Annual Securities Report

"Yukashoken Hokokusho"

(Excerpt)

for the fiscal year ended March 31, 2023

MUFG Bank, Ltd.

Table of Contents

[Cover]

[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
[Date of Submission]	June 27, 2023
[Accounting Period]	The 18th Fiscal Year (from April 1, 2022 to March 31, 2023)
[Company Name]	Kabushiki-Kaisha Mitsubishi UFJ Ginko
[Company Name in English]	MUFG Bank, Ltd.
[Position and Name of Representative]	Junichi Hanzawa, President & CEO
[Location of Head Office]	2-7-1, Marunouchi, Chiyoda-ku, Tokyo, Japan
[Phone No.]	03-3240-1111 (main)
[Contact for Communications]	Toshinao Endo, Managing Director, Head of Corporate Administration Division
[Nearest Contact]	2-7-1, Marunouchi, Chiyoda-ku, Tokyo, Japan
[Phone No.]	03-3240-1111 (main)
[Contact for Communications]	Toshinao Endo, Managing Director, Head of Corporate Administration Division
[Place Available for Public Inspection]	Available only at the Head Office

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 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	Fiscal 2022 From April 1, 2022 to March 31, 2023
Consolidated ordinary income	4,863,987	5,338,180	4,120,160	4,050,858	6,629,819
Consolidated ordinary profit	851,241	711,942	430,887	824,838	286,969
Net income attributable to the shareholders of MUFG Bank	612,437	97,921	307,761	503,001	602,034
Consolidated comprehensive income	487,183	(29,768)	727,726	45,564	372,520
Consolidated total equity	12,869,567	12,285,505	12,571,975	12,242,901	12,258,588
Consolidated total assets	253,312,157	270,418,512	290,269,735	299,610,983	313,849,208
Total equity per share (yen)	987.52	960.19	984.24	954.38	951.87
Net income per common share (yen)	49.58	7.92	24.91	40.72	48.74
Diluted net income per common share (yen)	49.58	7.92	24.91	40.72	48.74
Capital ratio (%)	4.81	4.38	4.18	3.93	3.74
Consolidated return on equity (%)	5.08	0.81	2.56	4.20	5.11
Net cash provided by operating activities	10,615,956	6,490,423	33,234,771	2,115,348	12,616,846
Net cash used in investing activities	(7,878,185)	(4,115,796)	(9,680,070)	(533,106)	(12,252,351)
Net cash provided by (used in) financing activities	(65,856)	739,323	(126,285)	(178,550)	1,524,960
Cash and cash equivalents at end of period	60,389,520	63,234,971	86,975,271	89,394,022	92,016,699
Number of employees [Besides the above, average number of temporary employees]	87,876 [21,800]	106,895 [25,300]	106,023 [22,300]	102,767 [19,200]	94,631 [18,900]

(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" - "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 4,800, 4,500, 4,100, 2,900 and 3,000 respectively, for the fiscal years 2018, 2019, 2020, 2021 and 2022.

(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	14th Term	15th Term	16th Term	17th Term	18th Term
Period of account	March 2019	March 2020	March 2021	March 2022	March 2023
Ordinary income	3,568,249	3,661,200	2,635,402	2,557,193	4,799,567
Ordinary profit	624,464	459,184	202,247	407,057	903,744
Net income (loss)	663,215	(653,072)	144,479	188,344	1,015,454
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	10,913,954	9,801,968	9,897,602	8,890,653	8,798,272
Total assets	225,596,992	239,788,548	259,975,251	267,638,266	293,904,485
Balance of deposits	152,870,674	158,248,564	182,239,930	183,356,877	192,272,289
Balance of loans and bills discounted	87,877,986	88,258,295	88,447,036	90,421,234	97,127,749
Balance of securities	48,739,675	50,781,265	61,787,561	61,212,185	72,253,876
Total equity per share (yen)	883.71	793.67	801.42	719.88	712.40
Dividends per share (yen) [Of the above, interim dividends per share (yen)]	Common stock 8.51 [–]	Common stock 26.16 [11.45]	Common stock 18.44 [11.27]	Common stock 35.06 [12.18]	Common stock 20.21 [–]
Net income (loss) per common share (yen)	53.70	(52.88)	11.69	15.25	82.22
Diluted net income per common share (yen)	–	–	–	–	–
Capital ratio (%)	4.83	4.08	3.80	3.32	2.99
Return on equity (%)	6.21	(6.30)	1.46	2.00	11.48
Dividend payout ratio (%)	15.84	–	157.62	229.89	24.57
Number of employees [Besides the above, average number of temporary employees]	33,524 [11,742]	32,186 [10,783]	30,554 [9,973]	28,843 [9,280]	32,786 [8,561]

(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 14th, 15th, 17th and 18th Terms include special dividends of ¥4.28, ¥3.40, ¥10.21 and ¥14.57, respectively.
4. The Bank paid dividends in kind in the 14th Term 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” 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 2,263, 2,178, 1,941, 1,778 and 1,712, respectively, for the 14th, 15th, 16th, 17th and 18th 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
December 2022	MUFG Union Bank, N.A. was sold.

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, 108 consolidated subsidiaries, and 42 equity method investees, and is engaged in banking and other financial services (including leasing).

Positions of main subsidiaries and affiliates in each reportable segment of the Group are illustrated in the following organizational chart. These reportable segments are the same as the segment classification listed in “(1) Reportable segments” under “33. SEGMENT INFORMATION” in “Notes to Consolidated Financial Statements” of “V. Financial Information.”

(As of March 31, 2023)

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	●						
**Kanmu, Inc.	●						
**BOT Lease Co., Ltd.			●				
* MUFG Americas Holdings Corporation			●	●	●	●	●
* MUFG Bank Mexico, S.A.			●		●	●	●
* Banco MUFG Brasil 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) (%)
TOKYO CREDIT SERVICES, LIMITED	Chiyoda-ku, Tokyo	49.50 (23.50)
The Mitsubishi UFJ Factors Limited	Chiyoda-ku, Tokyo	100.00
Mitsubishi UFJ Research and Consulting Co., Ltd.	Minato-ku, Tokyo	47.04 (10.09)
MU Frontier Servicer Co., Ltd.	Nakano-ku, Tokyo	96.47
Mitsubishi UFJ Personal Financial Advisers Co., Ltd.	Chiyoda-ku, Tokyo	47.33
Business Tech Co., Ltd	Chiyoda-ku, Tokyo	50.99
Mitsubishi UFJ Financial Partners Co., Ltd.	Minato-ku, Tokyo	100.00
MUFG Trading, Ltd.	Chiyoda-ku, Tokyo	100.00
MUFG Americas Holdings Corporation	New York, New York, the United States	95.33
MUFG Bank Mexico, S.A.	Mexico City, United Mexican States	100.00 (0.10)
Banco MUFG Brasil S.A.	Sao Paulo, Sao Paulo, Federative Republic of Brazil	99.77
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) [51.98]
89 Other companies		

(Equity method investees)

Company name	Address	Ratio of voting rights holding (held) (%)
JACCS CO., LTD.	Hakodate City, Hokkaido	20.35
au Jibun Bank Corporation	Chuo-ku, Tokyo	25.16
Biz Forward, Inc.	Minato-ku, Tokyo	49.00 (10.00)
Recruit MUFG Business Co., Ltd.	Chiyoda-ku, Tokyo	49.00
Kanmu, Inc.	Shibuya-ku, Tokyo	39.02
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	37.32 (3.83)
Nippon Mutual Housing Loan Co., Ltd.	Taito-ku, Tokyo	4.96 [43.85]
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
Mars Equity M.C. Pte. Ltd.	Singapore, Republic of Singapore	33.33
MUFG Holding (Thailand) Co., Ltd.	Bangkok, Kingdom of Thailand	20.00 (10.00)
25 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. and JACCS CO., LTD. submit annual securities reports or securities registration statements.
3. Of the above affiliates, the ordinary income of MUFG Americas Holdings Corporation (“MUAH”) (excluding intercompany transactions between consolidated companies) represents more than 10% of the ordinary income in the consolidated financial statements.
   The ordinary income, ordinary loss, net loss, total equity and total assets of MUAH are ¥802,792 million, ¥912,384 million, ¥177,507 million, ¥2,571,117 million and ¥6,372,503 million, respectively.
   Key information, including profit and loss figures of MUAH, 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. Mitsubishi UFJ Personal Financial Advisers Co., Ltd. changed its company name to Mitsubishi UFJ Wealth Advisers Co., Ltd. as of April 3, 2023.

5. Employees

(1) Number of employees in consolidated companies

As of March 31, 2023

	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	2,589 [1,200]	16,351 [6,700]	4,187 [500]	48,662 [5,000]	2,456 [100]	1,122 [0]	19,264 [5,300]	94,631 [18,900]

(Notes) 1. Number of employees includes locally hired overseas staff members, but excludes 3,167 contract employees and 18,500 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 3,000 at the end of the current fiscal year while 3,000 on average over the year (rounded to the nearest hundred).

(2) Employees of the Bank

As of March 31, 2023

Number of employees	Average age (Years)	Average years of service (Years)	Average annual salary (Thousands of yen)
32,786 [8,561]	39.4	15.4	7,846

	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	2,092 [1,019]	14,027 [6,191]	3,420 [455]	4 [1]	2,226 [75]	1,122 [18]	9,895 [802]	32,786 [8,561]

(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 1,336 contract employees and 8,161 temporary employees.
2. Number of employees excludes 102 Executive Officers (18 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 1,759 at the end of the current fiscal year and 1,712 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 25,758.
No significant issues exist between the union and the management.
8. The number of employees increased by 3,943 compared to the end of the previous fiscal year, mainly due to the transfer of some MUB employees to the Bank following the sale of MUFG Union Bank, N.A. in December 2022.

(3) Percentage of female workers in managerial positions, percentage of male workers taking childcare leave, and differences in wages between male and female workers

1) The Bank

Current fiscal year					
Name	Percentage of female workers in managerial positions (%) (Note 1)	Percentage of male workers taking childcare leave (%) (Note 2)	Difference in wages between male and female workers (%) (Notes 1, 3)		
			All workers	Full-time workers	Non-regular workers (Note 4)
MUFG Bank, Ltd.	25.2	90	49.6	52.7	58.7

A partial breakdown of full-time workers in the above table is as follows:

Current fiscal year					
	Difference in wages between male and female workers (%) (Note 3)				
	By course		By qualifications		
	Core Officer	Business Specialist (BS)	Executive level	Management level	Non-management level
MUFG Bank, Ltd.	65.9	91.8	87.2	82.0	82.0

(Notes): 1: Figures are calculated based on the provisions of the "Act on the Promotion of Female Participation and Career Advancement in the Workplace" (Act No. 64 of 2015) (hereinafter referred to as the "Women's Empowerment Act"). The figures also reflect personnel changes that were issued or otherwise confirmed during fiscal 2022. Figures include employees loaned to other companies and exclude employees loaned to the Bank.

2. Based on the provisions of "Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Act No. 76 of 1991), the percentage for employees taking parental leave, etc. pursuant to "Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Ordinance of the Ministry of Labor No. 25 of 1991) Article 71-4, Item 1) (hereinafter referred to as the "Child Care and Family Care Leave Act") is calculated. It includes employees loaned to other companies and excludes employees loaned to the Bank.

3. Full-time workers: Includes employees loaned to other companies and excludes employees loaned to the Bank. Non-regular workers: Includes contract employees and excludes contractors.

4. For non-regular workers, the average annual wage is calculated based on the number of employees converted by the prescribed working hours of full-time employees.

The main causes of the gender gap in wage are the difference in wages by course between Core Officer and BS, the difference in the percentage of male workers and female workers in each course, and the low percentage of female workers in managerial positions and in upper-level positions.

With regard to the ratio of female workers in managerial positions, we have set a target in the current Medium-term Business Plan. The target was 23% as of fiscal 2021 when the plan was originally formulated, but has been raised to 27.5% in fiscal 2022.

In addition, the Bank plans to revise its personnel system in the future. Currently, we are in the process of discussing the details with the employees union, and subject to the conclusion of an agreement with the union, we plan to introduce an "Ex" (Expert) rank in fiscal 2024, which will allow employees to pursue expertise in specific business areas, and in fiscal 2025 we plan to establish a new "Professional" position with the aim of dissolving the boundaries of courses between Core Officers and BS, thereby encouraging self-sustained career development without being restricted by course classifications, etc.

Going forward, we will continuously aim to rectify the wage gap between male workers and female workers by increasing the percentage of female workers in managerial positions and promoting more female workers to upper-level positions.

2) Consolidated subsidiaries

The diversity indicators related to consolidated subsidiaries are as follows. (Note 1)

Current fiscal year					
Name	Percentage of female workers in managerial positions (%) (Notes 2, 5)	Percentage of male workers taking childcare leave (%) (Notes 3, 5)	Difference in wages between male and female workers (%) (Notes 2, 4)		
			All workers	Full-time workers	Non-regular workers
The Mitsubishi UFJ Factors Limited	–	*1 Full-time employees 100 Contract employees **	64.2	62.9	*4 73.9
Mitsubishi UFJ Jinji Service Co., Ltd.	*2 33.9	–	–	–	–
TOKYO CREDIT SERVICES, LIMITED	*3 27.3	–	–	–	–
Mitsubishi UFJ Loan Business, Co., Ltd.	–	–	55.6	75.6	*4 61.1
Mitsubishi UFJ Information Technology, Ltd.	*1 6.0	*1 93	83.5	82.3	96.3
MU Business Service Co., Ltd.	*2 15.9	*1 0	59.5	70.8	*4 48.7
MU Center Service Tokyo Co., Ltd.	*2 49.0	*1 100	54.1	70.1	*4 49.5
MU Center Service Nagoya Co., Ltd.	*1 36.0	*1 **	35.8	52.7	25.4
MU Center Service Osaka Co., Ltd.	*2 56.3	*2 **	48.1	58.5	*4 42.5
Mitsubishi UFJ Business Partner Co., Ltd.	*2 23.4	*2 100	86.2	88.8	65.7
Mitsubishi UFJ Home Loan Credit Co., Ltd.	*1 19.4	–	–	–	–
Mitsubishi UFJ Research and Consulting Co., Ltd.	*1 11.0	*1 47	63.9	65.1	*4 58.7
MU Frontier Servicer Co., Ltd.	*1 9.0	–	62.3	56.5	*4 66.0
MU Loan Administration Support Co., Ltd.	–	–	47.7	64.9	48.3
MU Communications Co., Ltd.	*2 16.9	*3 100	71.0	74.4	73.6

"**" in the percentage of male workers taking childcare leave indicates that there are no male workers whose spouses have given birth in the company.

(Notes)
1. Consolidated subsidiaries that do not disclose each indicator in accordance with the provisions of the Women's Empowerment Act or the Child Care and Family Care Leave Act are omitted or marked with "-."
2. Calculated in accordance with the provisions of the Women's Empowerment Act.
3. Calculated in accordance with the provisions of the Child Care and Family Care Leave Act. However, figures for The Mitsubishi UFJ Factors Limited, Mitsubishi UFJ Information Technology, Ltd., MU Business Service Co., Ltd., MU Center Service Tokyo Co., Ltd., and Mitsubishi UFJ Business Partner Co., Ltd. are calculated based on the provisions of the Women's Empowerment Act.
4. Full-time workers: Includes employees loaned to other companies and excludes employees loaned to consolidated subsidiaries.
   Non-regular workers: Includes contract employees and excludes contractors.
5. The following shows the treatment of loaned employees in the percentage of female workers in managerial positions and the percentage of male workers taking childcare leave.
   *1: Includes employees loaned to other companies and excludes employees loaned to consolidated subsidiaries

*2 Excludes employees loaned to other companies but includes employees loaned to consolidated subsidiaries
*3: Excluding both employees loaned to other companies and employees loaned to consolidated subsidiaries

6. Method of calculating average annual wage of non-regular workers
   *4: The average annual wage is calculated based on the number of employees converted by the prescribed working hours of full-time employees.

The gender gap in wage is, in general, caused by the low percentage of female workers in managerial positions and in upper-level positions.

Going forward, each company will continuously aim to rectify the wage gap between male workers and female workers by increasing the percentage of female workers in managerial positions and promoting more female workers to upper-level positions.

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, concerns about inflation rates remaining high or continuing to accelerate, increasing geopolitical risks and instability in financial markets and financial systems centered around Europe and the United States. These developments are changing the business environment in significant ways.

The Bank 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 MUFG has 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 2022 continuing from fiscal 2021.

From fiscal 2023, 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.

Furthermore, for MUFG to achieve sustainable corporate growth and improvement in corporate value, it is important to secure a business portfolio generating even higher and more stable profits, and to that end, we believe that strategic investment in growth areas is essential. In addition, we aim to represent ourselves as a company where employees can direct their energies into their work, and through best practices for creating new value and highlighting employees who are doing their best to take on new challenges, we also aim to create a virtuous cycle of new challenges spreading forth from our Purpose.

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

During fiscal 2022, the global economy faced numerous supply constraints resulting from the COVID-19 pandemic as well as a sharp rise in energy prices triggered by the geopolitical conflict in Ukraine. This led to a rise in inflation globally, followed by considerable monetary tightening, which put downward pressure on economies. Nevertheless, economic activities continued to normalize as people learned to live with COVID-19, and, on the whole, the global economy was continuing to recover gradually. However, there are signs that the geopolitical conflict in Ukraine will give long and the downward pressure on the global economy from the cumulative effects of monetary tightening up until now has increased further. As a result, there has been a marked slowing of economic growth since the end of last year. In addition, we cannot rule out the risk that the financial system uncertainty in the United States and Europe since March would affect the real economy. In Japan, there has been steady progress in balancing the normalization of economic activities with COVID-19 measures since the priority preventative measures were lifted in March last year, and the economy continues to recover gradually.

