASBJ PITF No. 40, "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (March 17, 2022) is applied are subject to deferral hedge accounting.

	Millions of Yen			
	March 31, 2021			
	Carrying amount			
	Level 1	Level 2	Level 3	Total
Monetary claims bought (*1)	¥ –	¥ 572,992	¥ –	¥ 572,992
Trading assets	502,844	3,258,127	46,179	3,807,152
Money held in trust (Trading purpose, other)	–	38,904	–	38,904
Securities (Available-for-sale securities)	43,639,255	14,261,753	430,304	58,331,313
Of which:				
Domestic equity securities	*4,308,357*	*22,091*	–	*4,330,449*
Japanese government bonds	*30,795,138*	*221,202*	–	*31,016,340*
Municipal bonds	–	*3,706,242*	–	*3,706,242*
Corporate bonds	–	*3,681,786*	*57*	*3,681,844*
Foreign equity securities	*85,064*	*885*	–	*85,949*
Foreign bonds	*8,445,826*	*6,512,140*	*116,351*	*15,074,318*
*Other (*2)*	*4,868*	*117,403*	*313,895*	*436,167*
Total assets	44,142,100	18,131,777	476,484	62,750,361
Trading liabilities	259,299	49,986	–	309,286
Total liabilities	259,299	49,986	–	309,286
Derivatives (*3) (*4) (*5)	¥ (741)	¥ 134,764	¥ (2,473)	¥ 131,550
Of which:				
Interest related instruments	*544*	*383,826*	*(11,100)*	*373,270*
Currency related instruments	*(48)*	*(207,033)*	*6,018*	*(201,063)*
Equity related instruments	*(3,527)*	*(1,361)*	*(376)*	*(5,264)*
Bond related instruments	*2,290*	*(10,531)*	*2,312*	*(5,928)*
Commodity related instruments	–	*(0)*	*0*	*0*
Credit derivative instruments	–	*(30,135)*	–	*(30,135)*
Other	–	–	*672*	*672*

(*1) Monetary claims bought consist of securitized products accounted for in the same manner as available-for-sale securities, which are ¥572,992 million.

(*2) Investment trusts, which are not included in the above table pursuant to the transitional measure provided by Paragraph 26 of the Guidance for Application of Fair Value Measurement, amount to ¥2,897,398 million in the consolidated balance sheets.

(*3) Derivatives in trading assets and liabilities and in other assets and liabilities are shown together. Assets and liabilities arising from derivative transactions are presented on a net basis. Total amounts which are net liabilities are presented in parentheses.

(*4) Derivative transactions to which hedge accounting is applied are reported in the consolidated balance sheets at ¥(272,364) million.

(*5) Derivatives to which hedge accounting is applied are primarily interest rate swaps and interest rate futures designated as hedging instruments to fix cash flows of loans, etc. as hedged items, and are mainly subject to deferral hedge accounting. Of these hedging relationships, all the hedging relationships for which ASBJ PITF No. 40, “Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR” (March 17, 2022) is applied are subject to deferral hedge accounting.

	Thousands of U.S. Dollars			
	March 31, 2022			
	Carrying amount			
	Level 1	Level 2	Level 3	Total
Monetary claims bought (*1)	$ –	$ 5,325	$ 262	$ 5,587
Trading assets	2,965	24,527	378	27,870
Money held in trust (Trading purpose, other)	–	442	–	442
Securities (Available-for-sale securities)	330,390	136,420	3,696	470,506
Of which:				
Domestic equity securities	*31,445*	*132*	*–*	*31,577*
Japanese government bonds	*241,718*	*3,335*	*–*	*245,053*
Municipal bonds	*–*	*32,257*	*–*	*32,257*
Corporate bonds	*–*	*29,553*	*21*	*29,573*
Foreign equity securities	*1,505*	*15*	*265*	*1,785*
Foreign bonds	*55,611*	*70,081*	*631*	*126,324*
*Other (*2)*	*111*	*1,047*	*2,779*	*3,936*
Total assets	333,355	166,715	4,337	504,406
Trading liabilities	2,420	710	–	3,130
Total liabilities	2,420	710	–	3,130
Derivatives (*3) (*4) (*5)	$ 62	$ (1,569)	$ 413	$ (1,094)
Of which:				
Interest related instruments	*3*	*(1,407)*	*365*	*(1,040)*
Currency related instruments	*(12)*	*311*	*31*	*329*
Equity related instruments	*0*	*(220)*	*(5)*	*(225)*
Bond related instruments	*72*	*(28)*	*23*	*66*
Commodity related instruments	*–*	*–*	*–*	*–*
Credit derivative instruments	*–*	*(225)*	*–*	*(225)*
Other	*–*	*–*	*(0)*	*(0)*

(*1) Monetary claims bought consist of securitized products accounted for in the same manner as available-for-sale securities, which are $5,587 million.

(*2) Investment trusts, which are not included in the above table pursuant to the transitional measure provided by Paragraph 26 of the Guidance for Application of Fair Value Measurement, amount to $28,480 million in the consolidated balance sheets.

(*3) Derivatives in trading assets and liabilities and in other assets and liabilities are shown together. Assets and liabilities arising from derivative transactions are presented on a net basis. Total amounts which are net liabilities are presented in parentheses.

(*4) Derivative transactions to which hedge accounting is applied are reported in the consolidated balance sheets at $(2,847) million.

(*5) Derivatives to which hedge accounting is applied are primarily interest rate swaps designated as hedging instruments to fix cash flows of loans, etc. as hedged items, and are mainly subject to deferral hedge accounting. Of these hedging relationships, all the hedging relationships for which ASBJ PITF No. 40, “Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR” (March 17, 2022) is applied are subject to deferral hedge accounting.

(2) Financial assets and financial liabilities which are not stated at fair value on the consolidated balance sheets

Cash and due from banks, call loans and bills bought, receivables under resale agreements, receivables under securities borrowing transactions, foreign exchange (assets and liabilities), call money and bills sold, payables under repurchase agreements, payables under securities lending transactions and commercial paper are not included in the following since they are short-term (within one year), and their carrying amounts approximate their fair values.

	Millions of Yen					
	March 31, 2022					
	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
Monetary claims bought (*1)	¥ –	¥ –	¥ 3,546,685	¥ 3,546,685	¥ 3,543,563	¥ 3,121
Securities (Held-to-maturity debt securities)	1,758,197	460,056	–	2,218,253	2,218,035	217
Of which:						
Japanese government bonds	*1,758,197*	–	–	*1,758,197*	*1,748,029*	*10,167*
Municipal bonds	–	*173,960*	–	*173,960*	*175,071*	*(1,111)*
Corporate bonds	–	*60,173*	–	*60,173*	*60,283*	*(110)*
Foreign bonds	–	*225,923*	–	*225,923*	*234,652*	*(8,728)*
Other	–	–	–	–	–	–
Loans and bills discounted (*2)	–	192	106,674,217	106,674,409	106,412,584	261,825
Total assets	1,758,197	460,248	110,220,902	112,439,348	112,174,183	265,164
Deposits	¥ –	¥ 204,585,403	¥ –	¥ 204,585,403	¥ 204,567,192	¥ 18,211
Negotiable certificates of deposit	–	7,957,226	–	7,957,226	7,952,786	4,440
Borrowed money	–	36,786,791	–	36,786,791	36,933,650	(146,858)
Bonds payable	–	2,121,046	–	2,121,046	2,070,421	50,624
Total liabilities	–	251,450,468	–	251,450,468	251,524,050	(73,581)

(*1) Monetary claims bought includes securitized products accounted for in the same manner as held-to-maturity debt securities, which are ¥518,016 million.

(*2) Loans and bills discounted are presented net of allowances for credit losses in the amount of ¥938,036 million.
However, with respect to items other than loans and bills discounted, the carrying amount is shown because the amount of allowance for credit losses corresponding to these items is insignificant.

	Millions of Yen					
	March 31, 2021					
	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
Monetary claims bought (*1)	¥ –	¥ –	¥ 3,100,809	¥ 3,100,809	¥ 3,109,075	¥ (8,265)
Securities (Held-to-maturity debt securities)	1,123,480	779,560	–	1,903,040	1,857,104	45,935
Of which:						
Japanese government bonds	*1,123,480*	–	–	*1,123,480*	*1,100,447*	*23,032*
Municipal bonds	–	–	–	–	–	–
Corporate bonds	–	–	–	–	–	–
Foreign bonds	–	*779,560*	–	*779,560*	*756,657*	*22,902*
Other	–	–	–	–	–	–
Loans and bills discounted (*2)	–	177	103,861,284	103,861,461	103,045,696	815,765
Total assets	1,123,480	779,737	106,962,094	108,865,311	108,011,876	853,435
Deposits	¥ –	¥ 202,567,212	¥ –	¥ 202,567,212	¥ 202,537,751	¥ 29,460
Negotiable certificates of deposit	–	6,220,925	–	6,220,925	6,219,043	1,882
Borrowed money	–	37,070,039	–	37,070,039	36,814,266	255,773
Bonds payable	–	2,590,610	–	2,590,610	2,504,821	85,789
Total liabilities	–	248,448,788	–	248,448,788	248,075,882	372,906

(*1) Monetary claims bought includes securitized products accounted for in the same manner as held-to-maturity debt securities, which are ¥706,888 million.

(*2) Loans and bills discounted are presented net of allowances for credit losses in the amount of ¥864,858 million.
However, with respect to items other than loans and bills discounted, the carrying amount is shown because the amount of allowance for credit losses corresponding to these items is insignificant.

	Millions of U.S. Dollars					
	March 31, 2022					
	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
Monetary claims bought (*1)	$ –	$ –	$ 28,979	$ 28,979	$ 28,953	$ 26
Securities (Held-to-maturity debt securities)	14,366	3,759	–	18,124	18,123	2
Of which:						
Japanese government bonds	*14,366*	–	–	*14,366*	*14,282*	*83*
Municipal bonds	–	*1,421*	–	*1,421*	*1,430*	*(9)*
Corporate bonds	–	*492*	–	*492*	*493*	*(1)*
Foreign bonds	–	*1,846*	–	*1,846*	*1,917*	*(71)*
Other	–	–	–	–	–	
Loans and bills discounted (*2)	–	2	871,593	871,594	869,455	2,139
Total assets	14,366	3,761	900,571	918,697	916,531	2,167
Deposits	$ –	$ 1,671,586	$ –	$ 1,671,586	$ 1,671,437	$ 149
Negotiable certificates of deposit	–	65,015	–	65,015	64,979	36
Borrowed money	–	300,570	–	300,570	301,770	(1,200)
Bonds payable	–	17,330	–	17,330	16,917	414
Total liabilities	–	2,054,502	–	2,054,502	2,055,103	(601)

(*1) Monetary claims bought includes securitized products accounted for in the same manner as held-to-maturity debt securities, which are $4,233 million.

(*2) Loans and bills discounted are presented net of allowances for credit losses in the amount of $7,664 million.
However, with respect to items other than loans and bills discounted, the carrying amount is shown because the amount of allowance for credit losses corresponding to these items is insignificant.

(Note) 1. Explanation about valuation techniques and inputs used to measure fair value

Monetary claims bought

The fair value of "Monetary claims bought" is determined using the prices obtained from external parties (broker-dealers, etc.) or the prices estimated based on internal models.

For certain securitized products whose underlying assets are corporate loan receivables, the fair value is determined by taking into account the amount calculated by estimating the future cash flow, which is derived from such factors as an analysis of the underlying assets, probability of default and prepayment rate that are discounted at a rate adjusted for the liquidity premium based on the actual historical market data, as well as the price obtained from independent third parties. These products are classified into Level 3. For other securitized products, the fair value is determined based on the price obtained from independent third parties after considering the result of periodic confirmation of the current status of these products, including price comparison with similar products, time series price comparison of the same product, and analysis of consistency with publicly available market indices. These products are classified into Level 2 or Level 3 depending on the inputs used for the prices obtained from independent third parties.