Turning to the financial market, stock prices were generally high despite a period of decline on the back of increased tension over geopolitical risks, such as the conflict in Ukraine, and central banks tightening their monetary policy stances. There was a sharp increase in policy rates in Europe and the US, which led to a rise in market interest rates during the latter half of the year. However, market interest rates then slowly fell, despite some fluctuations. In Japan, short-term interest rates remained low, but long-term interest rates rose slightly when the Bank of Japan (BoJ) modified the conduct of Yield Curve Control in December last year. In terms of currency exchange, the yen depreciated to USD/JPY 151 in October last year for the first time in 32 years. Subsequently, the Japanese government and BoJ intervened in the currency market, the Fed decreased the pace of its rate hikes and the BoJ modified its monetary policy. As a result, the yen stopped weakening and shifted somewhat towards a trend of yen appreciation/dollar depreciation.

(3) Issues to be Addressed

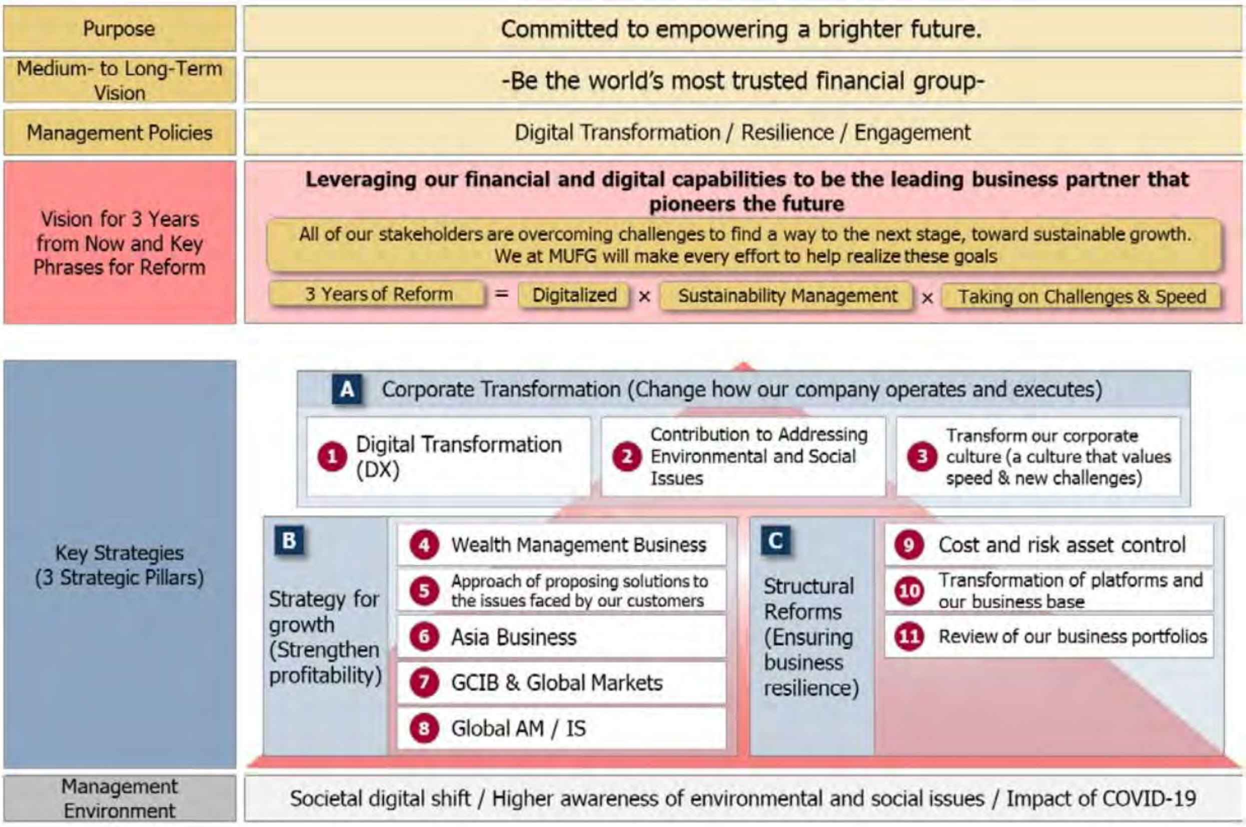
Each of the MUFG Group's operating companies, Business Groups, and corporate centers are working together to drive "Corporate Transformation," "Strategies for Growth" and "Structural Reforms," which are defined as the major strategic pillars.

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.

The Group prioritizes the safety of all stakeholders including customers, shareholders 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 step up an integrated approach in which the execution of management strategies goes in tandem with the pursuit of solutions for environmental and social issues. To this end, we will realign our business strategies, risk management and social contribution initiatives in light of 10 priority issues we have identified.

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 large Japanese corporate clients, 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 Bank of Ayudhya Public Company Limited (Thailand) and PT Bank Danamon Indonesia, Tbk. (Indonesia).

7) GCIB & global markets

We will promote the optimization of our portfolio by, for example, rebalancing the portfolio to the institutional investor business. Also, we will step up asset velocity and cross-selling approach via the integrated operation of GCIB and Global Markets business groups.

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 enhance RWA control via replacing low-profitability assets with high-profitability assets.

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 review resource allocations to low-profitability businesses. We will step up external collaboration and other initiatives related to new businesses.

(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

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 2023 are as follows. 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 agilely dealt with 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
Decline in capital sufficiency/Increase in risk assets	- Our capital management may be adversely affected by an increase in unrealized losses on debt securities due to a rise in interest rates globally.
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.
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 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 2023. 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 an investor's 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 investors 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

The outlook for the Japanese and global economies is uncertain due to factors such as global inflation trends, changes in the monetary and fiscal policies in major jurisdictions and the fiscal condition of major countries, rapid and significant fluctuations in foreign exchange rates, anxiety and concerns over financial institutions and developments affecting the financial industry, concerns over political developments in the United States, concerns over the U.S.-China conflict, global geopolitical risks, interruptions in global supply of commodities and international trade, and political turmoil in various regions around the world. 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, and the balance of, 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 an increase in our foreign currency funding costs due to a rise in interest rates globally resulting from 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, personnel 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. We may also 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. In addition, such external events may negatively impact the economic conditions in the markets we or our customers operate. As a result, our business, operating results and financial condition may be materially and 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 have various transactions, including derivatives, loans, bonds, and securitized products, that reference 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 settings and all non-U.S. dollar LIBOR settings on a representative basis after December 31, 2021, with plans to cease publication of all other U.S. dollar LIBOR settings after June 30, 2023.

In preparation for the discontinuation of the publication of LIBOR, 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 settings 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. With respect to transactions referencing U.S. dollar LIBOR settings 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 U.S. dollar LIBOR in light of such cessation of U.S. dollar LIBOR publication at the end of June 2023, while legislative solutions have been developed to address existing contracts that cannot feasibly be transitioned away from U.S. dollar 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 measures to strengthen climate change-related regulations, diversification of climate-related policies and the transition to a decarbonized society including 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 Climate-related Financial Disclosure Task Force, or 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 effectively respond to regulatory requirements or diversification of policies 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 settlement services as a result of development of new technologies as well as significant changes in regulatory barriers.

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 cannot be 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;
- our strategy to improve financial and operational efficiency does not proceed as planned;
- clients and business opportunities are lost, or costs and expenses significantly exceed our expectations, as a result of ongoing or planned strategies to streamline our business portfolio, to integrate our systems, or to improve financial and operational efficiency not being achieved as expected;

- we are unable to hire or retain necessary human resources;
- our foreign currency funding becomes limited or unavailable
- we are restricted in agility or flexibility in investing in non-financial institutions under applicable laws and regulations in and outside of Japan; and
- rapid and significant deposit outflows caused by deteriorated customer confidence in our financial health or market confidence in the financial industry result in a lack of liquidity.

(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 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. For information on the Bank's intangible fixed assets such as goodwill associated with acquisition and investments, please refer to "(24) Significant Accounting Estimates," "30. BUSINESS COMBINATIONS OR DIVESTITURES," and "33. SEGMENT INFORMATION" in "Notes to Consolidated Financial Statements" under "Consolidated Financial Statements" of "V. Financial Information" in this Annual Securities Report.

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.

Risks related to our ability to meet regulatory capital requirements

(7) 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. On November 11, 2022, the Financial Services Agency ("FSA") announced that the applicable minimum leverage ratio requirement on and after April 1, 2024 will be raised while the temporary measure currently in place to exclude the amount of deposits with the Bank of Japan from the total exposure amount will continue. The Financial Stability Board has identified Mitsubishi UFJ Financial Group, Inc. ("MUFG") as one of the Global Systemically Important Banks ("G-SIB"), which are subject to higher Tier 1 leverage ratio requirements from the end of March 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, we are subject to the local capital adequacy ratio and other regulatory ratio requirements of various foreign countries, including the United States, and if our ratios fall below the required levels, the local regulators may require us to take a variety of corrective actions.

Factors that will affect our capital ratios or leverage ratios include:

- fluctuations in our portfolios due to deterioration in the creditworthiness of borrowers and the

issuers of equity and debt securities,
- difficulty in refinancing or issuing capital instruments upon redemption or at maturity of such capital instruments under terms and conditions similar to prior financings or issuances,
- declines in the value of our 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 deferred tax assets, and
- other adverse developments.

2) Regulations applicable to G-SIBs

The G-SIBs, including MUFG, are subject to a capital surcharge. As such, we may be required to meet stricter capital ratio requirements in the future.

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. The MUFG Group 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 the MUFG Group plans 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.

(8) 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 rates. 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)

(9) 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, guarantees 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 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 "29. 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, rises in interest rates, 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. If general economic conditions or the financial performance of specific borrowers deteriorates, if the value or liquidity of collateral declines, or if our actual loan losses exceed our allowance for credit losses, we may also incur additional 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, 2023, the balance of our allowance for credit losses was ¥1,123.0 billion. For information on the recording of allowance for credit losses, please refer to "(24) 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, pandemics or epidemics of infectious diseases 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 value of the additional equity purchased may decline.

(10) 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 lending and credit institutions, securities companies and insurance companies, and these problems may worsen or these may arise again as new issues. Such problems recently manifested in a series of high-profile failures of financial institutions in the United States and Europe. If financial difficulties of these financial institutions continue, worsen or arise, they may not only lead to liquidity and insolvency problems for 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 that the government controls 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 and investors 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)

(11) 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, 2023, the market value of such securities was approximately ¥3.5 trillion, and the book value of such securities was approximately ¥1.3 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)

(12) 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 in 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.

For information on the balance of securities held by the Bank, please refer to “Trading Securities” in “Notes to Consolidated Financial Statements” under “Consolidated Financial Statements” of “V. Financial Information.”

Funding liquidity risk (risk of loss due to inability to raise funds or need to raise funds at unexpectedly higher interest rates)

(13) Risks associated with a downgrade of our credit ratings and other external factors

We strive to ensure adequate fund liquidity by establishing indicators for managing fund liquidity risk. However, our liquidity may be impaired by factors such as an increase in our funding costs, an inability to raise funds in financial markets, increases in cash or collateral requirements, or an inability to enter into transactions due to a decline in our creditworthiness. These situations may arise due to circumstances including a downgrade in our credit ratings, financial system instability, and market or economic disruptions, which may have an adverse impact on our business, financial condition, and results of operation.

For example, assuming the relevant credit rating agencies downgraded the credit ratings of the Bank as of March 31, 2023 by one-notch or two-notches on the same date, we estimate that the Bank would have been required to provide approximately ¥179.1 billion or ¥208.1 billion, respectively, of additional collateral, under their derivative contracts.

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

(14) 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 regulatory approvals 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 undertook necessary actions relating to the consent order, and the OCC terminated the consent order pertaining to the Bank's observation with Bank Secrecy Act/Anti-Money Laundering compliance program requirements in December 2022.

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.

(15) 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 information, and we are working to improve our information management system by preparing information 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 information. 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.

(16) 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 enhance our financial transaction management systems as required for all of our business operations or under increasingly stricter regulations 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, harm our reputation, subject us to administrative sanctions, or result in our incurring additional costs to deal with the consequences of these events.

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

We currently have 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. 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 “(14) Risks of being deemed to have engaged in inappropriate or illegal practices or other conduct and, as a result, becoming subject to regulatory actions.”

(18) 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 regarding the application of 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 authorization to operate, adversely affecting business and results of operations of the Bank.

(19) 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.

(20) 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 as well as 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 related to 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 ¥14,238.2 billion to ¥313,849.2 billion. Major components were loans and bills discounted of ¥106,474.1 billion, cash and due from banks of ¥92,016.6 billion and securities of ¥72,239.5 billion. Liabilities as of the end of the current fiscal year increased by ¥14,222.5 billion to ¥301,590.6 billion. Major components were deposits and negotiable certificates of deposit of ¥211,291.0 billion.

As for profits and losses, ordinary income increased by ¥2,578.9 billion over the previous fiscal year to ¥6,629.8 billion and ordinary expenses increased by ¥3,116.8 billion over the previous fiscal year to ¥6,342.8 billion. As a result, the Bank posted ordinary profit of ¥286.9 billion, with a decrease of ¥537.8 billion from the previous fiscal year and net income attributable to the shareholders of MUFG Bank of ¥602.0 billion, with an increase of ¥99.0 billion from the previous fiscal year.

Following the conclusion of the Share Purchase Agreement to transfer shares in MUFG Union Bank, N.A. ("MUB"), of the aggregate of ¥952.5 billion of losses incurred in accordance with the FASB Accounting Standards Codification ("ASC") 326, "Financial Instruments—Credit Losses," and ASC 310, "Receivables," the Bank recorded losses mainly on fair value measurement of securities to be sold in an amount of ¥555.4 billion as non-recurring losses and losses on fair value measurement of loans to be sold in an amount of ¥400.5 billion as write-offs of loans.

Results by reportable segment are as follows:

1. Digital Service Business Unit
   Net operating income was ¥50.6 billion, with an increase of ¥32.6 billion from the previous fiscal year.
2. Retail & Commercial Banking Business Unit
   Net operating income was ¥103.4 billion, with an increase of ¥75.2 billion from the previous fiscal year.
3. Japanese Corporate & Investment Business Unit
   Net operating income was ¥411.7 billion, with an increase of ¥174.8 billion from the previous fiscal year.
4. Global Commercial Banking Business Unit
   Net operating income was ¥290.2 billion, with an increase of ¥46.6 billion from the previous fiscal year.
5. Global Corporate & Investment Banking Business Unit
   Net operating income was ¥376.3 billion, with an increase of ¥139.5 billion from the previous fiscal year.
6. Global Markets Business Unit
   Net operating income was ¥89.3 billion, with a decrease of ¥18.4 billion from the previous fiscal year.
7. Other units
   Recorded a net operating loss of ¥103.6 billion, with a decrease of ¥41.4 billion from the previous fiscal year.

During the current fiscal year, method to allocate revenue and expenses among business units has been changed and the calculation method of profit of reportable segments has been changed.

Segment information for the previous fiscal year that was prepared in accordance with the calculation method after the change is provided in "33. 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 ¥12,616.8 billion, with an increase of ¥10,501.4 billion in cash inflows from the previous fiscal year. Investing activities resulted in net cash outflow of ¥12,252.3 billion, with an increase of ¥11,719.2 billion in cash outflows from the previous fiscal year. Financing activities resulted in net cash inflow of ¥1,524.9 billion, with a ¥1,703.5 billion increase in cash inflows from the previous fiscal year.

Cash and cash equivalents at the end of the current fiscal year were ¥92,016.6 billion, with an increase of ¥2,622.6 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, 2023 was 12.58%.

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 ¥3,228.0 billion, which represents an increase of ¥543.4 billion from the previous fiscal year. Of this, domestic operations posted an income of ¥1,202.5 billion, with an increase of ¥78.7 billion from the previous fiscal year, and overseas operations posted an income of ¥2,251.4 billion, with an increase of ¥480.3 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	702,568	1,075,736	(28,824)	1,749,480
	Current fiscal year	1,065,555	1,388,756	(65,992)	2,388,320
Of which, interest income	Previous fiscal year	902,496	1,380,248	(48,885)	2,233,858
	Current fiscal year	1,497,969	2,971,085	(173,720)	4,295,333
Of which, interest expenses	Previous fiscal year	199,927	304,511	(20,060)	484,378
	Current fiscal year	432,413	1,582,328	(107,728)	1,907,013
Net fees and commissions	Previous fiscal year	393,128	527,837	(181,268)	739,697
	Current fiscal year	404,112	649,787	(159,489)	894,410
Of which, fees and commissions income	Previous fiscal year	539,408	600,764	(223,942)	916,231
	Current fiscal year	553,887	734,472	(216,558)	1,071,800
Of which, fees and commissions expenses	Previous fiscal year	146,280	72,927	(42,674)	176,533
	Current fiscal year	149,774	84,685	(57,068)	177,390
Net trading income	Previous fiscal year	17,492	63,408	(1,304)	79,596
	Current fiscal year	16,790	112,453	1,326	130,570
Of which, trading income	Previous fiscal year	17,427	139,229	(76,569)	80,088
	Current fiscal year	18,397	251,094	(64,313)	205,179
Of which, trading expenses	Previous fiscal year	(65)	75,820	(75,264)	491
	Current fiscal year	1,607	138,641	(65,639)	74,608
Net other operating income	Previous fiscal year	10,646	104,126	1,076	115,850
	Current fiscal year	(283,876)	100,462	(1,791)	(185,205)
Of which, other operating income	Previous fiscal year	212,354	192,245	(68,036)	336,563
	Current fiscal year	351,926	313,356	(172,400)	492,882
Of which, other operating expenses	Previous fiscal year	201,707	88,118	(69,113)	220,712
	Current fiscal year	635,803	212,893	(170,608)	678,088

(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 ¥159,712.1 billion, with an increase of ¥1,308.7 billion from the previous fiscal year. Yield on interest-earning assets rose by 0.36 percentage points to 0.93% and the total interest income stood at ¥1,497.9 billion, with an increase of ¥595.4 billion from the previous fiscal year. The average balance of interest-bearing liabilities in the current fiscal year was ¥199,837.1 billion, with an increase of ¥3,829.6 billion from the previous fiscal year. Yield on interest-bearing liabilities rose by 0.11 percentage points to 0.21% and total interest expenses stood at ¥432.4 billion, with an increase of ¥232.4 billion from the previous fiscal year.

(Millions of yen)

Item	Fiscal year	Average balance	Interest	Yield
		Amount	Amount	(%)
Interest-earning assets	Previous fiscal year	158,403,365	902,496	0.56
	Current fiscal year	159,712,137	1,497,969	0.93
Of which, loans and bills discounted	Previous fiscal year	65,636,133	494,922	0.75
	Current fiscal year	67,660,084	697,001	1.03
Of which, securities	Previous fiscal year	56,949,792	291,008	0.51
	Current fiscal year	60,287,377	730,774	1.21
Of which, call loans and bills bought	Previous fiscal year	661,439	(77)	(0.01)
	Current fiscal year	681,309	2,145	0.31
Of which, receivables under resale agreements	Previous fiscal year	646,140	550	0.08
	Current fiscal year	1,089,351	16,349	1.50
Of which, receivables under securities borrowing transactions	Previous fiscal year	–	–	–
	Current fiscal year	710	0	0.00
Of which, due from banks	Previous fiscal year	32,117,384	32,040	0.09
	Current fiscal year	26,811,033	27,109	0.10
Interest-bearing liabilities	Previous fiscal year	196,007,411	199,927	0.10
	Current fiscal year	199,837,102	432,413	0.21
Of which, deposits	Previous fiscal year	157,434,978	14,502	0.00
	Current fiscal year	160,470,780	92,736	0.05
Of which, negotiable certificates of deposit	Previous fiscal year	1,233,871	208	0.01
	Current fiscal year	1,266,014	218	0.01
Of which, call money and bills sold	Previous fiscal year	117,706	(44)	(0.03)
	Current fiscal year	447,680	71	0.01
Of which, payables under repurchase agreements	Previous fiscal year	7,214,803	14,877	0.20
	Current fiscal year	14,376,044	212,860	1.48
Of which, payables under securities lending transactions	Previous fiscal year	–	–	–
	Current fiscal year	30,232	3	0.00
Of which, commercial paper	Previous fiscal year	–	–	–
	Current fiscal year	–	–	–
Of which, borrowed money	Previous fiscal year	35,605,597	167,497	0.47
	Current fiscal year	33,380,236	275,723	0.82

(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 ¥11,608.8 billion compared to the previous fiscal year to ¥84,056.0 billion. Yield on interest-earning assets rose by 1.62 percentage points to 3.53% and total interest income stood at ¥2,971.0 billion, with an increase of ¥1,590.8 billion from the previous fiscal year. The average balance of interest-bearing liabilities in the current fiscal year increased by ¥11,198.4 billion compared to the previous fiscal year to ¥84,417.4 billion. Yield on interest-bearing liabilities rose by 1.45 percentage points to 1.87% and total interest expenses stood at ¥1,582.3 billion, with an increase of ¥1,277.8 billion from the previous fiscal year.

(Millions of yen)

Item	Fiscal year	Average balance	Interest	Yield
		Amount	Amount	(%)
Interest-earning assets	Previous fiscal year	72,447,235	1,380,248	1.90
	Current fiscal year	84,056,060	2,971,085	3.53
Of which, loans and bills discounted	Previous fiscal year	41,170,247	972,921	2.36
	Current fiscal year	49,209,546	1,937,953	3.93
Of which, securities	Previous fiscal year	9,443,861	159,256	1.68
	Current fiscal year	10,204,887	237,943	2.33
Of which, call loans and bills bought	Previous fiscal year	587,287	4,809	0.81
	Current fiscal year	689,788	16,633	2.41
Of which, receivables under resale agreements	Previous fiscal year	2,961,806	17,903	0.60
	Current fiscal year	3,154,375	78,156	2.47
Of which, receivables under securities borrowing transactions	Previous fiscal year	657,355	2,192	0.33
	Current fiscal year	956,050	18,020	1.88
Of which, due from banks	Previous fiscal year	12,016,391	27,636	0.22
	Current fiscal year	13,334,644	307,547	2.30
Interest-bearing liabilities	Previous fiscal year	73,219,035	304,511	0.41
	Current fiscal year	84,417,471	1,582,328	1.87
Of which, deposits	Previous fiscal year	50,072,209	172,258	0.34
	Current fiscal year	52,206,359	792,951	1.51
Of which, negotiable certificates of deposit	Previous fiscal year	5,634,700	18,103	0.32
	Current fiscal year	8,068,415	219,791	2.72
Of which, call money and bills sold	Previous fiscal year	446,067	1,282	0.28
	Current fiscal year	253,139	3,664	1.44
Of which, payables under repurchase agreements	Previous fiscal year	3,313,089	7,408	0.22
	Current fiscal year	3,547,103	72,718	2.05
Of which, payables under securities lending transactions	Previous fiscal year	43,535	534	1.22
	Current fiscal year	64,022	894	1.39
Of which, commercial paper	Previous fiscal year	858,686	1,479	0.17
	Current fiscal year	1,841,597	56,432	3.06
Of which, borrowed money	Previous fiscal year	1,421,896	20,777	1.46
	Current fiscal year	1,795,770	40,133	2.23

(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	230,850,600	(6,641,661)	224,208,938	2,282,744	(48,885)	2,233,858	0.99
	Current fiscal year	243,768,198	(7,788,737)	235,979,460	4,469,054	(173,720)	4,295,333	1.82
Of which, loans and bills discounted	Previous fiscal year	106,806,380	(1,353,053)	105,453,326	1,467,844	(11,569)	1,456,275	1.38
	Current fiscal year	116,869,631	(1,477,977)	115,391,653	2,634,955	(44,152)	2,590,802	2.24
Of which, securities	Previous fiscal year	66,393,654	(3,185,622)	63,208,031	450,264	(29,507)	420,756	0.66
	Current fiscal year	70,492,264	(3,341,760)	67,150,503	968,717	(67,899)	900,818	1.34
Of which, call loans and bills bought	Previous fiscal year	1,248,727	(25,132)	1,223,594	4,732	(11)	4,720	0.38
	Current fiscal year	1,371,097	(34,299)	1,336,798	18,779	(650)	18,128	1.35
Of which, receivables under resale agreements	Previous fiscal year	3,607,946	(8,969)	3,598,976	18,454	17	18,472	0.51
	Current fiscal year	4,243,726	–	4,243,726	94,505	3	94,508	2.22
Of which, receivables under securities borrowing transactions	Previous fiscal year	657,355	–	657,355	2,192	–	2,192	0.33
	Current fiscal year	956,761	–	956,761	18,020	–	18,020	1.88
Of which, due from banks	Previous fiscal year	44,133,775	(1,431,896)	42,701,878	59,676	(3,367)	56,309	0.13
	Current fiscal year	40,145,678	(2,565,677)	37,580,001	334,656	(44,842)	289,814	0.77
Interest-bearing liabilities	Previous fiscal year	269,226,446	(3,481,476)	265,744,969	504,439	(20,060)	484,378	0.18
	Current fiscal year	284,254,574	(4,247,706)	280,006,867	2,014,742	(107,728)	1,907,013	0.68
Of which, deposits	Previous fiscal year	207,507,187	(1,205,894)	206,301,293	186,761	(2,238)	184,522	0.08
	Current fiscal year	212,677,140	(2,146,274)	210,530,866	885,687	(40,015)	845,671	0.40
Of which, negotiable certificates of deposit	Previous fiscal year	6,868,571	–	6,868,571	18,311	–	18,311	0.26
	Current fiscal year	9,334,430	–	9,334,430	220,010	–	220,010	2.35
Of which, call money and bills sold	Previous fiscal year	563,774	(150,780)	412,994	1,238	(412)	825	0.19
	Current fiscal year	700,820	(33,346)	667,473	3,735	(253)	3,481	0.52
Of which, payables under repurchase agreements	Previous fiscal year	10,527,893	(8,969)	10,518,923	22,285	15	22,300	0.21
	Current fiscal year	17,923,148	–	17,923,148	285,579	0	285,580	1.59
Of which, payables under securities lending transactions	Previous fiscal year	43,535	–	43,535	534	–	534	1.22
	Current fiscal year	94,254	–	94,254	897	–	897	0.95
Of which, commercial paper	Previous fiscal year	858,686	–	858,686	1,479	–	1,479	0.17
	Current fiscal year	1,841,597	–	1,841,597	56,432	–	56,432	3.06
Of which, borrowed money	Previous fiscal year	37,027,494	(706,799)	36,320,694	188,275	(12,341)	175,933	0.48
	Current fiscal year	35,176,006	(956,248)	34,219,757	315,857	(22,468)	293,388	0.85

(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 offices

Net fees and commissions income are as follows:

Fees and commissions income of domestic offices for the current fiscal year was ¥553.8 billion, with an increase of ¥14.4 billion from the previous fiscal year, while fees and commissions expenses were ¥149.7 billion, with an increase of ¥3.4 billion from the previous fiscal year, resulting in a net fees and commissions income of ¥404.1 billion, with an increase of ¥10.9 billion from the previous fiscal year. Fees and commissions income of overseas offices for the current fiscal year was ¥734.4 billion, with an increase of ¥133.7 billion from the previous fiscal year, while fees and commissions expenses were ¥84.6 billion, with an increase of ¥11.7 billion from the previous fiscal year, resulting in a net fees and commissions income of ¥649.7 billion, with an increase of ¥121.9 billion from the previous fiscal year.

Consequently, total net fees and commissions income for the current fiscal year stood at ¥894.4 billion, with an increase of ¥154.7 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	539,408	600,764	(223,942)	916,231
	Current fiscal year	553,887	734,472	(216,558)	1,071,800
Of which, domestic and foreign exchange services	Previous fiscal year	157,733	12,641	(987)	169,387
	Current fiscal year	151,020	14,155	(1,054)	164,121
Of which, other commercial banking services	Previous fiscal year	216,372	297,567	(2,603)	511,336
	Current fiscal year	234,510	415,762	(4,966)	645,306
Of which, guarantee services	Previous fiscal year	41,529	34,049	(14,156)	61,422
	Current fiscal year	43,006	44,511	(16,766)	70,751
Of which, securities-related services	Previous fiscal year	13,603	84,076	(38)	97,641
	Current fiscal year	12,846	56,242	(41)	69,047
Fees and commissions expenses	Previous fiscal year	146,280	72,927	(42,674)	176,533
	Current fiscal year	149,774	84,685	(57,068)	177,390
Of which, domestic and foreign exchange services	Previous fiscal year	25,664	12,360	(377)	37,647
	Current fiscal year	20,931	13,195	(411)	33,715

(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 offices

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 ¥18.3 billion, with an increase of ¥0.9 billion from the previous fiscal year. Trading expenses of domestic offices were ¥1.6 billion, with an increase of ¥1.6 billion from the previous fiscal year. As a result, net trading income for the current fiscal year was ¥16.7 billion, with a decrease of ¥0.7 billion from the previous fiscal year. Trading income of overseas offices for the current fiscal year was ¥251.0 billion, with an increase of ¥111.8 billion from the previous fiscal year. Trading expenses of overseas offices were ¥138.6 billion, with an increase of ¥62.8 billion from the previous fiscal year. As a result, net trading income for the current fiscal year was ¥112.4 billion, with an increase of ¥49.0 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 ¥130.5 billion, with an increase of ¥50.9 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	17,427	139,229	(76,569)	80,088
	Current fiscal year	18,397	251,094	(64,313)	205,179
Of which, income from trading securities	Previous fiscal year	–	60,348	(49,343)	11,004
	Current fiscal year	–	51,052	(51,052)	–
Of which, income from securities related to trading transactions	Previous fiscal year	–	11	(11)	–
	Current fiscal year	4,975	185	(122)	5,038
Of which, income from trading-related financial derivatives	Previous fiscal year	16,597	78,868	(27,211)	68,255
	Current fiscal year	12,459	199,853	(13,138)	199,174
Of which, income from other trading transactions	Previous fiscal year	830	–	(2)	828
	Current fiscal year	962	3	–	966
Trading expenses	Previous fiscal year	(65)	75,820	(75,264)	491
	Current fiscal year	1,607	138,641	(65,639)	74,608
Of which, expenses on trading securities	Previous fiscal year	2,154	47,189	(49,343)	–
	Current fiscal year	1,607	124,054	(51,052)	74,608
Of which, expenses on securities related to trading transactions	Previous fiscal year	(2,219)	2,722	(11)	491
	Current fiscal year	–	122	(122)	–
Of which, expenses on trading-related financial derivatives	Previous fiscal year	–	25,906	(25,906)	–
	Current fiscal year	–	14,464	(14,464)	–
Of which, expenses on other trading transactions	Previous fiscal year	–	2	(2)	–
	Current fiscal year	–	–	–	–

(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 offices

・ 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	158,977,184	47,170,422	(1,580,415)	204,567,192
	Current fiscal year	163,622,603	41,153,465	(2,457,365)	202,318,702
Of which, liquid deposits	Previous fiscal year	126,039,807	29,884,755	(611,616)	155,312,946
	Current fiscal year	130,337,411	21,436,415	(1,396,495)	150,377,331
Of which, fixed-term deposits	Previous fiscal year	24,567,241	17,227,495	(958,932)	40,835,804
	Current fiscal year	24,305,876	19,581,085	(1,030,386)	42,856,575
Of which, other deposits	Previous fiscal year	8,370,135	58,172	(9,866)	8,418,441
	Current fiscal year	8,979,315	135,964	(30,484)	9,084,795
Negotiable certificates of deposit	Previous fiscal year	1,143,269	6,809,517	–	7,952,786
	Current fiscal year	1,074,451	7,897,910	–	8,972,362
Total	Previous fiscal year	160,120,453	53,979,939	(1,580,415)	212,519,978
	Current fiscal year	164,697,054	49,051,375	(2,457,365)	211,291,064

(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)	64,708,207	100.00	65,870,358	100.00
Manufacturing	11,417,056	17.64	11,668,007	17.71
Construction	727,522	1.12	832,820	1.26
Wholesale and retail	6,804,770	10.52	6,498,286	9.87
Finance and insurance	7,794,611	12.05	7,690,339	11.68
Real estate, goods rental and leasing	11,481,042	17.74	12,635,210	19.18
Services	2,945,071	4.55	2,687,513	4.08
Other industries	23,538,132	36.38	23,858,181	36.22
Overseas and Japan offshore market account	42,642,413	100.00	40,603,805	100.00
Governments and public organizations	611,510	1.43	368,309	0.91
Financial institutions	10,796,989	25.32	12,279,579	30.24
Others	31,233,913	73.25	27,955,916	68.85
Total	107,350,620	–	106,474,163	–

(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, 2023
1. Consolidated Total Capital Ratio (4/7)	12.58
2. Consolidated Tier 1 Capital Ratio (5/7)	11.04
3. Consolidated Common Equity Tier 1 Capital Ratio (6/7)	9.89
4. Consolidated Total Capital	14,207.8
5. Consolidated Tier 1 Capital	12,469.2
6. Consolidated Common Equity Tier 1 Capital	11,172.1
7. Risk-weighted Assets	112,870.4
8. Consolidated Total Capital Requirements	9,029.6

Consolidated leverage ratio (under uniform international standards)

(%)

	As of March 31, 2023
Consolidated leverage ratio	4.75

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

(Billions of yen, %)

	As of March 31, 2023
1. Non-consolidated Total Capital Ratio (4/7)	10.71
2. Non-consolidated Tier 1 Capital Ratio (5/7)	9.30
3. Non-consolidated Common Equity Tier 1 Capital Ratio (6/7)	8.11
4. Non-consolidated Total Capital	11,115.3
5. Non-consolidated Tier 1 Capital	9,644.1
6. Non-consolidated Common Equity Tier 1 Capital	8,410.2
7. Risk-weighted Assets	103,687.7
8. Non-consolidated Total Capital Requirements	8,295.0

Non-consolidated leverage ratio (under uniform international standards)

(%)

	As of March 31, 2023
Non-consolidated leverage ratio	4.02

(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 ¥1,236.1 billion, with an increase of ¥415.6 billion from the previous fiscal year. This was mainly due to an improvement in lending spread and an increase in net interest income from foreign currency-denominated loans, despite a decrease in gains related to bond transactions due to the recording of losses on the sale of foreign bonds amid rising interest rates, and an increase in general and administrative expenses due to the foreign exchange effects of a weaker yen.

Total credit costs for the current fiscal year increased by ¥332.9 billion compared to the previous fiscal year, primarily due to the recording of losses on fair value measurement of loans to be sold following the decision to transfer shares of MUB. Ordinary profit decreased by ¥537.8 billion compared to the previous fiscal year, due to the losses on fair value measurement on securities to be sold also following the decision to transfer shares of MUB, while extraordinary gains increased by ¥666.6 billion compared the previous fiscal year, primarily due to the gain on sale of shares of MUB. As a result, net income attributable to the shareholders of MUFG Bank increased by ¥99.0 billion to ¥602.0 billion.

Following the conclusion of the Share Purchase Agreement to transfer shares in MUB, of the aggregate of ¥952.5 billion of losses incurred in accordance with the FASB Accounting Standards Codification ("ASC") 326, "Financial Instruments—Credit Losses," and ASC 310, "Receivables," the Bank recorded losses mainly on fair value measurement of securities to be sold in an amount of ¥555.4 billion as non-recurring losses and losses on fair value measurement of loans to be sold in an amount of ¥400.5 billion as write-offs of loans.

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)

Areas such as consumer finance saw robust performance as activities continued to recover from stagnation induced by the COVID-19 pandemic. In addition, progress was made on cost reductions in association with initiatives including the consolidation of branch offices and digitalization of internal back-office operations. As a result, net operating profits increased. We will continue to expand customer contact points online and across all relevant channels. Furthermore, we are focusing on working to create new services through external collaboration.

(Retail & Commercial Banking Business Group)

Sales operations centered around the provision of loans and deposits-taking, foreign exchange, and derivatives increased due to the evolution of needs to suit changes in our environment such as the upward trend in interest rates in the United States. In addition, we were able to curb personnel and non-personnel expenses through the consolidation of branch offices, and as a result, net operating profits increased. We will continue to provide high-value-added services and solutions by offering an approach to the challenges faced by our customers with the integrated operation of the Bank, the Trust Bank, and the Securities.