For other monetary claims bought to which these methods do not apply, the carrying amount is presented as the fair value, as they are mainly short term from their qualitative viewpoint, and therefore such carrying value approximates the fair value. Accordingly, they are classified into Level 3.

Trading assets

For securities such as bonds that are held for trading purposes, the fair value is determined based on the market price, the price quoted by the financial institutions from which these securities were purchased or the present value of the expected future cash flows discounted at the interest rate, which is the adjusted market rate on the evaluation date, and classified principally into Level 2.

Money held in trust

For securities that are part of a trust property in an independently managed monetary trust with the primary purpose to manage securities, the fair value is determined based on the price quoted by the financial institutions from which these securities were purchased, and classified principally into Level 2 depending on the fair value hierarchy of the component assets.

See Note 5 "MONEY HELD IN TRUST" for notes on "Money held in trust" by categories based on holding purposes.

Securities

The fair value of equity securities is determined based on the market price and classified principally into Level 1 as the quoted prices are available in active market. The fair value of bonds is determined based on the market price, the price quoted by the financial institutions from which they were purchased, or on prices calculated based on internal models, and national government bonds are classified principally into Level 1 and other bonds are classified principally into Level 2. Foreign equity securities with maturity, preferred securities and others included in "Other" are principally classified into Level 3.

For privately placed guaranteed bonds held by the Bank, the fair value is determined based on the present value of expected future cash flows, which is adjusted to reflect default risk, amount to be collected from collateral, guarantees and guarantee fees and discounted at an interest rate based on the market rate as of the date of evaluation with certain adjustments, and principally classified into Level 2 depending on credit risk, etc.

The fair value of investment trusts is determined based on the publicly available price and these investment trusts are not classified into any fair value hierarchy applying the transitional measures in accordance with Paragraph 26 of Guidance for Application of Fair Value Measurement.
See Note 4 “TRADING ASSETS OR LIABILITIES AND SECURITIES” for notes on securities by categories based on holding purposes.

Loans and bills discounted
With respect to loans, for each category of loans based on types of loans, internal ratings and maturity length, the fair value is determined based on the present value of expected future cash flows, which is adjusted to reflect default risk and expected amount to be collected from collateral and guarantees and discounted at an interest rate based on the market rate as of the date of evaluation with certain adjustments, and classified principally into Level 3. For loans with variable interest rates such as certain residential loans provided to individual homeowners, the carrying amount is presented as the fair value, as such carrying amount approximates the fair value, unless the creditworthiness of the borrower has changed significantly since the loan origination, and classified principally into Level 3.
For loans from “bankrupt,” “virtually bankrupt” and “likely to become bankrupt” borrowers, credit loss is estimated based on factors such as the present value of expected future cash flow or the expected amount to be collected from collateral and guarantees. Since the net amount of loans after the deduction of allowance for credit losses on the consolidated balance sheets as of the fiscal year end date approximates the fair value of these items, such amount is presented as the fair value, and classified principally into Level 3.

Deposits and negotiable certificates of deposit
For demand deposits, the amount payable on demand as of the fiscal year end date (i.e., the carrying amount) is considered to be the fair value. For variable rate time deposits, the carrying amount is presented as the fair value, as such carrying amount approximates the fair value because the market rate is reflected in such deposits within a short time period. The majority of fixed rate time deposits are grouped by certain maturity lengths. The fair value of such deposits is the present value of expected future cash flow discounted at the market interest rate. These are classified into Level 2.

Borrowed money
For floating rate borrowings, the carrying amount is presented as the fair value, as such carrying amount is considered to approximate the fair value. This is on the basis that the market rate is reflected in the fair value set within a short time period for such floating rate borrowings and that there has been no significant change in the creditworthiness of the Bank nor its consolidated subsidiaries after such borrowings were made. For fixed rate borrowings, the fair value is calculated as the present value of expected future cash flow from these borrowings grouped by certain maturity lengths, which is discounted at the market interest rate reflecting the premium applicable to the Bank or its consolidated subsidiaries. These are classified into Level 2.

Bonds payable
The fair value of corporate bonds issued by the Bank or its consolidated subsidiaries is determined based on their market price. For certain corporate bonds, the fair value is calculated as the present value of expected future cash flow discounted at the market interest rate. For variable rate corporate bonds without market prices, the carrying amount of such bonds is presented as the fair value, as such carrying amount is considered to approximate the fair value. This is on the basis that the market rate is reflected in the fair value of such corporate bonds because such bond terms were set within a short time period and that there has been no significant change in the creditworthiness of the Bank nor its consolidated subsidiaries after the issuance. For fixed rate corporate bonds, the fair value is the present value of expected future cash flow from these corporate bonds, which is discounted at the market interest rate reflecting the premium applicable to the Bank or its consolidated subsidiaries. These are classified into Level 2.

Derivatives
Derivative transactions are ones involving interest rates (interest rate futures, interest options, interest swaps and other transactions), ones involving foreign currencies (currency futures, currency options, currency swaps and other transactions), and ones involving bonds (bond futures, bond future options and other transactions). The fair value of exchange-traded derivative transactions is based on the market price. The fair value of over-the-counter (“OTC”) derivative transactions is based on the discounted present value or amount calculated under the option-price calculation model.
The key inputs used in the valuation techniques for OTC derivative transactions include the interest rate yield curve, foreign currency exchange rate and volatility. For OTC derivative transactions, adjustments are made for counterparty credit risk (credit valuation adjustments: CVA) and to reflect the impact of uncollateralized funding (funding valuation adjustments: FVA). The calculation of CVA takes into account probability of default event occurring for each counterparty, which is primarily derived from observed or estimated spread on credit default swaps.
In addition, the calculation of CVA takes into account the effect of credit risk mitigation such as pledged collateral and the legal right of offset with the counterparty.
The calculation of FVA takes into account the Bank’s market funding spread reflecting the credit risk of the Bank and the funding exposure of any uncollateralized component of the OTC derivative transaction.
Exchange-traded derivative transactions valued using quoted prices are classified into Level 1. OTC derivative transactions are classified into Level 2 if they do not use significant unobservable inputs. OTC derivative transactions using significant unobservable inputs are classified into Level 3.

(Note) 2. Information about fair value of financial assets and financial liabilities stated at fair value which is classified as Level 3

(1) Quantitative information about significant unobservable inputs

As of March 31, 2022

Category	Valuation technique	Significant unobservable inputs	Range of inputs	Weighted-average of inputs (*1)
Monetary claims bought				
Securitized products	Internal model (*2)	Correlation between underlying assets	3.0%	3.0%
		Liquidity premium	0.9%	0.9%
		Prepayment rate	29.0%	29.0%
		Probability of default	0.0%-85.3%	−
		Recovery rate	69.9%	69.9%
Securities				
Foreign equity securities	Present value technique	Liquidity premium	0.8%-1.7%	1.1%
Foreign bonds	Return on equity method	Probability of default	0.0%-8.0%	0.4%
		Recovery rate	35.0%-90.0%	78.5%
		Market-required return on capital	8.0%-10.0%	9.9%
Other	Present value technique	Liquidity premium	1.1%-3.2%	2.9%
Derivatives				
Interest related instruments	Option pricing models	Correlations between interest rates	39.9%-53.2%	−
		Correlations between interest rate and foreign exchange rate	15.3%-40.7%	−
		Option volatility	57.6%-80.6%	−

(*1) The weighted-average of inputs is computed relatively considering the fair value of financial assets related to each input.

(*2) Details are stated in “Monetary claims bought” under (Note) 1. Explanation about valuation techniques and inputs used to measure fair value.

As of March 31, 2021

Category	Valuation technique	Significant unobservable inputs	Range of inputs	Weighted-average of inputs (*1)
Securities				
Foreign bonds	Return on equity method	Probability-of-default	0.0%-8.0%	0.3%
		Recovery rate	35.0%-90.0%	76.7%
		Market-required return on capital	8.0%-10.0%	9.9%
Other	Present value technique	Liquidity premium	0.9%-3.2%	2.9%
Derivatives				
Interest related instruments	Option pricing models	Correlations between interest rates	37.9%-55.3%	−
		Correlations between interest rate and foreign exchange rate	15.1%-40.5%	−
		Option volatility	56.2%-77.5%	−

(*1) The weighted-average of inputs is computed relatively considering the fair value of financial assets related to each input.

(2) A reconciliation of the beginning balance and the ending balance and unrealized gain (loss) recognized in net income or loss

Millions of Yen

Fiscal year ended March 31, 2022

	March 31, 2021	Included in net income (*1)	Included in other comprehensive income (*2)	Changes due to purchases, issues, sales and settlements	Transfers into fair value of Level 3 (*3)	Transfers out of fair value of Level 3 (*4)	March 31, 2022	Change in unrealized gains (losses) included in net income for financial assets and liabilities still held a March 31, 2022 (*1)
Monetary claims bought	¥ –	¥ 2,254	¥ 300	¥ 29,567	¥ –	¥ –	¥ 32,121	¥ 2,254
Trading assets	46,179	4,177	–	(4,079)	–	–	46,277	4,177
Securities	430,304	29,521	(2,943)	(7,385)	2,854	–	452,350	29,517
Of which:								
Corporate bonds	*57*	*3*	*(281)*	*(114)*	*2,854*	–	*2,519*	–
Foreign stocks	–	*215*	*131*	*32,124*	–	–	*32,471*	*215*
Foreign bonds	*116,351*	*11*	*11,314*	*(50,411)*	–	–	*77,265*	*11*
Other	*313,895*	*29,290*	*(14,108)*	*11,015*	–	–	*340,092*	*29,290*
Total assets	¥ 476,484	¥ 35,953	¥ (2,643)	¥ 18,101	¥ 2,854	¥ –	¥ 530,749	¥ 35,949
Derivatives (*5)	¥ (2,473)	¥ (26,839)	¥ –	¥ 56,325	¥ 28,138	¥ (4,642)	¥ 50,509	¥ (27,178)
Of which:								
Interest related	*(11,100)*	*(28,805)*	–	*57,230*	*26,077*	*1,231*	*44,633*	*(25,783)*
Currency related	*6,018*	*1,399*	–	*129*	*2,060*	*(5,874)*	*3,734*	*(1,977)*
Equity related	*(376)*	*(249)*	–	–	–	*0*	*(625)*	*(249)*
Bond related	*2,312*	*818*	–	*(360)*	–	–	*2,770*	*818*
Commodity related	*0*	*(0)*	–	–	–	–	–	–
Other	*672*	*(1)*	–	*(674)*	–	–	*(3)*	*13*

Millions of Yen

Fiscal year ended March 31, 2021

	April 1, 2020	Included in net income (*1)	Included in other comprehensive income (*2)	Changes due to purchases, issues, sales and settlements	Transfers into fair value of Level 3 (*3)	Transfers out of fair value of Level 3 (*4)	March 31, 2021	Change in unrealized gains (losses) included in net income for financial assets and liabilities still held a March 31, 2021 (*1)
Trading assets	¥ 15,995	¥ 6,381	¥ –	¥ 23,802	¥ –	¥ –	¥ 46,179	¥ 6,381
Securities	335,505	3,490	(5,763)	106,116	70	(9,114)	430,304	3,489
Of which:								
Corporate bonds	*9,151*	*(2)*	*(0)*	*(46)*	*70*	*(9,114)*	*57*	*(3)*
Foreign bonds	*123,961*	*(3)*	*(5,582)*	*(2,024)*	–	–	*116,351*	*(3)*
Other	*202,393*	*3,496*	*(180)*	*108,186*	–	–	*313,895*	*3,496*
Total assets	¥ 351,501	¥ 9,872	¥ (5,763)	¥ 129,919	¥ 70	¥ (9,114)	¥ 476,484	¥ 9,870
Derivatives (*5)	¥ 22,858	¥ 23,668	¥ –	¥ (33,978)	¥ (17,440)	¥ 2,418	¥ (2,473)	¥ 25,556
Of which:								
Interest related	*19,089*	*17,771*	–	*(34,038)*	*(15,975)*	*2,053*	*(11,100)*	*19,775*
Currency related	*1,174*	*5,421*	–	*522*	*(1,464)*	*365*	*6,018*	*5,298*
Equity related	*(349)*	*(2)*	–	*(24)*	–	–	*(376)*	*(2)*
Bond related	*2,240*	*452*	–	*(380)*	–	–	*2,312*	*452*
Commodity related	*0*	*(0)*	–	–	–	–	*0*	*(0)*
Other	*704*	*25*	–	*(57)*	–	–	*672*	*31*

	Thousands of U.S. Dollars							
	Fiscal year ended March 31, 2022							
	March 31, 2021	Included in net income (*1)	Included in other comprehensive income (*2)	Changes due to purchases, issues, sales and settlements	Transfers into fair value of Level 3 (*3)	Transfers out of fair value of Level 3 (*4)	March 31, 2022	Change in unrealized gains (losses) included in net income for financial assets and liabilities still held a March 31, 2022 (*1)
Monetary claims bought	$ –	$ 18	$ 2	$ 242	$ –	$ –	$ 262	$ 18
Trading assets	377	34	–	(33)	–	–	378	34
Securities	3,516	241	(24)	(60)	23	–	3,696	241
Of which:								
Corporate bonds	*0*	*0*	*(2)*	*(1)*	*23*	*–*	*21*	*–*
Foreign stocks	*–*	*2*	*1*	*262*	*–*	*–*	*265*	*2*
Foreign bonds	*951*	*0*	*92*	*(412)*	*–*	*–*	*631*	*0*
Other	*2,565*	*239*	*(115)*	*90*	*–*	*–*	*2,779*	*239*
Total assets	$ 3,893	$ 294	$ (22)	$ 148	$ 23	$ –	$ 4,337	$ 294
Derivatives (*5)	$ (20)	$ (219)	$ –	$ 460	$ 230	$ (38)	$ 413	$ (222)
Of which:								
Interest related	*(91)*	*(235)*	*–*	*468*	*213*	*10*	*365*	*(211)*
Currency related	*49*	*11*	*–*	*1*	*17*	*(48)*	*31*	*(16)*
Equity related	*(3)*	*(2)*	*–*	*–*	*–*	*0*	*(5)*	*(2)*
Bond related	*19*	*7*	*–*	*(3)*	*–*	*–*	*23*	*7*
Commodity related	*0*	*(0)*	*–*	*–*	*–*	*–*	*–*	*–*
Other	*5*	*(0)*	*–*	*(6)*	*–*	*–*	*(0)*	*0*

(*1) Principally included in “Trading income” and “Other operating income” of the consolidated statement of income.

(*2) Principally included in “Net unrealized gain on available-for-sale securities” under “Other comprehensive income” of the consolidated statements of comprehensive income.

(*3) Transfers into Level 3 from Level 2 were made primarily based on the materiality of unobservable inputs considering CVA on the counterparty’s credit risk and FVA on unsecured funding principally in interest rate related transactions.
This transfer was implemented at the beginning of the fiscal year ended March 31, 2022.

(*4) Transfers into Level 2 from Level 3 resulted from the materiality of unobservable inputs considering CVA on the counterparty’s credit risk and FVA on unsecured funding principally in currency related transactions.
This transfer was implemented at the beginning of the fiscal year ended March 31, 2022.

(*5) Derivatives in trading assets and liabilities and in other assets and liabilities are shown together. Assets or liabilities and profit or loss arising from derivative transactions are presented on a net basis. Total amounts which are net liabilities or net loss are presented in parentheses.

(3) Explanation about the valuation process of fair value

The Financial Planning Division has established the Group policy and procedures regarding fair value measurement, the Corporate Risk Management Division has implemented procedures regarding the use of the fair value valuation model, and the division in charge of the product develops the fair value valuation models in line with the policy and procedures. The models are confirmed by the Corporate Risk Management Division for validity and by the Financial Planning Division for whether the inputs used and the fair value calculated complies with the policy and procedures. The Financial Planning Division also determines the classification of fair value levels based on the outcome of the said confirmation. When quoted prices obtained from third parties are used as fair value, their validity is verified taking appropriate methods such as confirming the valuation techniques and inputs used and comparing with the fair value of similar financial instruments.

(4) Explanation about effects on fair value of changing a significant unobservable input

Probability of default

Probability of default is an estimate of the likelihood that the default event will occur and the Bank will be unable to collect the contractual amounts. A significant increase (decrease) in the default rate would result in a significant decrease (increase) in fair value.

Recovery rate and prepayment rate

Recovery rate is the proportion of the total outstanding balance of a bond or loan that is expected to be collected in a liquidation scenario. Prepayment rate represents the proportion of principal that is expected to be paid prematurely in each period on a security or pool of securities. Recovery rate and prepayment rate would affect estimation of future cash flows to a certain extent and changes in these inputs could result in a significant increase or decrease in fair value. A significant increase (decrease) in recovery rate causes a significant increase (decrease) in fair value and a significant increase (decrease) in prepayment rate causes a significant decrease (increase) in fair value.

Market-required return on capital

Market-required return on capital is the return on capital expected by the secondary market. A significant increase (decrease) in the market-required return on capital would result in a significant decrease (increase) in fair value of a financial asset.

Liquidity premium

Liquidity premium is an adjustment to discount rates to reflect uncertainty of cash flows and liquidity of the instruments. When recent prices of similar instruments are unobservable in inactive or less active markets, discount rates are adjusted based on the facts and circumstances of the markets including the availability of quotes and the time since the latest available quotes. A significant increase (decrease) in discount rate would result in a significant decrease (increase) in fair value.

Volatility

Volatility is a measure of the speed and severity of market price changes and is a key factor in pricing. A significant increase (decrease) in volatility would cause a significant increase (decrease) in the value of an option resulting in the significant increase (decrease) in fair value. The level of volatility generally depends on the tenor of the underlying instrument and the strike price or level defined in the contract. Volatilities for certain combinations of tenor and strike price are not observable.

Correlation

Correlation is a measure of the relationship between the movements of two variables. A variety of correlation-related assumptions are required for a wide range of instruments including derivative transactions. In most cases, correlations used are not observable in the market and must be estimated using historical information. Changes in correlation inputs can have a major impact, favorable or unfavorable, on the value of an instrument, depending on its nature. In addition, the wide range of correlation inputs are primarily due to the complex and unique nature of these instruments. There are many different types of correlation inputs, including cross-asset correlation (such as correlation between interest rate), and same-asset correlation (such as correlation between interest rates). Correlation levels are highly dependent on market conditions and could have a relatively wide range of levels within different currencies financial instruments or across different types of financial instruments.
For interest rate-related derivatives, the diversity in the portfolio held by the Bank is reflected in wide ranges of correlation, as the fair values of transactions with a variety of currencies and tenors are determined using several foreign exchange and interest rate curves.

(Note) 3. The carrying amounts of non-marketable equity securities and investment in partnerships and others are as follows and they are not included in “Trading assets” or “Securities” in the tables disclosed in “Matters concerning Fair Value of Financial Instruments and Breakdown by Fair Value Hierarchy” above.

	Carrying amount	
	March 31, 2022	
	Millions of Yen	Millions of U.S. Dollars
Equity securities with no quoted market price available (*1) (*3)	¥ 151,264	$ 1,236
Investment in partnerships and others (*2) (*3)	160,505	1,311

	Carrying amount
	March 31, 2021
	Millions of Yen
Equity securities with no quoted market price available (*1) (*3)	¥ 216,314
Investment in partnerships and others (*2) (*3)	96,907

(*1) Equity securities with no quoted market price available include unlisted equity securities. Their fair value is not disclosed in accordance with Paragraph 5 of “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 31, 2020).
(*2) Investment in partnerships and others mainly include silent partnerships and investment partnerships and other partnerships. Their fair values are not disclosed in accordance with Paragraph 27 of the Guidance for Application of Fair Value Measurement.
(*3) With respect to unlisted equity securities and others, an impairment loss of ¥4,884 million ($40 million) and ¥5,493 million was recorded in the fiscal years ended March 31, 2022 and 2021, respectively.

(Note) 4. Maturity analysis for financial assets and securities with contractual maturities

	Millions of Yen					
	March 31, 2022					
	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Securities (*1) (*2):	¥24,768,402	¥ 9,061,988	¥ 4,601,165	¥ 3,944,535	¥ 6,003,552	¥10,238,317
Held-to-maturity debt securities:	7,645	1,108,700	135,238	11,220	1,238,594	234,652
Japanese government bonds	–	1,100,320	–	–	647,708	–
Municipal bonds	–	–	82,894	–	92,176	–
Corporate bonds	–	8,380	49,474	–	2,428	–
Foreign bonds	–	–	–	–	–	234,652
Other	7,645	–	2,869	11,220	496,280	–
Available-for-sale securities with contractual maturities:	24,760,757	7,953,287	4,465,926	3,933,315	4,764,957	10,003,664
Japanese government bonds	20,991,249	3,572,175	1,286,750	66,745	2,114,154	1,960,988
Municipal bonds	154,954	675,303	1,222,188	890,088	1,005,421	–
Corporate bonds	345,337	742,402	686,887	352,430	186,569	1,305,825
Foreign equity securities	8,664	14,721	9,085	–	–	–
Foreign bonds	2,245,296	2,021,341	1,121,355	2,471,382	1,375,386	6,226,044
Other	1,015,254	927,342	139,658	152,667	83,426	510,806
Loans (*1) (*3)	43,853,987	20,437,572	14,788,261	6,978,761	6,255,612	14,110,391
Total	¥68,622,389	¥29,499,560	¥19,389,427	¥10,923,296	¥12,259,164	¥24,348,708

	Millions of Yen					
	March 31, 2021					
	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Securities (*1) (*2):	¥25,642,366	¥ 5,835,886	¥ 7,655,679	¥ 3,851,889	¥ 6,435,310	¥ 9,161,820
Held-to-maturity debt securities:	14,561	270,152	909,781	66,212	417,466	885,819
Japanese government bonds	–	199,889	900,557	–	–	–
Foreign bonds	–	62,594	1,446	23,064	90,371	579,179
Other	14,561	7,667	7,776	43,147	327,094	306,640
Available-for-sale securities with contractual maturities:	25,627,804	5,565,734	6,745,898	3,785,677	6,017,844	8,276,000
Japanese government bonds	22,571,678	1,938,241	947,901	302,820	3,326,709	1,928,989
Municipal bonds	69,592	467,452	914,256	1,007,077	1,247,863	–
Corporate bonds	298,982	671,332	683,692	473,525	248,106	1,306,203
Foreign bonds	2,321,710	1,244,967	3,977,401	1,848,938	1,081,615	4,599,685
Other	365,840	1,243,740	222,646	153,315	113,549	441,121
Loans (*1) (*3)	42,277,576	19,594,048	13,093,093	7,369,354	6,457,981	14,334,918
Total	¥67,919,943	¥25,429,935	¥20,748,773	¥11,221,244	¥12,893,291	¥23,496,739

	Millions of U.S. Dollars					
	March 31, 2022					
	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Securities (*1) (*2):	$ 202,373	$ 74,042	$ 37,594	$ 32,229	$ 49,053	$ 83,653
Held-to-maturity debt securities:	62	9,059	1,105	92	10,120	1,917
Japanese government bonds	–	8,990	–	–	5,292	–
Municipal bonds	–	–	677	–	753	–
Corporate bonds	–	68	404	–	20	–
Foreign bonds	–	–	–	–	–	1,917
Other	62	–	23	92	4,055	–
Available-for-sale securities with contractual maturities:	202,310	64,983	36,489	32,138	38,933	81,736
Japanese government bonds	171,511	29,187	10,514	545	17,274	16,022
Municipal bonds	1,266	5,518	9,986	7,273	8,215	–
Corporate bonds	2,822	6,066	5,612	2,880	1,524	10,669
Foreign equity securities	71	120	74	–	–	–
Foreign bonds	18,345	16,516	9,162	20,193	11,238	50,871
Other	8,295	7,577	1,141	1,247	682	4,174
Loans (*1) (*3)	358,313	166,987	120,829	57,021	51,112	115,290
Total	$ 560,686	$ 241,029	$ 158,423	$ 89,250	$ 100,165	$ 198,944

(*1) The amounts above are stated using the carrying amounts.