(Japanese Corporate & Investment Banking Business Group)

Results expanded centered around net interest income due to efforts to pursue appropriate returns relative to risk and respond flexibly to changes in our environment such as the upward trend in interest rates in the United States. Net operating profits increased as we were able to realize "staircase management" in fiscal year 2022. In addition, we are strengthening our efforts to deepen engagement (dialogue) and share business risks with our customers in order to resolve environmental and social issues, as well as management issues of our customers, which are becoming more complex and diverse.

(Global Commercial Banking Business Group)

Net operating profits increased, mainly due to an increase in the loan balance at Bank of Ayudhya Public Company Limited and the curbing of funding costs at PT Bank Danamon Indonesia, Tbk. In investments related to digital business, we decided to acquire subsidiaries of Home Credit B.V. in the Philippines and Indonesia, invest in Akulaku, a fintech company providing digital financial services primarily in Indonesia, and establish the Garuda Fund, a specialty fund for Indonesia to invest in emerging companies. In addition to deepening collaboration with our partner banks, we will continue to make investments related to digital business toward promoting further growth in Asia in order to “empower a brighter future in Asia” for our customers.

(Asset Management & Investor Services Business Group)

In the asset management field, Mitsubishi UFJ Kokusai Asset Management had the top ranking in the industry in terms of the balance of publicly offered stock investment trusts held, excluding ETFs. In the investor services business field, steady progress was made in the synergistic provision of high-value-added services in Japan and overseas. In the pension business field, D-Canvas, an app for persons enrolled in the defined contribution pension plans, reached over 300,000 users as the base of persons enrolled in the defined contribution pension plans continues to expand. However, net operating profits decreased slightly as a result of a decline in performance fees recorded in the previous fiscal year and a slump in the market. We will continue to seek further growth through demonstrating a high degree of expertise.

(Global Corporate & Investment Banking Business Group)

Although capital markets revenues decreased due to a stagnant market, net operating profits increased as a result of an increase in net interest incomes in loans and deposits as well as loan related fees and commissions from project financing etc. We continue to promote efforts to capture diverse client needs by leveraging the integrated business operation of Global Corporate & Investment Banking and Global Markets Sales & Trading (S&T). In addition, we expand financing and related business to support growth of startups and emerging tech companies as a new business in a growing market.

(Global Markets Business Group)

We were able to grasp the issues and needs of our customers in a timely and appropriate manner by further increasing the amounts of activities and succeeding in flexible position management against increased volatility. As a result, we were able to record significant profits from Sales & Trading business. In Treasury business, amid a sharper-than-expected rise in USD interest rates, we controlled the deterioration in unrealized PnL through various hedging operations and continued to take on the challenge to expand New Investment business.

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 increased by ¥543.7 billion from the previous fiscal year. Meanwhile, general and administrative expenses increased by ¥128.1 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 ¥1,236.1 billion, which represents an increase of ¥415.6 billion from the previous fiscal year.

Meanwhile, net income attributable to the shareholders of MUFG Bank was ¥602.0 billion, with an increase of ¥99.0 billion from the previous fiscal year.

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)	2,233.8	4,295.3	2,061.4
Interest expenses (after deduction of expenses related to money held in trust)	(2)	484.3	1,907.0	1,422.6
Trust fees	(3)	11.9	12.2	0.2
Of which, credit costs for trust accounts	(4)	—	—	—
Fees and commissions income	(5)	916.2	1,071.8	155.5
Fees and commissions expenses	(6)	176.5	177.3	0.8
Trading income	(7)	80.0	205.1	125.0
Trading expenses	(8)	0.4	74.6	74.1
Other operating income	(9)	336.5	492.8	156.3
Other operating expenses	(10)	220.7	678.0	457.3
Consolidated gross operating income (= (1) - (2) + (3) + (5) - (6) + (7) - (8) + (9) - (10))	(11)	2,696.6	3,240.3	543.7
General and administrative expenses (after deduction of non-recurring expenses)	(12)	1,876.1	2,004.2	128.1
Consolidated net business profit (loss) (before provision for general allowance for credit losses = (11) + (4) - (12))		820.4	1,236.1	415.6
Other ordinary expenses (Provision for general allowance for credit losses)	(13)	(64.1)	34.6	98.7
Consolidated net business profit (loss) (= (11) - (12) - (13))		884.6	1,201.4	316.8
Other ordinary income	(14)	472.1	551.3	79.2
Of which, reversal of allowance for credit losses		—	—	—
Of which, gains on collection of bad debts		64.2	71.7	7.4
Of which, gains on sales of equity securities and other securities		315.4	259.1	(56.3)
Interest expenses (expenses related to money held in trust)	(15)	0.0	0.0	(0.0)
General and administrative expenses (non-recurring expenses)	(16)	(2.3)	68.4	70.8
Other ordinary expenses (after deduction of provision for general allowance for credit losses)	(17)	534.2	1,397.4	863.1
Of which, credit costs		393.5	646.7	253.1
Of which, losses on sales of equity securities and other securities		28.5	27.5	(1.0)
Of which, losses on write-down of equity securities and other securities		9.8	12.9	3.1
Net non-recurring gains (losses) (= (14) - (15) - (16) - (17))		(59.7)	(914.4)	(854.7)
Ordinary profit		824.8	286.9	(537.8)
Net extraordinary gains (losses)		(82.5)	584.1	666.6
Of which, impairment loss		(162.6)	(6.9)	155.7
Income before income taxes		742.2	871.0	128.7
Total income taxes		204.2	253.0	48.7
Net income before attribution of noncontrolling interests		537.9	618.0	80.0
Net income attributable to noncontrolling interests		34.9	16.0	(18.9)
Net income attributable to the shareholders of MUFG Bank		503.0	602.0	99.0

1) Analysis of Results of Operations

(i) Total credit costs

Total credit costs for the current fiscal year increased by ¥332.9 billion compared to the previous fiscal year to ¥598.1 billion, primarily due to an increase in loan write-offs resulting from the write-down of loans held by MUB that occurred in connection with the transfer of MUB shares.

(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)	–	11.5	11.5
Of other ordinary income, gains on collection of bad debts	(4)	64.2	71.7	7.4
Of other ordinary expenses, provision for general allowance for credit losses	(5)	(64.1)	34.6	98.7
Of other ordinary expenses, credit costs	(6)	393.5	646.7	253.1
Write-offs of loans		82.0	465.1	383.0
Provision for specific allowance for credit losses		244.7	180.6	(64.1)
Other credit costs		66.7	1.0	(65.7)
Total credit costs (= (1) - (2) - (3) - (4) + (5) + (6))		265.1	598.1	332.9
Consolidated net business profit (loss) (before credit costs for trust accounts and provision for general allowance for credit losses)		820.4	1,236.1	415.6
Consolidated net business profit (loss) (after deduction of total credit costs)		555.2	637.9	82.6

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

The Bank posted ¥218.6 billion gains on equity securities and other securities for the current fiscal year with a decrease of ¥58.4 billion from the previous fiscal year.

Gains on sales of equity securities and other securities decreased by ¥56.3 billion compared to the previous fiscal year to ¥259.1 billion while losses on sales of equity securities and other securities decreased by ¥1.0 billion compared to the previous fiscal year to ¥27.5 billion. Losses on write-down of equity securities and other securities increased by ¥3.1 billion compared to the previous fiscal year to ¥12.9 billion.

(Billions of yen)

	Previous fiscal year (A)	Current fiscal year (B)	Change (B - A)
Net gains (losses) on equity securities and other securities	277.0	218.6	(58.4)
Of other ordinary income, gains on sales of equity securities and other securities	315.4	259.1	(56.3)
Of other ordinary expenses, losses on sales of equity securities and other securities	28.5	27.5	(1.0)
Of other ordinary expenses, losses on write-down of equity securities and other securities	9.8	12.9	3.1

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 individual and corporate customers in Japan
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, etc. of the Group
Global Corporate & Investment Banking Business Unit	:	Providing financial services to major non-Japanese corporate customers
Global Markets Business Unit	:	Providing services related to foreign currency exchange, treasury management and investment securities to customers, as well as conducting market transactions and liquidity and cash management for the Group
Other units	:	Other than the businesses mentioned above

(Billions of yen)

	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	Customer business units subtotal	Global Markets Business Unit	Other units (Note 2)	Total
Gross operating income	279.1	388.1	672.6	870.5	691.3	2,901.7	209.6	12.4	3,123.8
Non-consolidated	251.3	359.7	577.1	35.0	531.9	1,755.2	109.2	(25.3)	1,839.1
Net interest income	215.3	187.4	353.4	35.7	260.2	1,052.3	399.6	26.9	1,478.9
Net non-interest income	35.9	172.2	223.7	(0.6)	271.6	702.9	(290.3)	(52.2)	360.2
Subsidiaries	27.7	28.3	95.4	835.5	159.4	1,146.4	100.4	37.7	1,284.6
Expenses	228.5	284.6	260.9	580.3	315.0	1,669.3	120.2	116.1	1,905.7
Net operating income (Note 1)	50.6	103.4	411.7	290.2	376.3	1,232.4	89.3	(103.6)	1,218.1

(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 fell below that of the previous fiscal year due to decreases in income from domestic settlement and net interest income from residential loans, despite a recovery in income from consumer finance and foreign exchange.

(ii) Retail & Commercial Banking Business Unit

Gross operating income exceeded that of the previous fiscal year due to an increase in foreign net interest income resulting from higher U.S. interest rates and increases in income from foreign exchange and derivatives that captured market fluctuations.

(iii) Japanese Corporate & Investment Banking Business Unit

Gross operating income exceeded that of the previous fiscal year due to increases in net interest income from domestic and overseas loans due to higher U.S. interest rates and improved interest margins, as well as an increase in income from foreign exchange which captured market fluctuations.

(iv) Global Commercial Banking Business Unit

Gross operating income exceeded that of the previous fiscal year due to an increase in interest income resulting from rising U.S. interest rates, strong loans in Thailand, and improved interest spreads.

(v) Global Corporate & Investment Banking Business Unit

Gross operating income exceeded that of the previous fiscal year primarily due to an increase in net interest income from loans, which resulted from higher U.S. interest rates and improved interest margins, and an increase in income from commissions.

(vi) Global Markets Business Unit

Gross operating income fell below that of the previous fiscal year due to the recording of a net loss on sales of debt securities resulting from portfolio reconfiguration in the treasury business, despite an increase in income in the client business due to an increase in non-recurring transactions which captured market fluctuations.

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

Of the accounting estimates and assumptions used for such estimation in the preparation of the Bank's consolidated financial statements, those of significance are detailed in "(24) Significant Accounting Estimates" in "Notes to Consolidated Financial Statements" under "Consolidated Financial Statements" of "V. Financial Information."

4. Critical Contracts for Operation

(1) Completion of the sale of MUB to U.S. Bancorp

The Bank and MUFG agreed with U.S. Bancorp ("USB") to the sale of all shares in MUB, MUFG's subsidiary owned through MUAH, and entered into a Share Purchase Agreement on September 21, 2021. The transfer of the MUB shares (the "Share Transfer") was completed on December 1, 2022, and the Bank and MUAH received USD 5.5 billion in cash and approximately 44 million shares of USB stock (representing approximately 3% of USB's outstanding shares) as consideration for the Share Transfer. In addition, the Bank and MUAH expect to receive USD 3.5 billion in cash from USB within five years of the closing date. Before the closing of the Share Transfer, MUB declared and paid a special dividend of approximately USD 4.6 billion to MUAH.

In addition, MUFG has entered into a business collaboration agreement with USB. We will aim to develop and expand the collaboration with USB in areas where both USB and MUFG can leverage relative strengths as well as complement each other.

The importance of the U.S. market to MUFG will remain unchanged after the completion of the Share Transfer, and we will continue to focus our management resources on corporate transactions where we have considerable strengths as well as our collaboration with Morgan Stanley, while aiming to achieve new growth through the business alliance with USB.

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 transferred to USB through the Share Transfer excluded the GCIB business (with certain exceptions as agreed to by the parties, including certain deposits of the GCIB business that were 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 were 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) were transferred to the Bank and MUAH 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 and MUAH).

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, 2023)
(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 businesses in-scope and out-of-scope for the Transaction
(i) In-scope business: Retail and Commercial Banking businesses of MUB
(ii) 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 were retained by MUB), Global Markets business to the extent related to GCIB business, which consisted of transactions with clients and investors, and the assets and liabilities, etc. of part of the middle and back office functions, etc.

(2) Share purchase agreement for the acquisition of HC Consumer Finance Philippines, Inc. and PT Home Credit Indonesia

On November 24, 2022, the Bank, Bank of Ayudhya Public Company Limited (“Krungsri (Bank of Ayudhya)”) and PT Adira Dinamika Multi Finance Tbk (“ADMF”) entered into a share purchase agreement to acquire 100% of the shares of HC Consumer Finance Philippines, Inc. (“HC Philippines”) and 85% of the shares of PT Home Credit Indonesia (“HC Indonesia”), both of which are subsidiaries of Home Credit B.V. (“HC”), for an acquisition cost of approximately EUR 596 million. The acquisition is expected to be completed within 2023, subject to the receipt of approvals from the relevant regulatory authorities. After the completion of the acquisition, Krungsri (Bank of Ayudhya) will hold 75% of the shares of HC Philippines and 75% of the shares of HC Indonesia, the Bank will hold 25% of the shares of HC Philippines, and ADMF will hold 10% of shares of HC Indonesia.

Coming from the Czech Republic, and headquartered in the Netherlands, HC is a consumer finance company engaged in consumer lending, primarily in POS loans[*1]. Customers are able to complete the process of loan application, execution, and collection seamlessly through the superior UI/UX[*2] of its app. HC also has advantages in conducting precise and fast credit screening through its utilization of both internal and external data and its distinct screening model.

HC Philippines and HC Indonesia especially have high brand recognition and customer satisfaction; having dominant market shares in terms of POS loans in both countries, their app has been downloaded 20 million times in the two countries, and they have a cumulative total of 13 million loan customers. Although MUFG already has a certain presence in the Philippines and Indonesia through investments in our equity method affiliate Security Bank Corporation and consolidated subsidiary PT Bank Danamon Indonesia Tbk (“Bank Danamon”), this acquisition represents a continued reinforcement and expansion of our retail business in both countries.

The Bank aims to strengthen its business in Southeast Asia through the establishment of business platforms in the region in collaboration with partner banks in which the Bank has invested. In executing this strategy, we will continue striving to contribute to the growth of Southeast Asia.

*1 Point of sale loan. An installment loan provided at automobile and household appliance dealerships.
*2 User Interface/User Experience.

1) Outline of PT Adira Dinamika Multi Finance Tbk

(i) Name	PT Adira Dinamika Multi Finance Tbk
(ii) Location	Millennium Centennial Center IFI. 53rd-61st, JI. Jenderal Sudirman Kav. 25, Jakarta 12920
(iii) Name and title of representative	I Dewa Made Susila, President Director
(iv) Description of business	Auto loan offerings
(v) Stated capital	INR 100.0 billion (as of March 31, 2023)
(vi) Date of incorporation	November 13, 1990

ADMF is a subsidiary of Bank Danamon, primarily engaging in the auto loan business. The Bank acquired Bank Danamon and ADMF as consolidated subsidiaries in April 2019.

2) Outline of HC Consumer Finance Philippines, Inc.

(i) Name	HC Consumer Finance Philippines, Inc.
(ii) Location	15th Floor Ore Central, 31st Street corner 9th Avenue, Bonifacio Global City, Taguig, Philippines
(iii) Name and title of representative	David Minol, CEO
(iv) Description of business	Consumer POS loans for the purchase of durable goods
(v) Stated capital	PHP 7,420,241,126 (as of December 31, 2022)
(vi) Date of incorporation	January 25, 2013

3) Outline of PT Home Credit Indonesia

(i) Name	PT Home Credit Indonesia
(ii) Location	Plaza Oleos 8th Floor, Jl. T.B Simatupang No. 53A, Pasar Minggu, Jakarta Selatan, Indonesia
(iii) Name and title of representative	Animesh Narang, CEO
(iv) Description of business	Consumer POS loans for the purchase of durable goods
(v) Stated capital	IDR 600.0 billion (as of December 31, 2022)
(vi) Date of incorporation	January 30, 2012

HC Philippines and HC Indonesia are consumer finance companies that provide POS loans, cash loans, and other financial services.

III. Equipment and Facilities

Overview of Capital Investment

With the purpose of improving our extensive customer services, enhancing our product offerings, as well as rationalizing and streamlining back-office operations, the Bank made information system investment, 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 ¥214,767 million, including investment for intangible fixed assets such as software.

In addition, MUFG Americas Holdings Corporation, a consolidated subsidiary of the Bank, sold the following major facilities in connection with the sale of its consolidated subsidiary, MUFG Union Bank, N.A., to U.S. Bancorp in the current fiscal year.

Company name	Branch name/Others	Location	Description of facilities	Time of sale	Carrying amount at the end of previous fiscal year (Millions of yen)
MUFG Americas Holdings Corporation	Head office, subsidiary branches, etc.	North America region	MUFG Union Bank, N.A. branches, etc.	December, 2022	118,399

(Note) Of the above assets sold, ¥51,446 million was sold to MUFG Bank, Ltd.

Fixed assets of the Bank have been allocated to each segment, while those 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, 2023)	Number of shares issued as of the date of submission (June 27, 2023)	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, 2023

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, 2023

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, 2023

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, 2023

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 ¥5.64 per share for common stock (comprising a year-end dividend of ¥5.64). In addition, in accordance with the capital policy of Mitsubishi UFJ Financial Group, Inc., the Bank paid a special dividend of ¥14.57 per share for common stock on August 1, 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	
May 15, 2023 Resolution by the Board of Directors' meeting	¥69,654 million	Common stock	¥5.64

Date of resolution	Aggregate amount of dividend	Dividend per share	
July 29, 2022 Resolution by the Board of Directors' meeting	¥179,940 million	Common stock	¥14.57

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 decides basic management policies and is responsible for management oversight. Decisions on business execution other than matters related to basic policies on business execution, matters stipulated by laws and regulations and the Articles of Incorporation, and other important matters are delegated to the Executive Committee to increase management flexibility.

In fiscal 2022, we continued PDCA, including the preparation of an annual schedule and OIM management (Open Issue Management) (Note 1) for matters requiring continuous monitoring. In addition, important matters requiring ongoing discussion in particular (e.g., progress on the MUFG Union Bank, N.A. sale project and subsequent U.S. strategy) were discussed in a timely and appropriate manner through regular meetings of the Board of Directors, thereby facilitating discussion and decision-making of execution.

The knowledge of Outside Directors with a deep understanding of our management strategies is essential for the enhancement of deliberations at the Board of Directors’ meetings. We distribute materials for the Board of Directors’ meetings and provide explanations in advance, so that Outside Directors are provided with necessary information prior to the Board of Directors' meetings. In addition, a briefing session for non-executive Directors is held after each Board of Directors' meeting to provide timely information, including business execution reports from Chief Executives of business units, thereby supporting Outside Directors' understanding of our business.

As of the submission date of this Annual Securities Report, the Board of Directors consists of the following 25 members, 10 of whom are Members of the Audit & Supervisory Committee. All six Outside Directors are Directors who are Members of the Audit & Supervisory Committee.

In principle, we held a Board of Directors' meeting once a month during the current fiscal year, and the attendance of individual Directors is as follows.

Name	Number of meetings	Times attended (Attendance rate)
Masahito Monguchi (Outside Director)	14	14 (100%)
Toshifumi Kitazawa (Outside Director)	14	14 (100%)
Shinichi Koide (Outside Director)	14	13 (93%)
Tadayuki Matsushige (Outside Director)	14	14 (100%)
Akio Negishi (Outside Director)	14	14 (100%)
Shigeo Ohyagi (Outside Director)	14	12 (86%)
Masahiko Kato (Member of the Audit & Supervisory Committee)	14	14 (100%)
Shigeru Yoshifuji (Member of the Audit & Supervisory Committee)	14 (Note 2)	14 (100%)
Takeshi Suzuki (Member of the Audit & Supervisory Committee)	14	11 (79%)
Minoru Hagio (Member of the Audit & Supervisory Committee)	14	14 (100%)
Hironori Kamezawa	14	13 (93%)
Naoki Hori (Chairman of the Board of Directors, Chair of the Board of Directors)	14	14 (100%)
Junichi Hanzawa	14	14 (100%)
Naomi Hayashi	14	10 (71%)
Ichiro Takahara	11 (Note 3)	10 (91%)
Tetsuya Yonehana	14	14 (100%)
Hiroshi Mori	14	14 (100%)
Yutaka Miyashita	14	14 (100%)
Shuichi Yokoyama	11 (Note 3)	11 (100%)
Fumitaka Nakahama	11 (Note 3)	10 (91%)
Hiroyuki Seki	11 (Note 3)	11 (100%)
Hideaki Takase	11 (Note 3)	11 (100%)
Keitaro Tsukiyama	14	14 (100%)
Toshiki Ochi	11 (Note 3)	11 (100%)
Tadashi Yamamoto	11 (Note 3)	11 (100%)

(Notes) 1. Monitoring and management of issues raised by the Board of Directors
2. For the three meetings of the Board of Directors held before June 28, 2022, attended as a Member of the Board of Directors, Senior Managing Executive Officer. For the 11 meetings of the Board of Directors held on or after June 28, 2022, attended as a Member of the Board of Directors, Full-time

Audit & Supervisory Committee Member.

3. The attendance at the meetings of the Board of Directors held since the appointment as the Bank's Director in June 2022.

The Bank has submitted proposals (matters to be resolved), "Election of 18 Directors (Excluding Directors Who Are Members of the Audit & Supervisory Committee)," and "Election of 7 Directors Who Are Members of the Audit & Supervisory Committee" at the Ordinary General Meeting of Shareholders to be held on June 28, 2023. If these proposals are approved, the Directors of the Bank will be 28 persons as follows, 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.

Masahito Monguchi (Outside Director)
Toshifumi Kitazawa (Outside Director)
Shinichi Koide (Outside Director)
Tadayuki Matsushige (Outside Director)
Akio Negishi (Outside Director)
Keiichi Shiotsuka (Outside Director)
Masahiko Kato (Member of the Audit & Supervisory Committee)
Shigeru Yoshifuji (Member of the Audit & Supervisory Committee)
Takeshi Suzuki (Member of the Audit & Supervisory Committee)
Minoru Hagio (Member of the Audit & Supervisory Committee)
Hironori Kamezawa
Naoki Hori (Chairman of the Board of Directors)
Junichi Hanzawa
Yasushi Itagaki
Ichiro Takahara
Seiichiro Akita
Minoru Soutome
Tetsuya Yonehana
Hiroshi Mori
Yutaka Miyashita
Shuichi Yokoyama
Fumitaka Nakahama
Hiroyuki Seki
Hideaki Takase
Keitaro Tsukiyama
Toshiki Ochi
Tadashi Yamamoto
Takefumi Tango

Specific matters discussed in the fiscal 2022 Board of Directors' meetings are as follows.

Themes	Details
Key strategies of the Medium-term Business Plan	・Promotion of sustainability management ・Progress in transforming our corporate culture ・Sale of MUFG Union Bank, N.A. ・Wealth Management Business ・Asian Regional Banking Business ・Transforming cost structure
Current affairs	・Geopolitical conflict in Ukraine ・Impact of the collapse of U.S. and European financial institutions
Financial affairs	・Progress of business plan for fiscal 2022 and business plan formulation for fiscal 2023 ・Matters related to financial results
Governance-related	・Recognition of current risks and initiatives in risk areas ・Initiatives in the areas of Code of Conduct and compliance ・Evaluation of the effectiveness of the Board of Directors ・Reports related to internal audits and responses to authorities
Specific discussions at briefings for non-executive Directors	・Status of business plan formulation for fiscal 2023 (Bank-wide and by business unit) ・Matters related to financial results analysis ・Reports from Chief Executives of each business unit ・IT governance / cybersecurity ・Efforts to enhance governance of overseas subsidiary banks ・Digital transformation

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 7 Directors Who Are Members of the Audit & Supervisory Committee" at the Ordinary General Meeting of Shareholders to be held on June 28, 2023. 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.

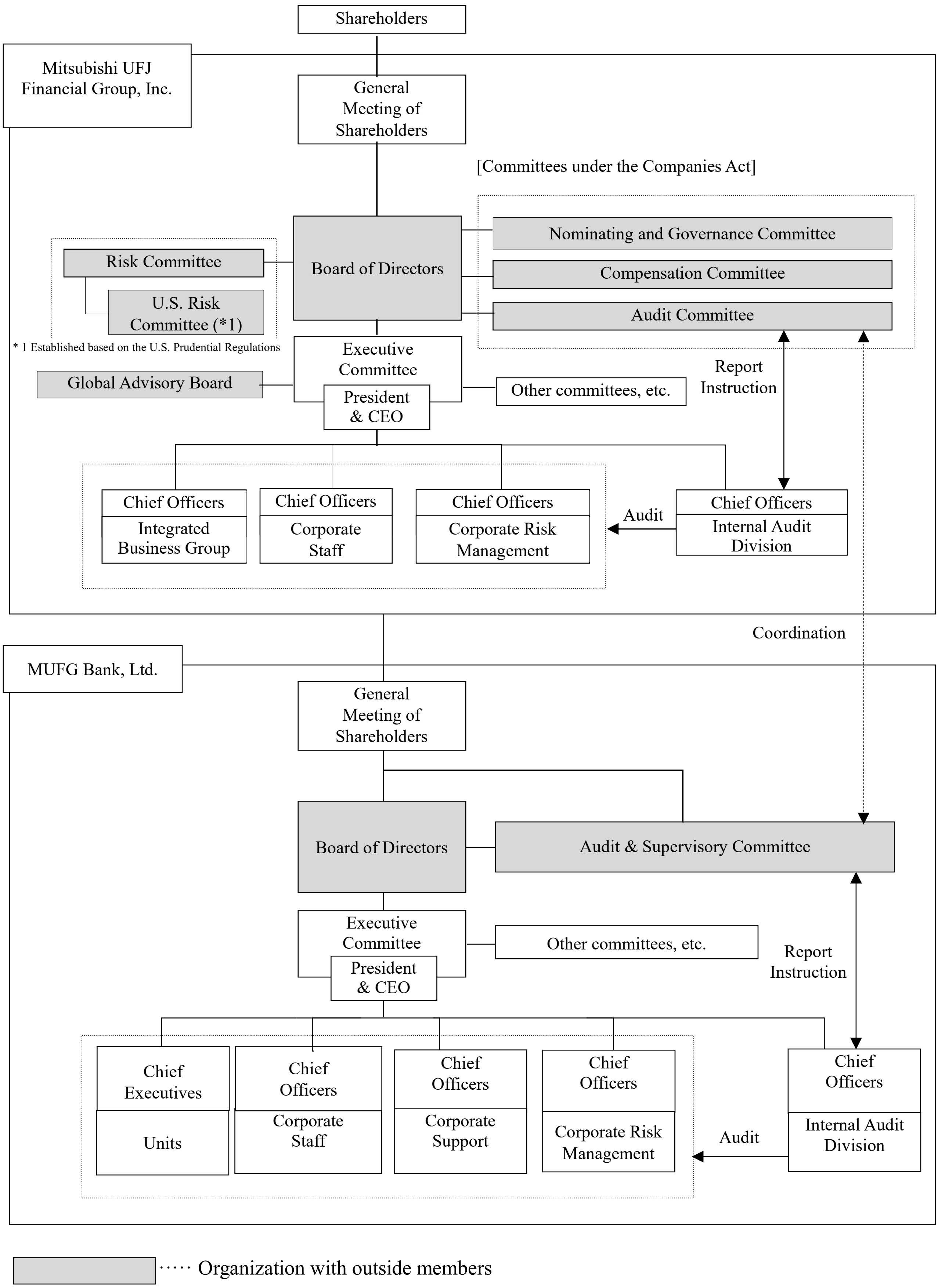
c) Executive Committee

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]
Nominating and Governance Committee
Compensation Committee
Audit Committee
Risk Committee
U.S. Risk Committee (*1)
* 1 Established based on the U.S. Prudential Regulations
Board of Directors
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
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 18 (eighteen) Directors (Excluding Directors Who Are Members of the Audit & Supervisory Committee,” and “Election of 7 (seven) Directors Who Are Members of the Audit & Supervisory Committee” at the Ordinary General Meeting of Shareholders to be held on June 28, 2023. If these proposals are approved, the members of the Board of Directors and Audit & Supervisory Committee Members will be as follows:

Men: 28 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 2023	-
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 2023	-
Member of the Board of Directors Audit & Supervisory Committee Member	Tadayuki Matsushige	June 5, 1956	-	Two years from June 2023	-
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 2023	-
Member of the Board of Directors Audit & Supervisory Committee Member	Keiichi Shiotsuka	May 8, 1954	Senior Executive [in charge of president’s special assignments] of Hitachi, Ltd.	Two years from June 2023	-
Member of the Board of Directors Full-time Audit & Supervisory Committee Member	Masahiko Kato	October 27, 1961	-	Two years from June 2023	-
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 2023	-
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 2023	-
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 2023	-
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 2023	-

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, Global Commercial Banking Business Unit, COO-I (In charge of Corporate Planning Division (Global Business) and Global Operations Planning Division)	Yasushi Itagaki	May 24, 1964	Senior Managing Corporate Executive and Group Head, Global Commercial Banking Business Group of Mitsubishi UFJ Financial Group, Inc.	One year from June 2023	-
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 2023	-
Member of the Board of Directors Deputy President (Representative of the Board of Directors) Chief Executive, Japanese Corporate & Investment Banking Business Unit	Seiichiro Akita	November 11, 1966	Senior Managing Corporate Executive (Representative Corporate Executive) of Mitsubishi UFJ Financial Group, Inc.	One year from June 2023	-
Member of the Board of Directors Deputy President (Representative of the Board of Directors) In charge of Western Region of Japan	Minoru Soutome	October 2, 1965	Managing Executive Officer of Mitsubishi UFJ Financial Group, Inc.	One year from June 2023	-
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 2023	-
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 2023	-
Member of the Board of Directors Managing Executive Officer (Representative of the Board of Directors) Chief Executive, Retail & Commercial Banking Business Unit	Yutaka Miyashita	October 11, 1967	Managing Corporate Executive (Representative Corporate Executive) of Mitsubishi UFJ Financial Group, Inc.	One year from June 2023	-

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) 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 2023	-
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 2023	-
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 2023	-
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 and Global Business) In charge of CPM and Corporate Administration Division	Hideaki Takase	December 14, 1968	Managing Corporate Executive (Representative Corporate Executive) of Mitsubishi UFJ Financial Group, Inc.	One year from June 2023	-
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 2023	-
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 2023	-

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) Chief Executive, Digital Service Business Unit, CDTO (In charge of Digital Service Planning Division)	Tadashi Yamamoto	May 23, 1969	Managing Corporate Executive and Group Head, Digital Service Business Group of Mitsubishi UFJ Financial Group, Inc.	One year from June 2023	-
Member of the Board of Directors Managing Executive Officer (Representative of the Board of Directors) CHRO (In charge of Human Resources Division)	Takefumi Tango	July 11, 1969	Managing Executive Officer of Mitsubishi UFJ Financial Group, Inc.	One year from June 2023	-
Total	28 members				-

(Notes)
1. Members of the Board of Directors Masahito Monguchi, Toshifumi Kitazawa, Shinichi Koide, Tadayuki Matsushige, Akio Negishi, and Keiichi Shiotsuka 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 103 Executive Officers after the resolution of the Board of Directors following the Ordinary General Meeting of Shareholders scheduled to be held on June 28, 2023. 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, Keiichi Shiotsuka, 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, Keiichi Shiotsuka, 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, 2023: 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	Audit & Supervisory Committee Member (Outside)	15	15
Shigeo Ohyagi	Audit & Supervisory Committee Member (Outside)	15	14
Masahiko Kato	Full-time Audit & Supervisory Committee Member	15	15
Shigeru Yoshifuji (Note 2)	Full-time Audit & Supervisory Committee Member	11	11
Takeshi Suzuki	Full-time Audit & Supervisory Committee Member	15	13
Minoru Hagio	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 Shigeru Yoshifuji relates to the Audit & Supervisory Committee after he took office as Audit & Supervisory Committee Member of the Bank on June 28, 2022.

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

- Governance
- Corporate culture
- Digital shift (including fundamental cost reductions at domestic commercial banks)
- Establishing revenue base for the three customer business units and Global Markets Business Unit
- Rebuilding global businesses
- IT and cyber / operational risks
- Compliance / global financial crime countermeasures
- Responses to enhanced management systems for Treasury business, capital, markets and ALM risks and stricter overseas laws and regulations
- Management systems of credit risk and other risks
- Financial reporting and accounting audits
- Initiatives toward more effective and 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 545 staff members (including those of overseas locations, but excluding those belonging to local companies) as of the end of March 2023. 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 internal audit, audits by the Audit & Supervisory Committee and accounting audits with the internal control owner division, the Internal Audit Division, the Audit & Supervisory Committee and the Accounting Auditor conduct audits independently from the internal control owner division, and the internal control owner 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 engaged in accounting audit

The certified public accountants who have conducted accounting audit of the Bank for the fiscal year ended March 31, 2023 (the 18th term) are Mr. Tsuneichiro Shimotsuya, Mr. Yukihiro Otani, Mr. Hiroyuki Hamahara and Mr. Kensuke Kurihara, who belong to Deloitte Touche Tohmatsu LLC. In addition, 79 certified public accountants, 60 partly-qualified accountants and 115 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-reappointment 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 19th Term (from April 1, 2023 to March 31, 2024).

4) Details of audit fees

(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	2,568	15	2,512	30
Consolidated subsidiaries	130	3	132	3
Total	2,699	19	2,644	34

The non-audit services at the Bank mainly include internal control effectiveness verification services.

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	982	83	1,169	91
Consolidated subsidiaries	2,372	84	1,636	291
Total	3,355	167	2,805	382

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

In addition, the non-audit services at consolidated subsidiaries are internal control effectiveness verification services for overseas sites.

(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 audit fees by the Audit & Supervisory Committee

The Audit & Supervisory Committee approved the fees for the current fiscal year as it judged that the fees are 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%)

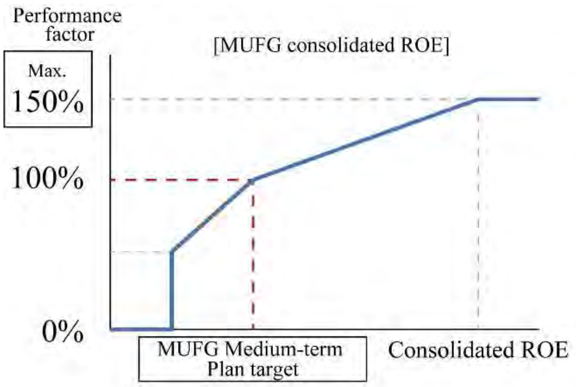
With a view to further enhancing profitability and capital efficiency, along with the improvement of the earnings structure, the most important management objectives of the Group, attainment rates of the indicators of both consolidated ROE and consolidated expense reduction amount to the targets set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

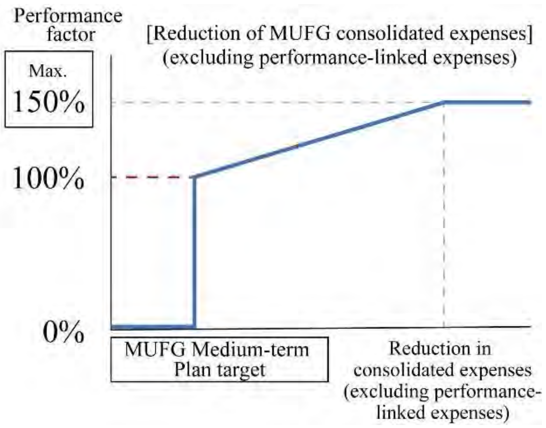
Additionally, to further promote sustainability management and to objectively evaluate the wide range of MUFG's initiatives on ESG (see "Note 2"), an absolute evaluation is conducted on the level of improvement of third-party evaluations by the five major ESG rating agencies (see "Note 3").