(*2) Securities include securitized products of "Monetary claims bought."

(*3) Loans do not include those amounts whose repayment schedules cannot be determined including due from "bankrupt" borrowers, "virtually bankrupt" borrowers and "likely to become bankrupt" borrowers amounting to ¥926,034 million ($7,566 million) and ¥783,581 million in the fiscal years ended March 31, 2022 and 2021, respectively.

(Note) 5. Maturity analysis for “Time deposits,” “Negotiable certificates of deposit” and other interest-bearing liabilities

	Millions of Yen					
	March 31, 2022					
	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Time deposits and negotiable certificates of deposit (*1)	¥44,267,406	¥ 4,889,567	¥ 675,360	¥ 62,744	¥ 75,980	¥ 2,481
Borrowed money (*1) (*2) (*3)	10,099,177	18,779,773	2,747,443	2,025,684	1,169,027	2,112,542
Bonds (*1) (*2)	527,468	362,905	112,049	143,920	193,674	730,403
Total	¥54,894,052	¥24,032,246	¥ 3,534,853	¥ 2,232,349	¥ 1,438,682	¥ 2,845,427

	Millions of Yen					
	March 31, 2021					
	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Time deposits and negotiable certificates of deposit (*1)	¥44,414,212	¥ 5,070,240	¥ 758,253	¥ 74,193	¥ 57,127	¥ 3,990
Borrowed money (*1) (*2) (*3)	11,177,283	3,070,312	17,717,726	1,527,767	1,482,303	1,838,872
Bonds (*1) (*2)	571,413	642,996	228,515	210,535	169,483	681,876
Total	¥56,162,909	¥ 8,783,549	¥18,704,495	¥ 1,812,496	¥ 1,708,915	¥ 2,524,739

	Millions of U.S. Dollars					
	March 31, 2022					
	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Time deposits and negotiable certificates of deposit (*1)	$ 361,691	$ 39,951	$ 5,518	$ 513	$ 621	$ 20
Borrowed money (*1) (*2) (*3)	82,516	153,442	22,448	16,551	9,552	17,261
Bonds (*1) (*2)	4,310	2,965	916	1,176	1,582	5,968
Total	$ 448,517	$ 196,358	$ 28,882	$ 18,240	$ 11,755	$ 23,249

(*1) The amounts above are stated using the carrying amounts.

(*2) “Borrowed money” and “Bonds” whose maturities are not defined are recorded under “Due after ten years.”

(*3) There was no outstanding balance of rediscounted bills as of March 31, 2022 and 2021.

28. DERIVATIVES

The Group uses derivatives primarily for the purpose of reducing market risks associated with its assets and liabilities. The Bank also utilizes derivatives to meet the needs of its clients and enters into derivative contracts as a part of its trading activities.

The Group enters into futures contracts on interest rate, currency, equity and bonds, forward contracts on interest rate and foreign exchange and equity, swaps contracts on interest rate, currency, equity and commodity and option contracts on interest rate, currency, equity, bond futures, commodity and credit default options.

The Bank uses derivatives for the following purposes based on the internally defined risk management and operating policies.
- To provide clients with hedge instruments
- Trading based on the short-term prospect on foreign exchange, interest rate and others
- Adjustments or hedging of foreign exchange risk and interest rate risk associated with assets and liabilities

For hedging activities, the Bank classified instruments such as forecasted transactions involving fixed and variable rate deposits, loans, and bonds as hedged items, and instruments such as interest rate swaps as hedging instruments. Regarding the effectiveness of hedging, since hedged items and hedging instruments may be almost identical, the Bank considers the hedges to be highly effective. In addition, the Bank may assess effectiveness based on the correlation of floating elements of interest rate.

Significant risk related to derivatives includes market risk and credit risk to be incurred in the course of transactions.

Market risk is the possibility that future changes in market indices make the financial instruments less valuable and credit risk is the possibility that a loss may result from a counterparty’s failure to perform according to terms and conditions of the contract, which may exceed the value of the underlying collateral. The Bank measures and manages its exposure on derivatives as well as other transactions using a uniform method as much as possible for market risk and credit risk.

As for market risk, the Management Committee grants an authority with the VaR (risk index, which estimates statistically maximum probable loss to be incurred in the portfolios within a holding period) to the Corporate Risk Management Division. The Corporate Risk Management Division measures and manages overall exposures across the Bank on a global and consolidation basis and reports directly to the Bank’s management.

As for credit risk, the Bank identifies and manages credit balances considering the replacement cost and future changes in the replacement cost using a system based on the judgment of the credit risk management division independent from front office function.

Derivative transactions with the same counterparty are recorded in the financial statements on a gross basis without offsetting derivative assets and liabilities regardless of whether there is a legal valid master netting agreement between the two parties.

The Bank has the following derivative contracts outstanding as of March 31, 2022 and 2021:

Derivatives to which hedge accounting is not applied:
With respect to derivatives to which hedge accounting is not applied, the contract amount, fair value and the related valuation gain (loss) at the fiscal year end date by transaction type are as follows. Note that contract amounts do not represent the market risk exposure associated with derivatives.

(1) Interest rate-related derivatives

		Millions of Yen			
		March 31, 2022			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Interest rate futures	Sold	¥ 2,170,549	¥ 58,184	¥ 935	¥ 935
	Bought	190,992	57,859	(608)	(608)
OTC transactions:					
Forward rate agreement	Sold	203,954	–	–	–
	Bought	247,046	–	–	–
Interest rate swaps	Receivable fixed rate/ Payable floating rate	160,970,537	121,377,739	590,668	590,668
	Receivable floating rate/ Payable fixed rate	168,638,261	122,967,026	(589,430)	(589,430)
	Receivable floating rate/ Payable floating rate	66,510,263	20,978,194	29,370	29,370
	Receivable fixed rate/ Payable fixed rate	1,029,856	917,652	7,441	7,441
Interest rate swaptions	Sold	2,484,667	1,452,916	(42,890)	5,637
	Bought	1,812,653	1,409,310	41,530	210
Other	Sold	1,601,106	1,376,225	(12,625)	(1,492)
	Bought	2,788,687	2,174,582	15,198	(5,726)
Total		–	–	¥ 39,588	¥ 37,005

Note: The transactions above are stated at fair value and the related valuation gain (loss) is reported in the consolidated statements of income.

		Millions of Yen			
		March 31, 2021			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Interest rate futures	Sold	¥ 2,942,384	¥ 80,311	¥ (927)	¥ (927)
	Bought	161,892	36,418	435	435
OTC transactions:					
Forward rate agreement	Sold	11,120,407	35,427	(49)	(49)
	Bought	10,621,276	33,213	42	42
Interest rate swaps	Receivable fixed rate/ Payable floating rate	166,735,466	133,383,057	2,287,083	2,287,083
	Receivable floating rate/ Payable fixed rate	170,222,168	132,677,349	(1,954,225)	(1,954,225)
	Receivable floating rate/ Payable floating rate	29,128,635	23,806,147	31,718	31,718
	Receivable fixed rate/ Payable fixed rate	996,178	969,538	7,931	7,931
Interest rate swaptions	Sold	2,523,424	1,581,048	(32,651)	19,063
	Bought	2,300,448	1,704,841	28,873	(15,173)
Other	Sold	1,699,638	1,195,345	(3,435)	11,096
	Bought	2,349,021	1,824,276	8,446	(13,680)
Total		–	–	¥ 373,241	¥ 373,314

Note: The transactions above are stated at fair value and the related valuation gain (loss) is reported in the consolidated statements of income.

		Millions of U.S. Dollars			
		March 31, 2022			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Interest rate futures	Sold	$ 17,735	$ 475	$ 8	$ 8
	Bought	1,561	473	(5)	(5)
OTC transactions:					
Forward rate agreement	Sold	1,666	–	–	–
	Bought	2,019	–	–	–
Interest rate swaps	Receivable fixed rate/ Payable floating rate	1,315,226	991,729	4,826	4,826
	Receivable floating rate/ Payable fixed rate	1,377,876	1,004,715	(4,816)	(4,816)
	Receivable floating rate/ Payable floating rate	543,429	171,404	240	240
	Receivable fixed rate/ Payable fixed rate	8,415	7,498	61	61
Interest rate swaptions	Sold	20,301	11,871	(350)	46
	Bought	14,810	11,515	339	2
Other	Sold	13,082	11,245	(103)	(12)
	Bought	22,785	17,768	124	(47)
Total		–	–	$ 323	$ 302

Note: The transactions above are stated at fair value and the related valuation gain (loss) is reported in the consolidated statements of income.

(2) Currency-related derivatives

		Millions of Yen			
		March 31, 2022			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Currency futures	Sold	¥ 46,750	¥ 2,158	¥ 578	¥ 578
	Bought	283,916	55,008	(2,048)	(2,048)
OTC transactions:					
Currency swaps		37,320,143	26,649,402	112,532	112,532
Forward contracts on foreign exchange		123,953,581	10,017,568	128,605	128,605
Currency options	Sold	5,797,089	1,084,413	(119,733)	(35,461)
	Bought	5,562,990	1,147,318	75,028	297
Total		–	–	¥ 194,962	¥ 204,503

Note: The transactions above are stated at fair value and the related valuation gain (loss) is reported in the consolidated statements of income.

		Millions of Yen			
		March 31, 2021			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Currency futures	Sold	¥ 60,158	¥ 453	¥ 468	¥ 468
	Bought	261,813	51,087	(477)	(477)
Currency options	Sold	–	–	–	–
	Bought	2,222	–	5	(2)
OTC transactions:					
Currency swaps		35,306,965	26,023,862	(49,369)	(49,369)
Forward contracts on foreign exchange		106,779,758	8,668,133	151,709	151,709
Currency options	Sold	6,960,076	1,346,858	(90,714)	8,261
	Bought	6,850,572	1,381,094	58,291	(32,058)
Total		–	–	¥ 69,912	¥ 78,531

Note: The transactions above are stated at fair value and the related valuation gain (loss) is reported in the consolidated statements of income.

		Millions of U.S. Dollars			
		March 31, 2022			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Currency futures	Sold	$ 382	$ 18	$ 5	$ 5
	Bought	2,320	449	(17)	(17)
OTC transactions:					
Currency swaps		304,928	217,742	919	919
Forward contracts on foreign exchange		1,012,775	81,850	1,051	1,051
Currency options	Sold	47,366	8,860	(978)	(290)
	Bought	45,453	9,374	613	2
Total		–	–	$ 1,593	$ 1,671

Note: The transactions above are stated at fair value and the related valuation gain (loss) is reported in the consolidated statements of income.