(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. 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 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, etc.	Executive bonuses	Stock compensation	
			Cash Non-performance-based	Cash Performance-based	Non-cash Non-performance-based	Non-cash Performance-based
Directors other than Audit & Supervisory Committee Members (excluding Outside Directors)	25	1,120	540	256	220	103
Directors who are Audit & Supervisory Committee Members (excluding Outside Directors)	5	277	263	-	14	-
Outside Officers	6	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: ¥58 million
Retired Corporate Auditors: ¥1 million
3. The targets and attainment rate of each index of the performance-based stock compensation under the current Medium-Term Business Plan (from fiscal 2021 to fiscal 2023) are as follows:

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%	140%	110%	-	-
	・ Net income attributable to the shareholders of MUFG	25%		120%		80%		-	
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 2020 through fiscal 2022 are as follows. The same evaluation method is applied for fiscal 2022, in principle.

Performance-based indicator	Evaluation weight	Paid in fiscal 2020		Paid in fiscal 2021		Paid in fiscal 2022	
		Fiscal 2019 attainment rate	Payment rate	Fiscal 2020 attainment rate	Payment rate	Fiscal 2021 attainment rate	Payment rate
<Overall evaluation>	100%	58.6%	50.0%	99.9%	100.0%	106.7%	125.0%
・ Quantitative evaluation (Combination of four indicators including the Bank's consolidated ROE)	60%	64.3%	–	106.5%	–	117.8%	–
・ Qualitative evaluation	40%	50.0%	–	90.0%	–	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 2022), 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 2022.

・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.

Deloitte Touche Tohmatsu LLC
Marunouchi Nijubashi Building
3-2-3 Marunouchi
Chiyoda-ku, Tokyo 100-8360
Japan

Tel: +81 (3) 6213 1000
Fax: +81 (3) 6213 1005
www2.deloitte.com/jp/en

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, 2023 and 2022, 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.

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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in 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 Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was 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 the matter.

In our audit of the consolidated financial statements of the current period, we identified the following three matters regarding the "Calculation of the Allowance for Credit Losses in Lending Services" as a key audit matter.

(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

"Change in the Application of Accounting for Impairment of Fixed Assets," which was identified as a key audit matter in the previous period, is not considered as a key audit matter of the consolidated financial statements in the current year because MUFG Bank, Ltd. (the "Bank") continues to apply the method of impairment accounting revised in the previous period and the uncertainty in estimation of the necessity of impairment by unit for the current year, the degree of subjective judgment by management and the impact on the consolidated financial statements are not significant.

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 ¥1,123 billion as of March 31, 2023. 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.(24) "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 the 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 ¥97,127.7 billion and ¥641.1 billion, respectively, on the consolidated balance sheet as of March 31, 2023. Such allowance for credit losses included ¥69.5 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 ¥6,773.5 billion and ¥455.6 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 prolonged COVID-19 and 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, the estimates involve a high degree of uncertainty and subjective judgments made by management.

(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.(24) "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 considering 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 is heightening primarily due to the prolonged COVID-19 and 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. Furthermore, the calculation for 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 heightened volatility and uncertainty in future economic conditions arising mainly from the prolonged COVID-19 and the Russia-Ukraine situation 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 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.

- 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 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.

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, 2023

Consolidated Financial Statements

MUFG Bank, Ltd. and Subsidiaries

Consolidated Balance Sheets
As of March 31, 2023 and 2022

	Millions of Yen	
	2023	2022
ASSETS:		
Cash and due from banks (Notes 3, 4, 12 and 28)	¥ 92,016,699	¥ 89,394,022
Call loans and bills bought (Note 28)	1,048,223	1,329,509
Receivables under resale agreements (Note 28)	4,388,214	3,251,233
Receivables under securities borrowing transactions (Note 28)	895,359	1,038,729
Monetary claims bought (Notes 4 and 28)	4,664,580	4,227,395
Trading assets (Notes 4, 12 and 28)	7,391,824	6,155,300
Money held in trust (Notes 5 and 28)	46,753	54,104
Securities (Notes 4, 6, 11, 12 and 28)	72,239,502	63,978,590
Loans and bills discounted (Notes 7, 8, 12, 13, 28 and 31)	106,474,163	107,350,620
Foreign exchange (Note 28)	2,051,851	2,099,851
Tangible fixed assets (Note 9):	897,648	939,142
Buildings	232,440	248,448
Land (Note 10)	534,903	549,864
Lease assets (Note 25)	5,041	6,266
Construction in progress	31,496	31,495
Other tangible fixed assets	93,767	103,068
Intangible fixed assets:	699,763	730,207
Software	322,325	305,180
Goodwill	54,694	76,738
Lease assets (Note 25)	17	1
Other intangible fixed assets	322,726	348,286
Asset for retirement benefits (Note 16)	839,105	912,172
Deferred tax assets (Note 24)	336,606	119,720
Customers' liabilities for acceptances and guarantees (Note 11)	9,598,727	9,183,614
Other assets (Notes 12 and 31)	11,383,199	9,953,590
Allowance for credit losses (Note 28)	(1,123,017)	(1,106,823)
Total assets	¥ 313,849,208	¥ 299,610,983

MUFG Bank, Ltd. and Subsidiaries

Consolidated Balance Sheets
As of March 31, 2023 and 2022

	Millions of Yen			
		2023		2022
LIABILITIES:				
Deposits (Notes 12 and 28)	¥	202,318,702	¥	204,567,192
Negotiable certificates of deposit (Note 28)		8,972,362		7,952,786
Call money and bills sold (Note 28)		35,069		322,579
Payables under repurchase agreements (Notes 12 and 28)		28,045,447		12,815,670
Payables under securities lending transactions (Notes 12 and 28)		222,656		157,661
Commercial paper (Notes 14 and 28)		1,834,968		1,322,774
Trading liabilities (Notes 12 and 28)		3,256,319		3,137,703
Borrowed money (Notes 12, 14, 28 and 31)		33,614,592		36,933,650
Foreign exchange (Note 28)		2,631,571		2,192,354
Bonds payable (Notes 12, 15 and 28)		2,129,686		2,070,421
Reserve for employee bonuses		109,066		55,423
Reserve for bonuses to directors		2,937		1,059
Reserve for stocks payment		3,705		3,749
Liability for retirement benefits (Note 16)		77,795		77,067
Reserve for retirement benefits to directors		462		427
Reserve for loyalty award credits		11,931		11,406
Reserve for contingent losses (Note 17)		81,897		107,761
Deferred tax liabilities (Notes 6 and 24)		15,911		195,502
Deferred tax liabilities for land revaluation (Note 10)		85,736		90,620
Acceptances and guarantees (Note 11)		9,598,727		9,183,614
Other liabilities (Notes 12, 14 and 31)		8,541,070		6,168,654
Total liabilities	¥	301,590,620	¥	287,368,082
EQUITY (Notes 18, 19 and 27):				
Capital Stock				
Common stock:				
Authorized, 33,000,000 thousand shares; issued, 12,350,038 thousand shares in 2023 and 2022, with no stated value	¥	1,586,958	¥	1,586,958
Preferred stock:				
Authorized, 1,157,700 thousand shares; issued, 357,700 thousand shares in 2023 and 2022, with no stated value		125,000		125,000
Capital surplus		3,662,223		3,669,248
Retained earnings		5,403,610		5,127,252
Treasury stock—at cost, 357,700 thousand shares in 2023 and 2022		(645,700)		(645,700)
Total shareholders’ equity		10,132,092		9,862,758
Accumulated other comprehensive income:				
Net unrealized gain on available-for-sale securities (Notes 4 and 6)		743,636		1,230,161
Net deferred loss on derivatives under hedge accounting		(473,280)		(115,487)
Land revaluation surplus (Note 10)		168,507		179,246
Foreign currency translation adjustments		1,055,848		454,804
Defined retirement benefit plans (Note 16)		128,840		175,242
Total accumulated other comprehensive income		1,623,554		1,923,967
Non-controlling interests		502,941		456,174
Total equity		12,258,588		12,242,901
Total liabilities and equity	¥	313,849,208	¥	299,610,983

See the accompanying notes to consolidated financial statements.

MUFG Bank, Ltd. and Subsidiaries

Consolidated Statements of Income
For the Fiscal Years Ended March 31, 2023 and 2022

	Millions of Yen	
	2023	2022
INCOME:		
Interest income:		
Interest on loans and bills discounted	¥ 2,591,956	¥ 1,456,275
Interest and dividends on securities	918,472	420,756
Interest on call loans and bills bought	18,128	4,720
Interest on receivables under resale agreements	94,508	18,472
Interest on receivables under securities borrowing transactions	18,020	2,192
Interest on due from banks	289,814	56,309
Other interest income	383,240	275,131
Trust fees (Note 32)	12,258	11,981
Fees and commissions (Note 32)	1,071,800	916,231
Trading income	206,149	80,088
Other operating income	560,075	336,563
Other income (Note 22)	1,178,821	562,711
Total income	7,343,247	4,141,434
EXPENSES:		
Interest expenses:		
Interest on deposits	845,671	184,522
Interest on negotiable certificates of deposit	220,010	18,311
Interest on call money and bills sold	3,481	825
Interest on payables under repurchase agreements	285,580	22,300
Interest on payables under securities lending transactions	897	534
Interest on commercial paper	56,432	1,479
Interest on borrowed money	293,388	175,933
Interest on bonds payable	67,135	64,155
Other interest expenses	134,421	16,322
Fees and commissions	177,390	176,533
Trading expenses	74,608	491
Other operating expenses	1,264,752	220,712
General and administrative expenses (Note 21)	2,072,726	1,873,760
Provision for allowance for credit losses	206,546	213,184
Other expenses (Note 23)	769,129	430,081
Total expenses	6,472,174	3,399,150
Income before income taxes	871,073	742,283
Income taxes (Note 24):		
Current	395,512	300,237
Refunds	(48,192)	(13,499)
Deferred	(94,318)	(82,449)
Total income taxes	253,001	204,288
Net income before attribution of non-controlling interests	618,071	537,994
Net income attributable to non-controlling interests	16,037	34,993
Net income attributable to the shareholders of MUFG Bank	¥ 602,034	¥ 503,001

	Yen	
	2023	2022
Per share of common stock (Notes 19 and 27):		
Basic earnings per common share	¥ 48.74	¥ 40.72
Diluted earnings per common share	48.74	40.72
Cash dividends applicable to the year per common share	20.21	35.06

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, 2023 and 2022

	Millions of Yen	
	2023	2022
Net income before attribution of non-controlling interests	¥ 618,071	¥ 537,994
Other comprehensive (loss) income (Note 26):		
Net unrealized loss on available-for-sale securities	(480,921)	(675,460)
Net deferred loss on derivatives under hedge accounting	(357,765)	(304,694)
Foreign currency translation adjustments	628,243	449,703
Defined retirement benefit plans	(44,163)	29,554
Share of other comprehensive income in affiliates accounted for using the equity method	9,055	8,467
Total other comprehensive loss	(245,551)	(492,430)
Comprehensive income	¥ 372,520	¥ 45,564
Total comprehensive income (loss) attributable to:		
The shareholders of MUFG Bank	¥ 312,359	¥ (1,029)
Non-controlling interests	60,160	46,593

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, 2023 and 2022

	Millions of Yen												
						Accumulated other comprehensive income							
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gain on available-for-sale securities	Net deferred loss 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	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, APRIL 1, 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
Dividends paid	–	–	(336,415)	–	(336,415)	–	–	–	–	–	–	–	(336,415)
Net income attributable to the shareholders of MUFG Bank	–	–	602,034	–	602,034	–	–	–	–	–	–	–	602,034
Reversal of land revaluation surplus	–	–	10,738	–	10,738	–	–	–	–	–	–	–	10,738
Changes in equity of consolidated subsidiaries	–	(3,183)	–	–	(3,183)	–	–	–	–	–	–	–	(3,183)
Change from transaction under common control involving overseas subsidiary	–	(3,840)	–	–	(3,840)	–	–	–	–	–	–	–	(3,840)
Other changes in the year	–	–	–	–	–	(486,524)	(357,793)	(10,738)	601,044	(46,401)	(300,413)	46,766	(253,646)
BALANCE, MARCH 31, 2023	¥ 1,711,958	¥ 3,662,223	¥ 5,403,610	¥ (645,700)	¥ 10,132,092	¥ 743,636	¥ (473,280)	¥ 168,507	¥ 1,055,848	¥ 128,840	¥ 1,623,554	¥ 502,941	¥ 12,258,588

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, 2023 and 2022

	Millions of Yen	
	2023	2022
OPERATING ACTIVITIES:		
Income before income taxes	¥ 871,073	¥ 742,283
Adjustments for:		
Income taxes paid	(391,317)	(185,513)
Income taxes refunds	54,959	15,023
Depreciation and amortization	200,127	236,112
Impairment loss on fixed assets	6,925	162,686
Amortization of goodwill	7,551	6,550
Equity in earnings of the equity method investees	(36,824)	(25,038)
Loss on pension buy-out	78,111	–
(Decrease) increase in allowance for credit losses	(40,142)	99,655
Increase in reserve for employee bonuses	67,991	5,633
Increase in reserve for bonuses to directors	1,833	95
Decrease in reserve for stocks payment	(44)	(1,038)
Increase in asset for retirement benefits	(16,286)	(79,876)
Increase in liability for retirement benefits	641	709
Increase (decrease) in reserve for retirement benefits to directors	35	(28)
Decrease in reserve for loyalty award credits	(537)	(329)
(Decrease) increase in reserve for contingent losses	(23,252)	22,634
Interest income (accrual basis)	(4,314,142)	(2,233,858)
Interest expenses (accrual basis)	1,907,020	484,386
Losses (gains) on securities	257,763	(207,079)
Losses on money held in trust	7,688	10,299
Foreign exchange gains	(960,729)	(1,469,843)
Losses (gains) on disposition of fixed assets	384	(15,768)
(Increase) decrease in trading assets	(1,073,131)	784,985
Increase (decrease) in trading liabilities	125,830	(102,614)
Adjustment of unsettled trading accounts	318,303	179,091
Net increase in loans and bills discounted	(4,633,748)	(2,304,595)
Net increase in deposits	6,880,140	1,216,289
Net increase in negotiable certificates of deposit	1,195,089	1,716,892
Net decrease in borrowed money (excluding subordinated borrowings)	(5,087,134)	(719,832)
Net increase in call loans, bills bought and receivables under resale agreements	(1,059,912)	(923,935)
Net decrease (increase) in receivables under securities borrowing transactions	303,035	(302,407)
Net increase in call money, bills sold and payables under repurchase agreements	14,471,286	3,575,784
Net increase in commercial paper	581,589	439,256
Net increase in payables under securities lending transactions	47,151	64,827
Net decrease (increase) in foreign exchange assets	43,806	(284,386)
Net increase (decrease) in foreign exchange liabilities	440,610	(57,395)
Net increase (decrease) in straight bonds due to issuance and redemption	83,076	(355,624)
Interest and dividends received (cash basis)	3,954,522	2,248,740
Interest paid (cash basis)	(1,664,842)	(488,330)
Other-net	12,343	(139,090)
Total adjustments	11,745,772	1,373,065
Net cash provided by operating activities	¥ 12,616,846	¥ 2,115,348

MUFG Bank, Ltd. and Subsidiaries

Consolidated Statements of Cash Flows
For the Fiscal Year Ended March 31, 2023 and 2022

	Millions of Yen	
	2023	2022
INVESTING ACTIVITIES:		
Purchases of securities	¥ (91,247,362)	¥ (83,360,144)
Proceeds from sales of securities	49,831,006	53,886,453
Proceeds from redemption of securities	31,133,955	29,864,580
Payments for increase in money held in trust	(78,327)	(41,741)
Proceeds from decrease in money held in trust	78,219	16,281
Purchases of tangible fixed assets	(57,431)	(66,065)
Purchases of intangible fixed assets	(154,606)	(166,507)
Proceeds from sales of tangible fixed assets	28,801	56,402
Proceeds from sales of intangible fixed assets	176	1,277
Payments for business transfers-out (Note 3)	–	(724,428)
Payments for business transfers-in	(30)	–
Payments for purchases of stocks of subsidiaries affecting the scope of consolidation	–	(1,165)
Payments for sales of stocks of subsidiaries affecting the scope of consolidation (Note 3)	(1,784,755)	–
Proceeds from sales of stocks of subsidiaries affecting the scope of consolidation	–	2,813
Other-net	(1,998)	(862)
Net cash used in investing activities	(12,252,351)	(533,106)
FINANCING ACTIVITIES:		
Proceeds from subordinated borrowings	3,285,751	1,578,967
Repayments of subordinated borrowings	(1,359,613)	(1,270,415)
Proceeds from issuance of subordinated bonds and bonds with subscription rights to shares	123,501	38,239
Payments for redemption of subordinated bonds and bonds with subscription rights to shares	(181,808)	(156,163)
Proceeds from issuance of common stock to non-controlling interests	1,855	4,973
Cash dividends paid	(336,415)	(365,067)
Cash dividends paid to non-controlling interests	(7,936)	(9,040)
Payments for purchases of stocks of subsidiaries not affecting the scope of consolidation	(373)	(43)
Net cash provided by (used in) financing activities	1,524,960	(178,550)
Effect of foreign exchange rate changes on cash and cash equivalents	735,121	1,015,089
Net increase in cash and cash equivalents	2,624,577	2,418,781
Cash and cash equivalents, beginning of year	89,394,022	86,975,271
Decrease in cash and cash equivalents due to deconsolidation	(1,900)	–
Decrease in cash and cash equivalents due to absorption-type split	–	(30)
Cash and cash equivalents, end of year (Note 3)	¥ 92,016,699	¥ 89,394,022

See the accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements
For the Fiscal Years Ended March 31, 2023 and 2022

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 2022 consolidated financial statements to conform to the classifications used in 2023.

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.

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 108 and 115 subsidiaries as of March 31, 2023 and 2022, 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 42 and 46 affiliates were accounted for using the equity method as of March 31, 2023 and 2022, 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, 2023 and 2022 were as follows:

As of March 31, 2023 and 2022:
MUFG Americas Holdings Corporation ("MUAH")
Bank of Ayudhya Public Company Limited ("Krungsri")

Changes in the subsidiaries in the fiscal year ended March 31, 2023 were as follows:
MUFG Trading, Ltd. and another company were newly included in the scope of consolidation as they were newly established in the fiscal year ended March 31, 2023.
MUFG Union Bank, N.A. and eight other companies were excluded from the scope of consolidation due to share transfer in the fiscal year ended March 31, 2023.

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.

b) There were no unconsolidated subsidiaries as of March 31, 2023 and 2022.

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, 2023 and 2022 were as follows:

As of March 31, 2023
HISHOH Biopharma Co., Ltd. was not regarded as a subsidiary 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, 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 their 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, 2023 and 2022.

2) Application of the equity method
a) There were no unconsolidated subsidiaries accounted for using the equity method as of March 31, 2023 and 2022.

b) Major affiliates accounted for using the equity method as of March 31, 2023 and 2022 were as follows:

As of March 31, 2023 and 2022:
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, 2023 were as follows:
Kanmu, Inc. and five other companies were newly included in the scope of the equity method due to acquisition of shares in the fiscal year ended March 31, 2023 or for other reasons. In addition, The Chukyo Bank, Ltd. and nine other companies were excluded from the scope of the equity method due to sales of equities, etc. in the fiscal year ended March 31, 2023.

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.

c) There were no unconsolidated subsidiaries not accounted for using the equity method as of March 31, 2023 and 2022.

d) There were no affiliates not accounted for using the equity method as of March 31, 2023 and 2022.

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, 2023:
Kamui Pharma Co., Ltd.
Alchemedicine, Inc.
GEXVal Inc.
HuLA Immune Inc.
Reborna Biosciences, Inc.
DT Axis Inc.
Feliqs Corporation

As of March 31, 2022:
Kamui Pharma Co., Ltd.
Alchemedicine, Inc.
GEXVal Inc.
HuLA Immune 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	
	2023	2022
October 31	1	1
December 31	71	78
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, 2023 and 2022.

(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") No. 18 "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18, revised on March 29, 2017). 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 ¥193,218 million and ¥222,003 million as of March 31, 2023 and 2022, 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 U.S. Accounting Standards Codification ("ASC") 326, "Financial Instruments—Credit Losses" and provide for 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 prolonged COVID-19 pandemic and the Russia-Ukraine situation 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, 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.

(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 the Group Tax Sharing System

The Bank and some of its domestic consolidated subsidiaries apply the group tax sharing system in which Mitsubishi UFJ Financial Group is the tax sharing parent company.

(23) 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.

(24) 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, 2023 and 2022

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 sheets as of March 31, 2023 and 2022 amounted to ¥1,123,017 million and ¥1,106,823 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 while the effects of COVID-19 would linger, the economic impact will gradually diminish as restrictions on economic activity are relaxed globally, and that the business environment would remain uncertain due to the Russia-Ukraine situation. The recorded allowance for credit losses 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, 2023

The process of calculating allowance for credit losses in our principal domestic consolidated banking subsidiaries involves various estimates such as determination of borrower credit ratings that 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 ¥641,107 million and ¥97,127,749 million as of March 31, 2023 and ¥650,033 million and ¥90,421,234 million as of March 31, 2022, respectively.

b. Significant assumptions used in calculating the amounts presented in the consolidated financial statements for the fiscal year ended March 31, 2023

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 domestic consolidated 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 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 the Russia-Ukraine situation. The amount of impact of these adjustments was ¥69,569 million and ¥77,572 million as of March 31, 2023 and 2022, 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. Estimates 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, 2023
Certain overseas subsidiaries that apply U.S. GAAP have adopted ASC 326, "Financial Instruments—Credit Losses," and provide for allowance for credit losses by estimating credit losses currently expected over the remaining term of the relevant assets. 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 ¥455,625million and ¥6,773,525 million as of March 31, 2023 and ¥430,156 million and ¥14,937,312 million as of March 31, 2022, respectively.

b. Significant assumptions used in calculating the amounts presented in the consolidated financial statements for the fiscal year ended March 31, 2023
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 unclear business environments caused by the prolonged impacts of COVID-19 pandemic and the Russia-Ukraine situation.

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. Fair value measurement of derivatives

1) Amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2023

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, 2023 is stated in (2) “Matters concerning Fair Value of Financial Instruments and Breakdown by Fair Value Hierarchy” under 28. 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 the 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 28. 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, 2023

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 28. 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, 2023

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 28. 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 28. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES.

(25) Changes in Accounting Policies

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

(Implementation Guidance on Accounting Standard for Fair Value Measurement)

The "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021; the "Implementation Guidance on Fair Value Measurement"), has been applied from the beginning of the fiscal year ended March 31, 2023. In accordance with the transitional treatment set forth in Paragraph 27-2 of the Implementation Guidance on Fair Value Measurement, the Bank has applied new accounting policies based on the Implementation Guidance on Fair Value Measurement prospectively. There was no impact on the consolidated financial statements as of the end of and for the year ended March 31, 2023 due to the application of this Guidance.

In accordance with transitional measures set forth in Paragraph 27-3 of the Implementation Guidance on Fair Value Measurement, the note regarding quantitative information about investment trusts under matters concerning fair value, etc. of financial instruments and breakdown by input level in "28. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES" below does not include information for the fiscal year ended March 31, 2022.

(New Accounting Pronouncements)

The ASBJ issued "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022), "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, October 28, 2022), and "Implementation Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022). These standards and guidance define the accounting classification of income taxes, etc. to be charged against other comprehensive income as well as the treatment of tax effect accounting for sales of shares of subsidiaries when the group taxation system is applied.

The Bank expects to apply the accounting standards and guidance from the beginning of the fiscal year beginning on April 1, 2024, and is in the process of measuring the effects of applying the accounting standards and guidance in future applicable periods.

(26) Changes in Presentation of Financial Information

"Refunds," which was previously included in "Income taxes" on a net basis for the fiscal year ended March 31, 2022 is presented separately on a disaggregated basis from the fiscal year ended March 31, 2023 due to the increased significance in the recorded amount. In order to reflect this change in presentation, the consolidated financial statements for the fiscal year ended March 31, 2022 have been reclassified.

As a result, "Income taxes" of ¥286,737 million previously presented in the consolidated statements of income for the fiscal year ended March 31, 2022 has been disaggregated and reclassified into "Current" of ¥300,237 million and "Refunds" of ¥(13,499) million.

(27) Additional Information

(Transition from the Consolidated Taxation System to the Group Tax Sharing System)

The Bank and some of its domestic consolidated subsidiaries have shifted from the consolidated taxation system to the group tax sharing system from the beginning of the fiscal year ended March 31, 2023. Accordingly, the accounting treatment and disclosure of corporate tax, local corporation tax, and tax-effect accounting are applied and made in accordance with the "Practical Solution on the Accounting and Disclosure under the Group Tax Sharing System" (ASBJ PITF No. 42, August 12, 2021, the "Practical Issues Report No. 42"). Based on Paragraph 32 (1) of Practical Issues Report No. 42, the Bank has concluded that there is no impact from the changes in its accounting policies resulting from the application of Practical Issues Report No. 42.

3. CASH AND CASH EQUIVALENTS

The amount of "Cash and cash equivalents" on the consolidated statements of cash flows is equal to the amount of "Cash and due from banks" on the consolidated balance sheets as of March 31, 2023 and 2022.

Major components of assets and liabilities of subsidiary deconsolidated as a result of sale of shares

Fiscal year ended March 31, 2023
Components of the assets and liabilities of MUB, which was deconsolidated as a result of the sale of its shares to U.S. Bancorp ("USB"), at the time of the sale are as follows:

	Millions of Yen
Assets	¥ 13,639,869
Liabilities	(12,981,874)
Gains on sales of shares of subsidiaries	699,509
Consideration received for sale of shares	1,357,504
Accounts receivable	(432,381)
Securities	(276,119)
Cash and cash equivalents of MUB	(2,433,758)
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	¥ (1,784,755)

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, completed the sale of a portion of its business to a major U.S. regional bank in the fiscal year ended March 31, 2022. The components of assets and liabilities decreased due to the sale are as follows:

	Millions of Yen
Assets	¥ 761,161
Liabilities	(758,654)
Goodwill	2,685
Gains on transfer of businesses	29,032
Transfer value	34,225
Cash and cash equivalents included in above assets	(758,654)
Payments for transfer of businesses	¥ (724,428)

4. TRADING ASSETS OR LIABILITIES AND SECURITIES

Securities as of March 31, 2023 and 2022 include equity securities in affiliates of ¥385,339 million and ¥350,566 million, respectively, and capital subscriptions to entities such as limited liability companies of ¥34,826 million and ¥27,329 million, respectively. These amounts include investments in jointly controlled entities in an amount of ¥5,956 million and ¥4,893 million as of March 31, 2023 and 2022, respectively.

Securities loaned under unsecured or secured securities lending transactions, which are included in "Securities" and "Monetary claims bought," amounted to ¥67,668 million and ¥100,040 million as of March 31, 2023 and 2022, respectively.

For securities borrowed and purchased under resale agreements where the secured parties are permitted to sell or re-pledge the securities without restrictions, ¥6,163,061 million and ¥7,205,125 million of such securities were re-pledged as of March 31, 2023 and 2022, respectively.

The remaining ¥5,212,622 million and ¥4,799,813 million of these securities were held without disposition as of March 31, 2023 and 2022, 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 ¥4,371 million for the fiscal year ended March 31, 2023 and net unrealized losses on trading securities were ¥4,310 million for the fiscal year ended March 31, 2022.

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

	Millions of Yen				
	March 31, 2023				
	Carrying amount	Fair value	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Japanese government bonds	¥ 13,513,972	¥ 13,526,750	¥ 12,778	¥ 32,129	¥ (19,351)
Municipal bonds	1,144,825	1,139,490	(5,334)	2,473	(7,808)
Corporate bonds	393,214	393,783	568	1,009	(440)
Foreign bonds	3,499,302	3,421,576	(77,726)	13,568	(91,294)
Other	496,069	487,286	(8,783)	18	(8,802)
Total	¥ 19,047,385	¥ 18,968,887	¥ (78,497)	¥ 49,199	¥ (127,696)

	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)

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

	Millions of Yen				
	March 31, 2023				
	Carrying amount	Acquisition cost	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Domestic equity securities	¥ 3,576,270	¥ 1,357,760	¥ 2,218,510	¥ 2,239,170	¥ (20,660)
Domestic bonds	28,026,151	28,105,302	(79,151)	21,141	(100,292)
Japanese government bonds	22,231,112	22,284,866	(53,754)	8,119	(61,873)
Municipal bonds	2,563,668	2,574,014	(10,345)	2,059	(12,405)
Corporate bonds	3,231,370	3,246,421	(15,050)	10,962	(26,013)
Foreign equity securities	407,324	473,295	(65,971)	23,030	(89,001)
Foreign bonds	15,436,204	16,215,841	(779,636)	51,725	(831,362)
Other	6,600,349	6,710,795	(110,446)	57,022	(167,468)
Total	¥ 54,046,300	¥ 52,862,994	¥ 1,183,305	¥ 2,392,090	¥ (1,208,784)

Note:
Gains of ¥139,862 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, 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.

(4) Proceeds from sales of available-for-sale securities and related realized gains and losses for the fiscal years ended March 31, 2023 and 2022 were as follows:

	Millions of Yen	
	March 31, 2023	March 31, 2022
Sales proceeds	¥ 49,888,616	¥ 54,175,274
Realized gains	326,955	422,087
Realized losses	674,901	224,295

(5) Reclassified securities

Fiscal year ended March 31, 2023
Not applicable

In the fiscal year ended March 31, 2022, foreign bonds in an amount of ¥794,010 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.

(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, 2023 and 2022 were ¥2,483 million consisting of ¥2,342 million on domestic equity securities and ¥141 million on debt securities and others and ¥4,969 million consisting of ¥4,944 million on domestic equity securities and ¥24 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, 2023 and 2022 was as follows:

	Millions of Yen	
	March 31, 2023	March 31, 2022
Carrying amount	¥ 44,154	¥ 51,877
Net unrealized loss	2,114	(1,977)

There was no "Money held in trust" classified as held-to-maturity as of March 31, 2023 and 2022.

"Money held in trust" classified as other than trading and held-to-maturity as of March 31, 2023 and 2022 was as follows:

	Millions of Yen				
	March 31, 2023				
	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	¥ 2,599	¥ 2,599	¥ –	¥ –	¥ –

	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	¥ –	¥ –	¥ –

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

Net unrealized gain on available-for-sale securities as of March 31, 2023 and 2022 were as follows:

	Millions of Yen	
	March 31, 2023	March 31, 2022
Unrealized gain:	¥ 1,052,822	¥ 1,709,202
Available-for-sale securities	1,052,822	1,709,202
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	–	–
Deferred tax liabilities	(294,600)	(470,056)
Net unrealized gain on available-for-sale securities before adjustments by ownership share	758,221	1,239,146
Non-controlling interests	(4,535)	(5,993)
Bank's ownership share in unrealized gain on available-for-sale securities held by affiliates accounted for using the equity method	(10,049)	(2,991)
Net unrealized gain on available-for-sale securities	¥ 743,636	¥ 1,230,161

Notes:

1. Unrealized gains as of March 31, 2023 and 2022 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 ¥139,862 million and ¥177,610 million, respectively as described in Note 4 (3).
2. Unrealized gain in the table above includes ¥9,378 million and ¥20,350 million of net unrealized gain on available-for-sale securities invested in limited partnerships as of March 31, 2023 and 2022, respectively.

7. LOANS AND BILLS DISCOUNTED

Bills discounted and rediscounted are accounted for as financial transactions 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.” The Bank has the rights to sell or pledge bank acceptances, commercial bills discounted, documentary bills and foreign exchanges bills bought without restriction. The total face value of these bills discounted was ¥1,114,509 million and ¥1,166,976 million as of March 31, 2023 and 2022, respectively. Of these, the total face value of bank acceptances and foreign exchange bills bought, which were transferred due to rediscounts of bills, amounted to ¥8,289 million and ¥8,552 million as of March 31, 2023 and 2022, respectively.

8. 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.

“Loans and bills discounted” as of March 31, 2023 and 2022 included the following:

	Millions of Yen	
	March 31, 2023	March 31, 2022
Bankrupt or De facto Bankrupt	¥ 190,802	¥ 245,042
Doubtful	632,733	692,173
Special Attention	554,588	359,056
Accruing loans contractually past due 3 months or more	17,031	6,487
Restructured loans	537,556	352,569
Subtotal	1,378,123	1,296,272
Normal	117,505,927	117,851,169
Total	¥ 118,884,050	¥ 119,147,441

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.

9. TANGIBLE FIXED ASSETS

The accumulated depreciation of “Tangible fixed assets” as of March 31, 2023 and 2022 amounted to ¥806,641 million and ¥904,493 million, respectively.

Deferred gains on “Tangible fixed assets” not recognized for tax purposes as of March 31, 2023 and 2022 amounted to ¥52,274 million and ¥55,302 million, respectively.

10. 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.

11. 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” is shown as a contra account, 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, 2023 and 2022 were ¥313,903 million and ¥259,497 million, respectively.

12. ASSETS PLEDGED AS COLLATERAL

Assets pledged as collateral and their relevant liabilities as of March 31, 2023 and 2022 were as follows:

	Millions of Yen	
	March 31, 2023	March 31, 2022
Assets pledged as collateral:		
Cash and due from banks	¥ 3,948	¥ 3,410
Securities	9,934,986	16,621,197
Loans and bills discounted	11,424,500	11,021,496
Other assets	–	5,118
Total	¥ 21,363,435	¥ 27,651,222
Relevant liabilities to above assets:		
Deposits	¥ –	¥ 563,799
Call money and bills sold	–	5,702
Trading liabilities	–	15,713
Borrowed money	21,340,193	27,230,290
Bonds payable	15,499	29,626
Other liabilities	–	93
Total	¥ 21,355,692	¥ 27,845,226

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	
	March 31, 2023	March 31, 2022
Assets pledged as collateral:		
Cash and due from banks	¥ 33,382	¥ 14
Trading assets	956,696	531,854
Securities	14,856,257	13,035,967
Loans and bills discounted	1,107,742	4,420,416
Total	¥ 16,954,079	¥ 17,988,253

Furthermore, “Trading assets” and “Securities” sold under repurchase agreements or loaned under securities lending with cash collateral were ¥1,142,517 million and ¥19,596,761 million, respectively, as of March 31, 2023 and ¥1,082,616 million and ¥5,888,592 million, respectively, as of March 31, 2022.

“Payables under repurchase agreements” relevant to above assets were ¥21,911,599 million and ¥8,958,286 million as of March 31, 2023 and 2022, respectively.

“Payables under securities lending transactions” relevant to above assets were ¥222,656 million and ¥157,661 million as of March 31, 2023 and 2022, respectively.

“Securities” pledged by GC Repos under the Subsequent Collateral JGB Allocation Method were ¥1,668,012 million and ¥695,798 million as of March 31, 2023 and 2022, respectively.

“Non-recourse debts” of consolidated special purpose company corresponding to borrowed money were ¥2,100 million and ¥2,100 million as of March 31, 2023 and 2022, respectively.

Relevant assets to above non-recourse debt corresponding to loans and bills discounted were ¥20,000 million and ¥20,000 million as of March 31, 2023 and 2022, respectively. These amounts include a portion of the amounts stated under “Assets pledged as collateral” in the above table.

13. 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 ¥89,945,234 million and ¥85,411,838 million as of March 31, 2023 and 2022, 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 deterioration in the 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 initiation of the request for additional collateral and/or guarantees.