(3) Equity-related derivatives

		Millions of Yen			
		March 31, 2022			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Stock index futures	Sold	¥ 565	¥ –	¥ 2	¥ 2
	Bought	–	–	–	–
OTC transactions:					
OTC securities option transactions	Sold	–	–	–	–
	Bought	20,766	–	(625)	(625)
Swaps on OTC securities index	Receivable index volatility/ Payable interest	4,251	3,251	23	23
	Receivable interest/ Payable index volatility	1,000	–	7	7
Total		–	–	¥ (591)	¥ (591)

Note: The transactions above are stated at fair value and the related valuation gain (loss) is reported in the consolidated statements of income.

		Millions of Yen			
		March 31, 2021			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Stock index futures	Sold	¥ 510	¥ –	¥ (2)	¥ (2)
	Bought	3,177	–	32	32
Stock index options	Sold	88,277	–	(5,173)	10,517
	Bought	91,882	–	1,616	(2,493)
OTC transactions:					
OTC securities option transactions	Sold	605	–	(94)	113
	Bought	18,957	–	(282)	(299)
Swaps on OTC securities index	Receivable index volatility/ Payable interest	4,251	4,251	17	17
	Receivable interest/ Payable index volatility	1,000	1,000	38	38
Total		–	–	¥ (3,847)	¥ 7,924

Note: The transactions above are stated at fair value and the related valuation gain (loss) is reported in the consolidated statements of income.

		Millions of U.S. Dollars			
		March 31, 2022			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Stock index futures	Sold	$ 5	$ –	$ 0	$ 0
	Bought	–	–	–	–
OTC transactions:					
OTC securities option transactions	Sold	–	–	–	–
	Bought	170	–	(5)	(5)
Swaps on OTC securities index	Receivable index volatility/ Payable interest	35	27	0	0
	Receivable interest/ Payable index volatility	8	–	0	0
Total		–	–	$ (5)	$ (5)

Note: The transactions above are stated at fair value and the related valuation gain (loss) is reported in the consolidated statements of income.

(4) Bond-related derivatives

		Millions of Yen			
		March 31, 2022			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Bond futures	Sold	¥ 832,256	¥ –	¥ 12,116	¥ 12,116
	Bought	679,940	–	(4,988)	(4,988)
Bond futures options	Sold	20,448	–	(119)	379
	Bought	794,471	–	1,751	(5,275)
OTC transactions:					
OTC bond options	Sold	78,287	–	(220)	12
	Bought	78,287	–	251	10
Bond forward contracts	Sold	619,908	–	(210)	(210)
	Bought	536,169	–	799	799
Total return swaps	Sold	–	–	–	–
	Bought	158,625	158,625	(1,267)	(1,267)
Total		–	–	¥ 8,111	¥ 1,575

Note: The transactions above are stated at fair value and the related valuation gain (loss) is reported in the consolidated statements of income.

		Millions of Yen			
		March 31, 2021			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Bond futures	Sold	¥ 194,412	¥ –	¥ 993	¥ 993
	Bought	251,598	–	(300)	(300)
Bond futures options	Sold	308,710	–	(227)	250
	Bought	654,779	–	1,824	119
OTC transactions:					
OTC bond options	Sold	80,584	–	(50)	5
	Bought	80,584	–	336	266
Bond forward contracts	Sold	1,928,691	–	(9,045)	(9,045)
	Bought	1,077,132	–	4,044	4,044
Total return swaps	Sold	–	–	–	–
	Bought	158,625	158,625	(3,504)	(3,504)
Total		–	–	¥ (5,928)	¥ (7,170)

Note: The transactions above are stated at fair value and the related valuation gain (loss) is reported in the consolidated statements of income.

		Millions of U.S. Dollars			
		March 31, 2022			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Bond futures	Sold	$ 6,800	$ –	$ 99	$ 99
	Bought	5,556	–	(41)	(41)
Bond futures options	Sold	167	–	(1)	3
	Bought	6,491	–	14	(43)
OTC transactions:					
OTC bond options	Sold	640	–	(2)	0
	Bought	640	–	2	0
Bond forward contracts	Sold	5,065	–	(2)	(2)
	Bought	4,381	–	7	7
Total return swaps	Sold	–	–	–	–
	Bought	1,296	1,296	(10)	(10)
Total		–	–	$ 66	$ 13

Note: The transactions above are stated at fair value and the related valuation gain (loss) is reported in the consolidated statements of income.

(5) Commodity-related derivatives

		Millions of Yen							
		March 31, 2022							
		Contract amount							
		Total		Over one year		Fair value		Valuation gain (loss)	
OTC transactions:									
Commodity options	Sold	¥	43	¥	–	¥	(5)	¥	(1)
	Bought		43		–		5		2
Total			–		–	¥	0	¥	0

Notes:

1. The transactions above are stated at fair value and the related valuation gain (loss) is reported in the consolidated statements of income.
2. The commodity transactions are mainly related to oil and natural gas.

		Millions of Yen							
		March 31, 2021							
		Contract amount							
		Total		Over one year		Fair value		Valuation gain (loss)	
OTC transactions:									
Commodity swaps	Receivable index volatility/ Payable floating rate	¥	16	¥	–	¥	(0)	¥	(0)
	Receivable floating rate/ Payable index volatility		16		–		0		0
Commodity options	Sold		225		38		(4)		42
	Bought		225		38		4		(27)
Total			–		–	¥	0	¥	15

Notes:

1. The transactions above are stated at fair value and the related valuation gain (loss) is reported in the consolidated statements of income.
2. The commodity transactions are mainly related to oil.

		Millions of U.S. Dollars							
		March 31, 2022							
		Contract amount							
		Total		Over one year		Fair value		Valuation gain (loss)	
OTC transactions:									
Commodity options	Sold	$	0	$	–	$	(0)	$	(0)
	Bought		0		–		0		0
Total			–		–	$	0	$	0

Notes:

1. The transactions above are stated at fair value and the related valuation gain (loss) is reported in the consolidated statements of income.
2. The commodity transactions are mainly related to oil and natural gas.

(6) Credit-related derivatives

		Millions of Yen			
		March 31, 2022			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
OTC transactions:					
Credit default options	Sold	¥ 1,032,102	¥ 927,832	¥ (21,981)	¥ (21,981)
	Bought	1,153,673	1,063,394	(5,525)	(5,525)
Total		–	–	¥ (27,506)	¥ (27,506)

Notes:

1. The transactions above are stated at fair value and the related valuation gain (loss) is reported in the consolidated statements of income.
2. "Sold" refers to transactions underwriting credit risk and "Bought" refers to transactions delivering credit risk.

		Millions of Yen			
		March 31, 2021			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
OTC transactions:					
Credit default options	Sold	¥ 1,479,005	¥ 1,377,589	¥ (17,362)	¥ (17,362)
	Bought	1,753,693	1,615,477	(12,772)	(12,772)
Total		–	–	¥ (30,135)	¥ (30,135)

Notes:

1. The transactions above are stated at fair value and the related valuation gain (loss) is reported in the consolidated statements of income.
2. "Sold" refers to transactions underwriting credit risk and "Bought" refers to transactions delivering credit risk.

		Millions of U.S. Dollars			
		March 31, 2022			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
OTC transactions:					
Credit default options	Sold	$ 8,433	$ 7,581	$ (180)	$ (180)
	Bought	9,426	8,689	(45)	(45)
Total		–	–	$ (225)	$ (225)

Notes:

1. The transactions above are stated at fair value and the related valuation gain (loss) is reported in the consolidated statements of income.
2. "Sold" refers to transactions underwriting credit risk and "Bought" refers to transactions delivering credit risk.

(7) Other derivatives

		Millions of Yen			
		March 31, 2022			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
OTC transactions:					
Earthquake derivatives	Sold	¥ 18,000	¥ –	¥ (403)	¥ 1,241
	Bought	18,000	–	399	(777)
Other	Sold	–	–	–	–
	Bought	5,779	2,141	–	–
Total		–	–	¥ (3)	¥ 463

Note: The transactions above are stated at fair value and the related valuation gain (loss) is reported in the consolidated statements of income.

		Millions of Yen			
		March 31, 2021			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
OTC transactions:					
Earthquake derivatives	Sold	¥ 18,000	¥ 18,000	¥ (288)	¥ 681
	Bought	18,674	18,000	961	(242)
Other	Sold	–	–	–	–
	Bought	5,228	3,290	–	–
Total		–	–	¥ 672	¥ 438

Note: The transactions above are stated at fair value and the related valuation gain (loss) is reported in the consolidated statements of income.

		Millions of U.S. Dollars			
		March 31, 2022			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
OTC transactions:					
Earthquake derivatives	Sold	$ 147	$ –	$ (3)	$ 10
	Bought	147	–	3	(6)
Other	Sold	–	–	–	–
	Bought	47	17	–	–
Total		–	–	$ (0)	$ 4

Note: The transactions above are stated at fair value and the related valuation gain (loss) is reported in the consolidated statements of income.

Derivatives to which hedge accounting is applied:

With respect to derivatives to which hedge accounting is applied, the contract amount, contractual principal amount and fair value at the fiscal year end date by transaction type and hedge accounting method are as follows. Note that contract amounts do not represent the market risk exposure associated with derivatives.

(1) Interest rate-related derivatives

			Millions of Yen		
			March 31, 2022		
Hedge accounting method	Transaction type	Major hedged item	Contract amount	Contract amount due after one year	Fair value
Deferred hedge accounting	Interest rate swaps:				
	Receivable fixed rate/ Payable floating rate	Interest bearing financial assets or liabilities such as loans, deposits	¥ 17,108,633	¥ 15,546,311	¥ (183,500)
	Receivable floating rate/ Payable fixed rate		6,172,815	5,903,259	16,639
Total			–	–	¥ (166,861)

Note: These derivatives are mainly accounted for using the deferred hedge accounting in accordance with JICPA Industry Committee Practical Guidelines No. 24 "Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry."

			Millions of Yen		
			March 31, 2021		
Hedge accounting method	Transaction type	Major hedged item	Contract amount	Contract amount due after one year	Fair value
Deferred hedge accounting	Interest rate swaps:				
	Receivable fixed rate/ Payable floating rate	Interest bearing financial assets or liabilities such as loans, deposits	¥ 16,135,075	¥ 12,932,828	¥ 206
	Receivable floating rate/ Payable fixed rate		1,986,832	1,264,042	(1,213)
	Interest rate futures		3,590,282	1,104,276	1,036
Total			–	–	¥ 29

Note: These derivatives are mainly accounted for using the deferred hedge accounting in accordance with JICPA Industry Committee Practical Guidelines No. 24 "Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry."

			Millions of U.S. Dollars		
			March 31, 2022		
Hedge accounting method	Transaction type	Major hedged item	Contract amount	Contract amount due after one year	Fair value
Deferred hedge accounting	Interest rate swaps:				
	Receivable fixed rate/ Payable floating rate	Interest bearing financial assets or liabilities such as loans, deposits	$ 139,788	$ 127,023	$ (1,499)
	Receivable floating rate/ Payable fixed rate		50,436	48,233	136
Total			–	–	$ (1,363)

Note: These derivatives are mainly accounted for using the deferred hedge accounting in accordance with JICPA Industry Committee Practical Guidelines No. 24 "Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry."

(2) Currency-related derivatives

Hedge accounting method	Transaction type	Major hedged item	Millions of Yen					
			March 31, 2022					
			Contract amount		Contract amount due after one year		Fair value	
Deferred hedge accounting	Currency swaps	Loans, securities, deposits and others denominated in foreign currencies	¥	8,479,327	¥	3,437,618	¥	(154,638)

Note: These derivatives are mainly accounted for using the deferred hedge accounting in accordance with JICPA Industry Committee Practical Guidelines No. 25, "Accounting and Auditing Treatments for Foreign Currency Transactions in the Banking Industry."

Hedge accounting method	Transaction type	Major hedged item	Millions of Yen					
			March 31, 2021					
			Contract amount		Contract amount due after one year		Fair value	
Deferred hedge accounting	Currency swaps	Loans, securities, deposits and others denominated in foreign currencies	¥	10,425,325	¥	4,699,002	¥	(270,976)

Note: These derivatives are mainly accounted for using the deferred hedge accounting in accordance with JICPA Industry Committee Practical Guidelines No. 25, "Accounting and Auditing Treatments for Foreign Currency Transactions in the Banking Industry."

Hedge accounting method	Transaction type	Major hedged item	Millions of U.S. Dollars					
			March 31, 2022					
			Contract amount		Contract amount due after one year		Fair value	
Deferred hedge accounting	Currency swaps	Loans, securities, deposits and others denominated in foreign currencies	$	69,281	$	28,087	$	(1,263)

Note: These derivatives are mainly accounted for using the deferred hedge accounting in accordance with JICPA Industry Committee Practical Guidelines No. 25, "Accounting and Auditing Treatments for Foreign Currency Transactions in the Banking Industry."

(3) Equity-related derivatives

Hedge accounting method	Transaction type	Major hedged item	Millions of Yen					
			March 31, 2022					
			Contract amount		Contract amount due after one year		Fair value	
Fair value hedge accounting	Total return swaps	Available-for-sale securities (equity securities)	¥	497,123	¥	497,123	¥	(26,977)

Hedge accounting method	Transaction type	Major hedged item	Millions of Yen					
			March 31, 2021					
			Contract amount		Contract amount due after one year		Fair value	
Fair value hedge accounting	Total return swaps	Available-for-sale securities (equity securities)	¥	540,066	¥	540,066	¥	(1,417)

Hedge accounting method	Transaction type	Major hedged item	Millions of U.S. Dollars					
			March 31, 2022					
			Contract amount		Contract amount due after one year		Fair value	
Fair value hedge accounting	Total return swaps	Available-for-sale securities (equity securities)	$	4,062	$	4,062	$	(220)

(4) Bond-related derivatives

There were no bond-related derivatives as of March 31, 2022 and 2021.

29. BUSINESS COMBINATIONS OR DIVESTITURES

(Additional information)
Fiscal year ended March 31, 2022

Agreement for the Sale of MUFG Union Bank, and Transfer of Certain Businesses of MUFG Union Bank
On September 21, 2021, MUAH, a subsidiary of the Bank whose financial statements as of and for the twelve-month period ended December 31, 2021 have been consolidated with the Bank's financial statements included in this report, entered into a Share Purchase Agreement with USB to sell all of the shares in MUB held by MUAH. The MUB businesses that will be transferred to USB through the planned transfer of the MUB shares ("Share Transfer") exclude the GCIB (Global Corporate & Investment Banking) business, the Global Markets business to the extent related to the GCIB business (transactions with clients and investors) that is currently run by MUB, and certain assets and liabilities, etc. that are part of shared middle and back office functions, etc. It was decided by a resolution of the Board of Directors of the Bank that such businesses, and the customer assets and liabilities, etc. related to these businesses (including related transactions with such customers), will be transferred to the Bank's U.S. branches, subsidiaries or affiliates prior to the Share Transfer for consideration to be paid in the form of cash.

I. Business Divestiture
(1) Outline of the business divestiture
(a) Name of the acquiring entity
U.S. Bancorp
(b) Description of the businesses to be divested
Retail and Commercial Banking businesses of MUB
(c) Main objectives of the business divestiture
The Bank has viewed the U.S. regional banking business as an important business for the group's strategy. At the same time, given MUB's current business environment, including the need for increased technology investments as part of digital transformation, a certain scale is required to maintain and strengthen MUB's competitiveness.
Under these circumstances, the Bank concluded that transferring MUB to USB, a major U.S. bank with a strong business foundation, is the most appropriate decision that is expected to lead to providing higher quality financial services to customers and communities and unlock MUB's potential franchise value. From the perspective of the Bank's optimization of management resources under the current medium-term business plan, the Bank determined that the sale of MUB and the shift of focus to corporate transactions in the United States are expected to maximize shareholder value through an increase in capital efficiency.
(d) Date of the business divestiture(*)
Expected to be effective in the first half of calendar year 2022
(e) Legal form of the business divestiture
Transfer of shares for consideration to be paid in the form of cash and shares
(2) Name of the reporting segment in which the businesses to be divested are mainly included
Global Commercial Banking Business Unit

II. Transaction under Common Control
(1) Overview and objectives of the business transfer
The GCIB (Global Corporate & Investment Banking) business, the Global Markets business to the extent related to the GCIB business (transactions with clients and investors) that is currently run by MUB, and certain assets and liabilities, etc. that are part of shared middle and back office functions, etc., are expected to be transferred from MUB to the Bank's U.S. branches, subsidiaries or affiliates prior to the Share Transfer.
The MUFG group will continue to view the U.S. market as a strategically important market after the Share Transfer and, through this transaction, aims to optimize management resources with a strategic focus on corporate transactions where the Bank believes it can leverage its strengths.
(2) Overview of the accounting treatment to be applied
The transaction will be treated as a transaction under common control under ASBJ Statement No. 21, "Accounting Standard for Business Combinations" (January 16, 2019), and ASBJ Guidance No. 10, "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (January 16, 2019).

(Significant subsequent events)
(Change in the expected date of closing of the sale of MUFG Union Bank shares to U.S. Bancorp)
The Share Transfer was originally expected to be closed in the first half of calendar year 2022, subject to all required regulatory approvals and other conditions precedent. The regulatory approval process remains ongoing and, as a result, the Share Transfer is currently expected to be closed in the second half of calendar year 2022, subject to the remaining conditions precedent.

I. (d) Date of the business divestiture(*)
Expected to be effective in the second half of calendar year 2022

(Valuation losses of a foreign subsidiary which are expected to be reflected in the Bank's consolidated financial statements as of and for the first quarter of the fiscal year ending March 31, 2023)
It is currently estimated that, in connection with the Share Transfer, an aggregate of approximately ¥270 billion (approximately $2,206 million) of valuation losses recognized by MUAH for the quarter ended March 31, 2022 mainly related to securities and loans held for sale subject to valuation primarily in accordance with ASC 326, "Financial Instruments-Credit losses," and ASC 310,

"Receivables," issued by the FASB will be reflected in Other operating expenses, Other ordinary expenses and other expense items in the Bank's consolidated financial statements as of and for the quarter ending June 30, 2022.
Any gains on sale of shares in subsidiaries resulting from the Share Transfer will be reflected in the Bank's consolidated financial statements for the quarterly reporting period, which begins immediately after the business divestiture becomes effective.(*)

(*) The Share Transfer will be closed subject to all required regulatory approvals and other conditions precedent.

Fiscal year ended March 31, 2021

Acquisition of part of the Aviation Finance division of DVB Bank SE
On November 18, 2019, the Bank acquired part of the aviation finance division of DVB Bank SE ("DVB") in Germany based on the agreement among DVB, the Bank and BOT Lease Co., Ltd. ("BOT Lease"), an equity method affiliate of the Bank. DVB's Aviation Investment Management and Asset Management businesses were to be transferred to a newly established subsidiary of BOT Lease. However, the approval of the relevant authorities in each country was not fully obtained, making it difficult to complete the transfer of the businesses in the form originally planned. As a result of cancelling the acquisition of part of the business, the acquisition cost and amount of goodwill generated, which were provisional since the price adjustments had not been completed as of March 31, 2020, have been finalized as below, and their financial impact on the consolidated financial statements of is minimal.

1. Acquisition cost of the acquired business and its components

Consideration for acquisition	Cash and due from banks	¥555,770 million
Acquisition cost		¥555,770 million

2. Amount of goodwill generated:
   ¥23,390 million

30. RELATED-PARTY TRANSACTIONS

Related-party transactions:

Related-party transactions for the fiscal years ended March 31, 2022 and 2021 were as follows:

(1) Transactions between the Bank and its related parties

a. Parent company and major shareholders (limited to companies and others)

Fiscal year ended March 31, 2022

Type	Name	Location	Capital (Millions of Yen)	Business	Ownerships	Relationship	Transactions	Transaction amount (Millions of Yen)	Account	Outstanding balance (Millions of Yen)
Parent	Mitsubishi UFJ Financial Group, Inc.	Chiyoda-ku, Tokyo	¥ 2,141,513	Bank holding company	Direct 100.00%	Loans or others, Directors or others	Borrowings (Note 1) Payment of interest (Note 1)	¥ 276,048 162,733	Borrowed money Other liabilities	¥ 8,656,449 (Note 2) 29,987

Terms and conditions on transactions and transaction policy:

Notes:

1. The interest rate on borrowings is reasonably determined considering the market rate. Repayment term is the lump-sum payment method at maturity. No pledged assets are received.
2. Borrowed money represents subordinated loans.

Fiscal year ended March 31, 2021

Type	Name	Location	Capital (Millions of Yen)	Business	Ownerships	Relationship	Transactions	Transaction amount (Millions of Yen)	Account	Outstanding balance (Millions of Yen)
Parent	Mitsubishi UFJ Financial Group, Inc.	Chiyoda-ku, Tokyo	¥ 2,141,513	Bank holding company	Direct 100.00%	Loans or others, Directors or others	Borrowings (Note 1) Payment of interest (Note 1)	¥ 272,656 154,747	Borrowed money Other liabilities	¥ 7,864,319 (Note 2) 24,270

Terms and conditions on transactions and transaction policy:

Notes:

1. The interest rate on borrowings is reasonably determined considering the market rate. Repayment term is the lump-sum payment method at maturity. No pledged assets are received.
2. Borrowed money represents subordinated loans.

Fiscal year ended March 31, 2022

Type	Name	Location	Capital (Millions of U.S. Dollars)	Business	Ownerships	Relationship	Transactions	Transaction amount (Millions of U.S. Dollars)	Account	Outstanding balance (Millions of U.S. Dollars)
Parent	Mitsubishi UFJ Financial Group, Inc.	Chiyoda-ku, Tokyo	$ 17,497	Bank holding company	Direct 100.00%	Loans or others, Directors or others	Borrowings (Note 1) Payment of interest (Note 1)	$ 2,255 1,330	Borrowed money Other liabilities	$ 70,728 (Note 2) 245

Terms and conditions on transactions and transaction policy:

Notes:

1. The interest rate on borrowings is reasonably determined considering the market rate. Repayment term is the lump-sum payment method at maturity. No pledged assets are received.
2. Borrowed money represents subordinated loans.

b. Unconsolidated subsidiaries and affiliates

There were no applicable transactions to be reported for the fiscal years ended March 31, 2022 and 2021.

c. Companies that are owned by the same parent company as the Bank (“sister company”) and the Bank’s other affiliates’ subsidiaries

There were no applicable transactions to be reported for the fiscal years ended March 31, 2022 and 2021.

d. Directors or major individual shareholders (limited to individual shareholders)

Fiscal year ended March 31, 2022

Type	Name	Occupation	Ownerships	Relationship	Transactions	Transaction amount (Millions of Yen)	Account	Outstanding balance (Millions of Yen)
Director’s relative	Hisayuki Tatsumi	–	None	Relative of director of the Bank	Loans (Note 1) Receipt of interest (Note 1)	¥ – 0	Loans and bills discounted Other assets	¥ 41 0
Director	Shinichi Koide	–	None	Director of the Bank	Loans (Note 2) Receipt of interest (Note 2)	¥ – 0	Loans and bills discounted Other assets	¥ 72 0
Director’s relative	Yoshinori Itoh	–	None	Relative of director of the Bank	Loans (Note 3) Receipt of interest (Note 3)	¥ – 0	Loans and bills discounted Other assets	¥ 41 0
Parent’s director’s relative	Takayuki Kondo	–	None	Relative of director of the Bank’s parent	Loans (Note 4) Receipt of interest (Note 4)	¥ – 0	Loans and bills discounted Other assets	¥ 225 0
Director’s relative	Hirofumi Yamauchi	–	None	Relative of director of the Bank	Loans (Note 5) Receipt of interest (Note 5)	¥ – 0	Loans and bills discounted Accrued revenue	¥ 78 0

Terms and conditions on transactions and transaction policy:

Notes:
1. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 30 years.
2. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 22 years.
3. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 35 years.
4. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 26-30years.
5. The interest rate on loans is determined considering the market rate and repayment term is the lump-sum repayment method after 1 year.

Fiscal year ended March 31, 2021

Type	Name	Occupation	Ownerships	Relationship	Transactions	Transaction amount (Millions of Yen)	Account	Outstanding balance (Millions of Yen)
Director’s relative	Hisayuki Tatsumi	–	None	Relative of director of the Bank	Loans (Note 1) Receipt of interest (Note 1)	¥ – 0	Loans and bills discounted Other assets	¥ 43 0
Director	Shinichi Koide	–	None	Director of the Bank	Loans (Note 2) Receipt of interest (Note 2)	¥ – 0	Loans and bills discounted Other assets	¥ 77 0
Director’s relative	Yoshinori Itoh	–	None	Relative of director of the Bank	Loans (Note 3) Receipt of interest (Note 3)	¥ – 0	Loans and bills discounted Other assets	¥ 43 0
Parent’s director’s relative	Takayuki Kondo	–	None	Relative of director of the Bank’s parent	Loans (Note 4) Receipt of interest (Note 4)	¥ – 1	Loans and bills discounted Other assets	¥ 254 0

Terms and conditions on transactions and transaction policy:

Notes:
1. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 30 years.
2. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 22 years.
3. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 35 years.
4. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 26-30 years.

Fiscal year ended March 31, 2022

Type	Name	Occupation	Ownerships	Relationship	Transactions	Transaction amount (Millions of U.S. Dollars)	Account	Outstanding balance (Millions of U.S. Dollars)
Director's relative	Hisayuki Tatsumi	–	None	Relative of director of the Bank	Loans (Note 1) Receipt of interest (Note 1)	$ – 0	Loans and bills discounted Other assets	$ 0 0
Director	Shinichi Koide	–	None	Director of the Bank	Loans (Note 2) Receipt of interest (Note 2)	$ – 0	Loans and bills discounted Other assets	$ 1 0
Director's relative	Yoshinori Itoh	–	None	Relative of director of the Bank	Loans (Note 3) Receipt of interest (Note 3)	$ – 0	Loans and bills discounted Other assets	$ 0 0
Parent's director's relative	Takayuki Kondo	–	None	Relative of director of the Bank's parent	Loans (Note 4) Receipt of interest (Note 4)	$ – 0	Loans and bills discounted Other assets	$ 2 0
Director's relative	Hirofumi Yamauchi	–	None	Relative of director of the Bank	Loans (Note 5) Receipt of interest (Note 5)	$ – 0	Loans and bills discounted Accrued revenue	$ 1 0

Terms and conditions on transactions and transaction policy:

Notes:

1. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 30 years.
2. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 22 years.
3. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 35 years.
4. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 26-30years.
5. The interest rate on loans is determined considering the market rate and repayment term is the lump-sum repayment method after 1 year.

(2) Transactions between the Bank's subsidiaries and its related parties

a. Parent company and major shareholders (limited to companies and others)
There were no applicable transactions to be reported for the fiscal years ended March 31, 2022 and 2021.

b. Unconsolidated subsidiaries and affiliates
There were no applicable transactions to be reported for the fiscal years ended March 31, 2022 and 2021.

c. Companies that are owned by the same parent company as the Bank ("sister company") and the Bank's other affiliates' subsidiaries

Fiscal year ended March 31, 2022

Type	Name	Location	Capital	Business	Ownerships	Relationship	Transactions	Transaction amount (Millions of Yen)	Account	Outstanding balance (Millions of Yen)
Subsidiary of the parent	MUFG Securities EMEA plc	London, UK	GBP 1,847,093 thousand	Securities	None	Securities transactions or others	Purchase and sales of trading securities (Notes 1 and 2)	¥ –	–	¥ –

Terms and conditions on transactions and transaction policy:

Notes:

1. Terms and conditions are determined considering the market trends.
2. Transaction amounts are omitted as they are repetitive transactions.

Fiscal year ended March 31, 2021

Type	Name	Location	Capital	Business	Ownerships	Relationship	Transactions	Transaction amount (Millions of Yen)	Account	Outstanding balance (Millions of Yen)
Subsidiary of the parent	MUFG Securities EMEA plc	London, UK	GBP 1,747,093 thousand	Securities	None	Securities transactions or others	Purchase and sales of trading securities (Notes 1 and 2)	¥ –	–	¥ –

Terms and conditions on transactions and transaction policy:

Notes:

1. Terms and conditions are determined considering the market trends.
2. Transaction amounts are omitted as they are repetitive transactions.

d. Directors or major individual shareholders (limited to individual shareholders)
There were no applicable transactions to be reported for the fiscal years ended March 31, 2022 and 2021.

Information about the parent company or significant affiliates:

(1) Information about the parent company:
Mitsubishi UFJ Financial Group, Inc. (listed on Tokyo Stock Exchange, Nagoya Stock Exchange and New York Stock Exchange)

(2) Condensed financial information of significant affiliates:
There was no applicable information to be reported for the fiscal years ended March 31, 2022 and 2021.

31. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of contract revenue

Fiscal year ended March 31, 2022	Millions of Yen		Millions of U.S. Dollars	
Fees and commissions income on:	¥	916,231	$	7,486
Domestic and foreign exchange services		169,387		1,384
Deposit-taking services		55,874		457
Lending services (*1)		273,544		2,235
Securities-related services		97,641		798
Credit card-related services (*1)		49,455		404
Guarantee services (*2)		61,422		502
Other (*1)		208,906		1,707
Trust fee	¥	11,981	$	98

(*1) Including revenue which is outside the scope of ASBJ Statement No. 29, “Accounting Standard for Revenue Recognition.”

(*2) Represents revenue which is outside the scope of ASBJ Statement No. 29, “Accounting Standard for Revenue Recognition.”

(*3) Fees and commissions income on domestic and foreign exchange services are generated primarily from Digital Service Business Unit, Retail & Commercial Banking Business Unit, Japanese Corporate & Investment Banking Business Unit, Global Commercial Banking Business Unit and Global Corporate & Investment Banking Business Unit; fees and commissions income on deposit-taking services are generated primarily from Digital Service Business Unit and Global Commercial Banking Business Unit; fees and commissions income on lending services are generated primarily from Digital Service Business Unit, Retail & Commercial Banking Business Unit, Japanese Corporate & Investment Banking Business Unit and Global Corporate & Investment Banking Business Unit; fees and commissions income on securities-related services are generated primarily from Retail & Commercial Banking Business Unit, Japanese Corporate & Investment Banking Business Unit and Global Corporate & Investment Banking Business Unit; fees and commissions income on credit card-related services are generated primarily from Digital Service Business Unit and Global Commercial Banking Business Unit; and trust fees are generated primarily from Global Commercial Banking Business Unit.

(*4) Details of performance obligations for each kind of revenue and timing of revenue recognition are stated in “(16) Revenue Recognition” under “2. SIGNIFICANT ACCOUNTING POLICIES.”

32. SEGMENT INFORMATION

Notes:

(1) "Ordinary income (expenses)" and "Ordinary profit" are defined as follows:

1) "Ordinary profit" means "Ordinary income" less "Ordinary expenses."

2) "Ordinary income" means total income less certain special income included in "Other income" in the consolidated statements of income.

3) "Ordinary expenses" means total expenses less certain special expenses included in "Other expenses" in the consolidated statements of income.

(2) A reconciliation of the ordinary profit under the internal management reporting system for the fiscal years ended March 31, 2022 and 2021 to income before income taxes shown in the consolidated statements of income was as follows:

	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Ordinary profit	¥ 824,838	¥ 430,887	$ 6,739
Gain on disposal of fixed assets	26,213	28,873	214
Gain on sales of stocks of subsidiaries	4,295	–	35
Gain on sales of stocks of affiliates	28,968	–	237
Gain on business transfer	22,702	–	185
Gain on changes in equity	8,395	–	69
Loss on disposal of fixed assets	(10,444)	(11,925)	(85)
Impairment loss on fixed assets	(162,686)	(23,472)	(1,329)
Income before income taxes	¥ 742,283	¥ 424,362	$ 6,065

For the fiscal years ended March 31, 2022 and 2021:

(1) Reportable segments

The Group's reporting segments are business units of the Group whose Executive Committee, the decision-making body for the execution of its business operations, regularly reviews to make decisions regarding allocation of management resources and evaluate performance.

The Group makes and executes unified group-wide strategies based on customer characteristics and the nature of business. Accordingly, the Group has adopted customer-based and business-based segmentation, which consists of the following reporting segments: Digital Service Business Unit, Retail & Commercial Banking Business Unit, Japanese Corporate & Investment Banking Business Unit, Global Commercial Banking Business Unit, Global Corporate & Investment Banking Business Unit, Global Markets Business Unit and Other units.

Digital Service Business Unit:	Providing financial services to Japanese individual customers and corporate clients mainly involving non-face-to-face transactions, as well as spearheading the Bank's across-the-board digital transformation
Retail & Commercial Banking Business Unit:	Providing financial services to Japanese individual and small to medium-sized corporate customers
Japanese Corporate & Investment Banking Business Unit:	Providing financial services to major Japanese corporate customers
Global Commercial Banking Business Unit:	Providing financial services to individual and small to medium-sized corporate customers of overseas commercial bank investees of the Group
Global Corporate & Investment Banking Business Unit:	Providing financial services to major non-Japanese corporations
Global Markets Business Unit:	Providing services related to foreign currency exchange, funds and investment securities to customers, as well as conducting market transactions and managing liquidity and cash for the Group
Other units:	Other than the businesses mentioned above

(Changes in reportable segments)

MUFG, which is a parent company of the Bank, has been implementing structural reforms of business groups in the medium-term business plan, which was launched in the fiscal year ended March 31, 2022, responding to changes in the business environment such as the digital transformation of society. Consequently, the Group also restructured its business units consisting of Retail & Commercial Banking Business Unit, Japanese Corporate & Investment Banking Business Unit, Global Commercial Banking Business Unit, Global Corporate & Investment Banking Business Unit, Global Markets Business Unit and Other units accordingly and reportable segments reflect the units after the structural reforms.

Segment information for the fiscal year ended March 31, 2021 is restated based on the segmentation method after the change.

(2) Calculation method of gross operating income, net operating income and fixed assets

Accounting policies adopted by the reportable segments are almost the same as those described in Note 2 "SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES," except for the scope of consolidation. The scope of consolidation is limited to the major subsidiaries. The figures used are in principle based on the internal administration basis before consolidation adjustments including elimination of internal profits. The accounting methods for income and expenses over the multiple segments are in principle based on the internal management accounting standards, which are based on the market values.

Fixed assets disclosed as reportable asset information represent the total amount of tangible and intangible fixed assets, and fixed assets of the Bank are allocated to each segment.

(3) Reportable segment information for the fiscal years ended March 31, 2022 and 2021

	Millions of Yen								
Fiscal year ended March 31, 2022	Digital Service	Retail & Commercial Banking	Japanese Corporate & Investment Banking	Global Commercial Banking	Global Corporate & Investment Banking	Customer business units subtotal	Global Markets	Other units	Total
Gross operating income	¥ 288,613	¥ 341,917	¥ 489,174	¥ 781,422	¥ 500,466	¥ 2,401,595	¥ 220,088	¥ 13,409	¥ 2,635,093
Non-consolidated	260,354	314,038	429,147	1,931	361,690	1,367,162	133,520	3,898	1,504,581
Net interest income	219,032	155,653	229,364	2,119	170,473	776,643	115,227	87,947	979,817
Net non-interest income	41,321	158,385	199,783	(187)	191,216	590,519	18,293	(84,048)	524,763
Subsidiaries	28,259	27,878	60,027	779,491	138,776	1,034,432	86,568	9,510	1,130,511
Expenses	277,000	307,033	252,306	537,992	270,199	1,644,532	109,252	72,261	1,826,045
Net operating income	¥ 11,613	¥ 34,883	¥ 236,868	¥ 243,430	¥ 230,267	¥ 757,062	¥ 110,836	¥ (58,852)	¥ 809,047
Fixed assets	¥ 140,620	¥ 157,343	¥ 149,903	¥ 1,031	¥ 133,019	¥ 581,918	¥ 82,039	¥ 417,643	¥ 1,081,600

Notes:

1. "Gross operating income" corresponds to net sales of non-banking industries.
2. "Gross operating income" includes net interest income, net fees and commission, net trading income and net other operating income.
3. "Expenses" includes personnel expenses and premise expenses.
4. The amount of fixed assets by segment is shown using the amount of fixed assets of the Bank. Fixed assets of consolidated subsidiaries not allocated and consolidation adjustments amount to ¥587,749 million. With respect to some fixed assets which are not allocated to each segment, some related expenses are allocated to each segment on a reasonable allocation basis.

	Millions of Yen								
Fiscal year ended March 31, 2021	Digital Service	Retail & Commercial Banking	Japanese Corporate & Investment Banking	Global Commercial Banking	Global Corporate & Investment Banking	Customer business units subtotal	Global Markets	Other units	Total
Gross operating income	¥ 286,735	¥ 331,083	¥ 445,117	¥ 783,457	¥ 388,535	¥ 2,234,929	¥ 372,210	¥ 24,206	¥ 2,631,345
Non-consolidated	258,441	304,612	395,435	1,039	274,396	1,233,925	302,576	9,617	1,546,119
Net interest income	223,578	153,426	185,196	1,649	138,299	702,150	122,709	16,695	841,555
Net non-interest income	34,862	151,186	210,239	(610)	136,097	531,774	179,866	(7,078)	704,563
Subsidiaries	28,293	26,470	49,681	782,418	114,139	1,001,004	69,633	14,589	1,085,226
Expenses	¥ 287,474	¥ 311,314	¥ 253,536	¥ 507,307	¥ 253,812	¥ 1,613,446	¥ 102,018	¥ 88,720	¥ 1,804,185
Net operating income	¥ (739)	¥ 19,768	¥ 191,580	¥ 276,150	¥ 134,723	¥ 621,483	¥ 270,191	¥ (64,514)	¥ 827,160

Notes:

1. "Gross operating income" corresponds to net sales of non-banking industries.
2. "Gross operating income" includes net interest income, net fees and commission, net trading income and net other operating income.
3. "Expenses" includes personnel expenses and premise expenses.
4. Assets and liabilities by reportable segment are not shown since the Bank does not allocate assets and liabilities to segments for the purpose of internal control.

Fiscal year ended March 31, 2022	Digital Service	Retail & Commercial Banking	Japanese Corporate & Investment Banking	Global Commercial Banking	Global Corporate & Investment Banking	Customer business units subtotal	Global Markets	Other units	Total
	Millions of U.S. Dollars								
Gross operating income	$ 2,358	$ 2,794	$ 3,997	$ 6,385	$ 4,089	$ 19,622	$ 1,798	$ 110	$ 21,530
Non-consolidated	2,127	2,566	3,506	16	2,955	11,171	1,091	32	12,293
Net interest income	1,790	1,272	1,874	17	1,393	6,346	941	719	8,006
Net non-interest income	338	1,294	1,632	(2)	1,562	4,825	149	(687)	4,288
Subsidiaries	231	228	490	6,369	1,134	8,452	707	78	9,237
Expenses	2,263	2,509	2,061	4,396	2,208	13,437	893	590	14,920
Net operating income	$ 95	$ 285	$ 1,935	$ 1,989	$ 1,881	$ 6,186	$ 906	$ (481)	$ 6,610
Fixed assets	$ 1,149	$ 1,286	$ 1,225	$ 8	$ 1,087	$ 4,755	$ 670	$ 3,412	$ 8,837

Notes:

1. "Gross operating income" corresponds to net sales of non-banking industries.
2. "Gross operating income" includes net interest income, net fees and commission, net trading income and net other operating income.
3. "Expenses" includes personnel expenses and premise expenses.
4. The amount of fixed assets by segment is shown using the amount of fixed assets of the Bank. Fixed assets of consolidated subsidiaries not allocated and consolidation adjustments amount to $4,802 million. With respect to some fixed assets which are not allocated to each segment, some related expenses are allocated to each segment on a reasonable allocation basis.

(4) A reconciliation of the ordinary profit under the internal management reporting system and "Net operating income (expense)" on the consolidated statements of income was as follows:

	Millions of Yen		Millions of U.S. Dollars
Fiscal year ended March 31	2022	2021	2022
Net operating income per reportable segment information	¥ 809,047	¥ 827,160	$ 6,610
Net business profit of subsidiaries excluded from the reportable segment information	21,303	22,810	174
Provision for allowance for credit losses	64,123	(209,101)	524
Credit-related expenses	(393,589)	(286,177)	(3,216)
Gain on collection of bad debts	64,283	44,649	525
Gains on equity securities and other securities	277,073	86,956	2,264
Equity in earnings of the equity method investees	25,038	19,130	205
Amortization of net unrecognized actuarial gain or loss	21,591	(18,814)	176
Gain on cancellation of sleeping deposit accounts	920	699	8
Other	(64,953)	(56,426)	(531)
Ordinary profit under the internal management reporting system	¥ 824,838	¥ 430,887	$ 6,739

Notes:

1. "Credit-related expenses" includes write-offs of loans and provision of specific allowance for credit losses.
2. "Gains on equity securities and other securities" includes gains or losses on sales of equity securities and losses on write-down of equity securities.

(5) Other segment related information

1) Information by service
Information by service is omitted since it is similar with (3) Reportable segment information.

2) Information by geographic region
a) Ordinary income

Millions of Yen

Fiscal year ended March 31, 2022

Japan	USA	North America (except for USA)	Latin America	Europe/Middle East	Thailand	Asia/Oceania (except for Thailand)	Total
¥ 1,923,217	¥ 826,723	¥ 18,100	¥ 49,814	¥ 177,074	¥ 481,144	¥ 574,782	¥ 4,050,858

Millions of Yen

Fiscal year ended March 31, 2021

Japan	USA	North America (except for USA)	Latin America	Europe/Middle East	Thailand	Asia/Oceania (except for Thailand)	Total
¥ 1,923,092	¥ 851,616	¥ 18,592	¥ 44,284	¥ 204,211	¥ 503,272	¥ 575,090	¥ 4,120,160

Millions of U.S. Dollars

Fiscal year ended March 31, 2022

Japan	USA	North America (except for USA)	Latin America	Europe/Middle East	Thailand	Asia/Oceania (except for Thailand)	Total
$ 15,714	$ 6,755	$ 148	$ 407	$ 1,447	$ 3,931	$ 4,696	$ 33,098

Notes:
1. "Ordinary income" corresponds to net sales of non-banking industries.
2. "Ordinary income" is classified into countries or geographic regions based on the locations of the head office or branches of the Bank and subsidiaries.

b) Tangible fixed assets

Millions of Yen

As of March 31, 2022

Japan	USA	North America (except for USA)	Latin America	Europe/Middle East	Asia/Oceania	Total
¥ 708,560	¥ 92,968	¥ 243	¥ 296	¥ 4,041	¥ 133,032	¥ 939,142

Millions of Yen

As of March 31, 2021

Japan	USA	North America (except for USA)	Latin America	Europe/Middle East	Asia/Oceania	Total
¥ 766,080	¥ 88,849	¥ 184	¥ 426	¥ 3,826	¥ 128,538	¥ 987,906

Millions of U.S. Dollars

As of March 31, 2022

Japan	USA	North America (except for USA)	Latin America	Europe/Middle East	Asia/Oceania	Total
$ 5,789	$ 760	$ 2	$ 2	$ 33	$ 1,087	$ 7,673

3) Information by major customer
There was no applicable information to be reported for the fiscal years ended March 31, 2022 and 2021.

4) Information on impairment loss on fixed assets by reportable segment

Impairment loss on fixed assets has been allocated to the reportable segments from the fiscal year ended March 31, 2022. For the fiscal year ended March 31, 2021, impairment loss on fixed assets was not allocated to the reportable segments. The impairment loss was ¥23,472 million for the fiscal year ended March 31, 2021.

	Millions of Yen								
Fiscal year ended March 31, 2022	Digital Service	Retail & Commercial Banking	Japanese Corporate & Investment Banking	Global Commercial Banking	Global Corporate & Investment Banking	Customer business units subtotal	Global Markets	Other units	Total
Impairment loss	¥ 72,090	¥ 55,540	¥ 952	¥ 3,694	¥ 720	¥ 132,998	¥ 755	¥ 1,944	¥ 135,697

	Millions of U.S. Dollars								
Fiscal year ended March 31, 2022	Digital Service	Retail & Commercial Banking	Japanese Corporate & Investment Banking	Global Commercial Banking	Global Corporate & Investment Banking	Customer business units subtotal	Global Markets	Other units	Total
Impairment loss	$ 589	$ 454	$ 8	$ 30	$ 6	$ 1,087	$ 6	$ 16	$ 1,109

Note: Impairment loss on fixed assets of the Bank's subsidiaries is not allocated to the reportable segments. The impairment loss was ¥26,988 million ($221 million) for the fiscal year ended March 31, 2022.

5) Information on amortization and unamortized balance of goodwill by reportable segment

	Millions of Yen								
Fiscal year ended March 31, 2022	Digital Service	Retail & Commercial Banking	Japanese Corporate & Investment Banking	Global Commercial Banking	Global Corporate & Investment Banking	Customer business units subtotal	Global Markets	Other units	Total
Amortization	¥ –	¥ 65	¥ –	¥ 3,350	¥ 3,134	¥ 6,550	¥ –	¥ –	¥ 6,550
Unamortized balance	–	1,239	–	36,529	38,969	76,738	–	–	76,738

	Millions of Yen								
Fiscal year ended March 31, 2021	Digital Service	Retail & Commercial Banking	Japanese Corporate & Investment Banking	Global Commercial Banking	Global Corporate & Investment Banking	Customer business units subtotal	Global Markets	Other units	Total
Amortization	¥ –	¥ –	¥ –	¥ 3,072	¥ 2,977	¥ 6,049	¥ –	¥ –	¥ 6,049
Unamortized balance	–	–	–	38,024	40,453	78,477	–	–	78,477

	Millions of U.S. Dollars								
Fiscal year ended March 31, 2022	Digital Service	Retail & Commercial Banking	Japanese Corporate & Investment Banking	Global Commercial Banking	Global Corporate & Investment Banking	Customer business units subtotal	Global Markets	Other units	Total
Amortization	$ –	$ 1	$ –	$ 27	$ 26	$ 54	$ –	$ –	$ 54
Unamortized balance	–	10	–	298	318	627	–	–	627

6) Information on gain on negative goodwill by reportable segment

There was no applicable information to be reported for the fiscal years ended March 31, 2022 and 2021.