14. BORROWED MONEY, LEASE LIABILITIES AND COMMERCIAL PAPER

"Borrowed money," "Lease liabilities" and "Commercial paper" as of March 31, 2023 and 2022 were as follows:

	Millions of Yen	
	March 31, 2023	March 31, 2022
Borrowings from banks and other, due 2022-2041, 1.04% on the average	¥ 33,614,592	¥ 36,933,650
Bills rediscounted	–	–
Total borrowed money	¥ 33,614,592	¥ 36,933,650
Lease liabilities, due 2022-2038	42,187	101,757
Commercial paper, 4.90% on the average	1,834,968	1,322,774

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 ¥11,145,282 million and ¥8,707,450 million as of March 31, 2023 and 2022, 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.
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, 2023 were as follows:

Year ending March 31	Millions of Yen
2024	¥ 2,591,272
2025	19,092,420
2026	3,281,477
2027	668,174
2028	2,342,284
2029 and thereafter	5,638,962
Total	¥ 33,614,592

Annual maturities of lease liabilities as of March 31, 2023 were as follows:

Year ending March 31	Millions of Yen
2024	¥ 7,934
2025	6,047
2026	5,133
2027	4,888
2028	3,993
2029 and thereafter	14,190
Total	¥ 42,187

15. BONDS PAYABLE

"Bonds payable" as of March 31, 2023 and 2022 consisted of the following:

Description	Issued	Millions of Yen 2023	Millions of Yen 2022	Coupon rate (%)	Secured or unsecured	Due
The Bank:						
Straight bonds payable in yen	Oct. 2002- Jul. 2014	¥ 37,400 [20,200]	¥ 72,400 [35,000]	0.63-2.34	Unsecured	Apr. 2022- Apr. 2027
Senior bonds payable in US$	Feb. 2013- Mar. 2015	353,263 (USD 2,646 million) [166,437]	384,888 (USD 3,145 million) [61,183]	3.05-4.70	Unsecured	Feb. 2023- Mar. 2044
Euro senior bonds payable in US$	Apr. 2015- Mar. 2022	711,069 (USD 5,325 million)	655,392 (USD 5,355 million)	0.00	Unsecured	Apr. 2022- Mar. 2052
Euro senior bonds payable in Euro	Sep. 21, 2018	6,557 (EUR 45 million)	6,151 (EUR 45 million)	3.38	Unsecured	Sep. 21, 2033
Subordinated bonds payable in yen	Oct. 2009- May 2012	176,000	236,000 [60,000]	1.39-2.91	Unsecured	May 2022- Jan. 2031
Subsidiaries*1:						
Straight bonds payable	Jun. 2012- Oct. 2022	561,675 (USD 3,092 million) (THB 27,865 million) (IDR 5,387,450 million) [467,260]	456,880 (USD 1,981 million) (THB 48,708 million) (IDR 6,758,950 million) (MYR 250 million) [370,800]	0.00-9.50	*2	Jan. 2022- Mar. 2027
Subordinated bonds payable	Aug. 1997- Nov. 2022	283,719 (USD 58 million) (THB 60,826 million) [1,379]	258,708 (USD 45 million) (THB 60,811 million) [483]	0.23-9.90	Unsecured	Mar. 2022- Mar. 2035
Total		¥ 2,129,686	¥ 2,070,421			

Notes:

1. *1 Subsidiaries include MUAH, BTMU (Curacao) Holdings N.V., MUFG Bank (Malaysia) Berhad, Bank of Ayudhya Public Company Limited ("Krungsri"), PT Bank Danamon Indonesia, Tbk. ("Bank Danamon") and others.
2. *2 19 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 ¥459,719 million and ¥494,708 million as of March 31, 2023 and 2022, respectively.

Annual maturities of bonds payable as of March 31, 2023 were as follows:

Year ending March 31	Millions of Yen
2024	¥ 655,277
2025	196,838
2026	68,933
2027	56,867
2028	23,724
2029 and thereafter	1,128,045
Total	¥ 2,129,686

16. 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, 2023 and 2022 were as follows:

	Millions of Yen	
	March 31, 2023	March 31, 2022
Balance at beginning of year	¥ 1,988,614	¥ 1,983,515
[of which foreign exchange translation adjustments]	*[(82,254)]*	*[(56,521)]*
Service cost	48,382	49,779
Interest cost	31,820	21,458
Actuarial losses	(188,061)	(52,065)
Benefits paid	(104,046)	(97,485)
Past service cost (credit)	(1,244)	419
Decrease due to pension buy-out	(322,516)	−
Others	(100,877)	739
Balance at end of year	¥ 1,352,070	¥ 1,906,360

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, 2023 and 2022 were as follows:

	Millions of Yen	
	March 31, 2023	March 31, 2022
Balance at beginning of year	¥ 2,840,642	¥ 2,691,819
[of which foreign exchange translation adjustments]	*[(99,177)]*	*[(62,844)]*
Expected return on plan assets	100,463	89,587
Actuarial gains	(298,336)	20,459
Contributions from the employer	9,822	14,170
Benefits paid	(82,471)	(74,957)
Decrease due to pension buy-out	(322,516)	−
Others	(134,222)	387
Balance at end of year	¥ 2,113,381	¥ 2,741,465

(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, 2023 and 2022 was as follows:

	Millions of Yen	
	March 31, 2023	March 31, 2022
Funded defined benefit obligation	¥ 1,276,165	¥ 1,831,888
Plan assets	(2,113,381)	(2,741,465)
	(837,216)	(909,577)
Unfunded defined benefit obligation	75,905	74,472
Net asset arising from defined benefit obligation	¥ (761,310)	¥ (835,104)

	Millions of Yen	
	March 31, 2023	March 31, 2022
Liability for retirement benefits	¥ 77,795	¥ 77,067
Asset for retirement benefits	(839,105)	(912,172)
Net asset arising from defined benefit obligation	¥ (761,310)	¥ (835,104)

(4) The components of net periodic retirement benefit costs for the fiscal years ended March 31, 2023 and 2022 were as follows:

	Millions of Yen	
	March 31, 2023	March 31, 2022
Service cost	¥ 48,382	¥ 49,779
Interest cost	31,820	21,458
Expected return on plan assets	(100,463)	(89,587)
Amortization of past service credit	(3,122)	(2,936)
Recognized actuarial (gains) losses	(42,299)	(21,591)
Loss on pension buy-out	78,111	−
Others (additional temporary severance benefits)	15,050	15,122
Net periodic retirement benefit costs	¥ 27,479	¥ (27,754)

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, 2023 and 2022 were as follows:

	Millions of Yen	
	March 31, 2023	March 31, 2022
Past service cost	¥ (3,971)	¥ (2,409)
Actuarial gains	(61,940)	40,787
Total	¥ (65,912)	¥ 38,378

Note:

Above total amount included ¥78,111 million of lump-sum amortization of unrecognized defined benefit obligation due to pension buy-out.

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2023 and 2022 were as follows:

	Millions of Yen	
	March 31, 2023	March 31, 2022
Unrecognized past service credit	¥ (276)	¥ 3,695
Unrecognized actuarial gains	190,595	252,536
Total	¥ 190,319	¥ 256,232

(7) Plan assets

a. Components of plan assets

The composition of plan assets by major category as of March 31, 2023 and 2022 was as follows:

	March 31, 2023	March 31, 2022
Domestic equity investments	31.54%	26.50%
Domestic debt investments	16.22	16.81
Foreign equity investments	12.12	22.17
Foreign debt investments	22.76	20.66
General account of life insurance	8.70	7.08
Others	8.66	6.78
Total	100.00	100.00

Note:

Total plan assets include retirement benefit trust of 25.50% and 20.97%, which was set up on corporate pension plans as of March 31, 2023 and 2022, 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, 2023 and 2022 were set forth as follows:

	2023	2022
Discount rate:		
Domestic	0.22%-1.44%	0.10%-0.92%
Overseas	1.44%-10.63%	0.52%-9.04%
Expected salary increase rate:		
Domestic	2.63%-4.50%	2.63%-4.50%
Overseas	2.25%-13.00%	1.50%-10.50%
Expected rate of return on plan assets:		
Domestic	2.28%-3.00%	1.96%-3.00%
Overseas	1.50%-10.63%	0.90%-9.04%

17. 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.

18. 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.

19. 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, 2023 and 2022 were as follows:

	Number of shares in thousands			
	April 1, 2022	Increase	Decrease	March 31, 2023
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, 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

There was no issuance of stock acquisition rights and treasury stock acquisition rights as of March 31, 2023 and 2022.

The Bank paid the following cash dividends during the fiscal years ended March 31, 2023 and 2022:

Fiscal year ended March 31, 2023:

Cash dividends approved at the Board of Directors' meeting held on May 16, 2022:	Total amount (Millions of Yen)	Per share amount (Yen)	Dividend record date	Effective date
Common stock	¥ 156,474	¥ 12.67	Mar. 31, 2022	May 17, 2022

Cash dividends approved at the Board of Directors' meeting held on July 29, 2022:	Total amount (Millions of Yen)	Per share amount (Yen)	Dividend record date	Effective date
Common stock	¥ 179,940	¥ 14.57	–	Aug. 1, 2022

Fiscal year ended March 31, 2022:

Cash dividends approved at the Board of Directors' meeting held on May 17, 2020:	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 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 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

Subject to approval at the Board of Directors' meeting, the Bank paid the following cash dividends on May 15, 2023, to shareholders of record as of March 31, 2023:

Cash dividends approved at the Board of Directors' meeting held on May 15, 2023:	Total amount (Millions of Yen)	Dividend resource	Per share amount (Yen)	Dividend record date	Effective date
Common stock	¥ 69,654	Retained earnings	¥ 5.64	Mar. 31, 2023	May 16, 2023

"Change from transaction under common control involving overseas subsidiary" includes the change in capital surplus resulting from the transfer of the GCIB business of MUB to the Bank.

20. STOCK OPTIONS

There were no stock options outstanding as of March 31, 2023 and 2022.

21. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the fiscal years ended March 31, 2023 and 2022, include the following items:

	Millions of Yen	
Fiscal years ended March 31	2023	2022
Personnel expenses	¥ 977,256	¥ 891,858
Depreciation and amortization	200,127	236,112

22. OTHER INCOME

Other income for the fiscal years ended March 31, 2023 and 2022 was as follows:

	Millions of Yen	
Fiscal years ended March 31	2023	2022
Gains on sales of equity securities and other securities	¥ 259,129	¥ 315,451
Gains on sales of shares of subsidiaries	699,509	4,295
Gain on sales of stocks of affiliates	–	28,968
Gain on business transfer	–	22,702
Gain on changes in equity	–	8,395
Lease income of consolidated subsidiaries operating leasing business	1,631	2,582
Gain on disposal of fixed assets	13,917	26,213
Gain on collection of bad debts	71,721	64,283
Equity in earnings of the equity method investees	36,824	25,038
Other	96,086	64,780
Total	¥ 1,178,821	¥ 562,711

"Gains on sales of shares of subsidiaries" included ¥699,509 million of gains on sales of shares of subsidiaries resulting from the sale of the shares in MUB.

23. OTHER EXPENSES

Other expenses for the fiscal years ended March 31, 2023 and 2022 were as follows:

	Millions of Yen			
Fiscal years ended March 31	2023		2022	
Losses on write-down or sales of equity securities and other securities	¥	40,490	¥	38,377
Loss on sales of shares of affiliates		29,985		–
Write-offs of loans		465,102		82,069
Provision of reserve for contingent losses		–		33,007
Loss on forgiveness of loans and others		13,203		16,774
Loss on disposal of fixed assets		14,301		10,444
Impairment loss on fixed assets		6,925		162,686
Loss on pension buy-out		78,111		–
Other		121,007		86,720
Total	¥	769,129	¥	430,081

For the year ended March 31, 2023
Loss on pension buy-out:
"Loss on pension buy-out" included ¥78,111 million of loss on a pension buy-out transaction to transfer portions of the defined benefit pension plans of the Bank's overseas branches.

(Additional information)
Following conclusion of the share transfer agreement of MUB shares, MUAH recorded losses of ¥952,590 million in accordance with ASC 326 "Financial Instruments—Credit Losses," ASC 310 "Receivables," etc. in the fiscal year ended December 31, 2022. Among such losses, the Bank recorded losses on fair value measurement of securities to be sold in an amount of ¥555,421 million under "Other operating expenses" and losses on fair value measurement of loans to be sold in an amount of ¥400,511 million under "Other expenses."

For the year ended March 31, 2022
****Impairment loss on fixed assets:***
For the fiscal year ended March 31, 2022, the Bank recognized an impairment loss of ¥127,023 million, which consists of ¥31,500 million for buildings and ¥93,242 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.

24. 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, 2023 and 2022.

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, 2023 and 2022 were as follows:

	Millions of Yen	
	2023	2022
Deferred tax assets:		
Excess over deductible limit of provision of allowance for credit losses and write-offs of loans	¥ 295,257	¥ 327,505
Revaluation loss on securities	61,102	70,483
Unrealized losses on available-for-sale securities	159,896	29,779
Liability for retirement benefits	37,001	13,791
Reserve for contingent losses	24,082	31,584
Depreciation and impairment losses	87,261	85,255
Tax loss carryforwards	8,201	11,544
Cost adjustments on land merger	21,589	23,092
Net deferred gain on derivatives under hedge accounting	214,070	56,625
Other	385,110	338,283
Subtotal	1,293,574	987,946
Less valuation allowances	(110,712)	(112,022)
Total	¥ 1,182,861	¥ 875,924
Deferred tax liabilities:		
Unrealized gains on available-for-sale securities	¥ (448,112)	¥ (492,008)
Revaluation gain on securities at merger	(47,152)	(49,314)
Unrealized gain on lease transactions	(13,655)	(48,286)
Gain on establishment of retirement benefit trust	(45,627)	(45,695)
Retained earnings of affiliates	(132,647)	(121,584)
Other	(174,971)	(194,816)
Total	¥ (862,166)	¥ (951,706)
Net deferred tax assets (liabilities)	¥ 320,695	¥ (75,782)

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, 2023 and 2022 was as follows:

	2023	2022
Normal effective statutory tax rate	30.62 %	30.62 %
Elimination of dividends received from subsidiaries and affiliates	2.29	1.32
Permanent non-taxable differences (e.g., non-taxable dividend income)	(6.09)	(1.76)
Change in valuation allowances	(0.22)	(2.11)
Taxation on unrealized gain on available-for-sale securities	–	5.15
Equity in earnings of the equity method investees	(1.29)	(1.03)
Tax rate difference of overseas subsidiaries	(1.93)	(4.64)
Retained earnings of affiliates	1.32	2.16
Amortization of goodwill	0.19	0.21
Taxation on gains on sales of shares of subsidiaries	5.65	–
Other	(1.50)	(2.40)
Actual effective tax rate	29.04 %	27.52 %

Accounting for national and local income taxes and the related tax effect
The Bank and some of its domestic consolidated subsidiaries have adopted the Group Tax Sharing System and are accounting for national and local income taxes and the related tax effect in accordance with the Practical Issues Report No. 42, "Practical Solution on the Accounting and Disclosure under the Group Tax Sharing System" (ASBJ, August 12, 2021).

25. LEASES

Operating Leases

(1) Lessee

Future lease payments including interest payables under noncancelable operating leases as of March 31, 2023 and 2022 were as follows:

	Millions of Yen	
	March 31, 2023	March 31, 2022
Due within one year	¥ 22,743	¥ 24,180
Due after one year	67,784	76,820
Total	¥ 90,527	¥ 101,001

*The above table does not include amounts stated in the balance sheets of foreign subsidiaries.

(2) Lessor

Future lease receivables including interest receivables under noncancelable operating leases as of March 31, 2023 and 2022 were as follows:

	Millions of Yen	
	March 31, 2023	March 31, 2022
Due within one year	¥ 1,877	¥ 1,958
Due after one year	36,259	12,658
Total	¥ 38,137	¥ 14,617

26. COMPREHENSIVE INCOME

The components of other comprehensive income (loss) for the fiscal years ended March 31, 2023 and 2022 were as follows:

	Millions of Yen	
	2023	2022
Net unrealized loss on available-for-sale securities:		
Loss arising during the year	¥ (695,693)	¥ (738,854)
Reclassification adjustments to loss	39,205	(230,480)
Amount before income tax effect	(656,487)	(969,335)
Income tax effect	175,566	293,874
Total	(480,921)	(675,460)
Net deferred loss on derivatives under hedge accounting:		
Loss arising during the year	(592,591)	(357,888)
Reclassification adjustments to profit	75,121	(80,318)
Amount before income tax effect	(517,469)	(438,207)
Income tax effect	159,704	133,512
Total	(357,765)	(304,694)
Foreign currency translation adjustments:		
Gain arising during the year	628,235	450,201
Reclassification adjustments to profit	–	524
Amount before income tax effect	628,235	450,726
Income tax effect	8	(1,023)
Total	628,243	449,703
Defined retirement benefit plans:		
(Loss) gain arising during the year	(116,098)	62,940
Reclassification adjustments to profit	50,185	(24,562)
Amount before income tax effect	(65,912)	38,378
Income tax effect	21,749	(8,823)
Total	(44,163)	29,554
Share of other comprehensive income in affiliates accounted for using the equity method:		
Income arising during the year	8,395	9,134
Reclassification adjustments to profit	660	(667)
Total	9,055	8,467
Total other comprehensive loss	¥ (245,551)	¥ (492,430)

27. PER SHARE INFORMATION

Fiscal years ended March 31	Yen 2023	Yen 2022
Basic earnings per common share	¥ 48.74	¥ 40.72
Diluted earnings per common share	48.74	40.72

	Yen March 31, 2023	Yen March 31, 2022
Total equity per common share	¥ 951.87	¥ 954.38

Notes:

1. Basic earnings per common share and diluted earnings per common share are calculated based on the following:

Fiscal years ended March 31	Millions of Yen 2023	Millions of Yen 2022
Net income attributable to the shareholders of the Bank	¥ 602,034	¥ 503,001
Net income attributable to the shareholders of the Bank related to common shares	602,034	503,001

Fiscal years ended March 31	Number of shares in thousands 2023	Number of shares in thousands 2022
Average number of common shares during the year	12,350,038	12,350,038

Fiscal years ended March 31	Millions of Yen 2023	Millions of Yen 2022
Diluted earnings per common share		
Adjustment to net income attributable to the shareholders of the Bank	¥ (19)	¥ (23)

2. Total equity per common share is calculated based on the following:

	Millions of Yen March 31, 2023	Millions of Yen March 31, 2022
Total equity	¥ 12,258,588	¥ 12,242,901
Deductions from total equity:		
Non-controlling interests	502,941	456,174
Total	502,941	456,174
Total equity attributable to common shares	¥ 11,755,646	¥ 11,786,726

	Number of shares in thousands March 31, 2023	Number of shares in thousands March 31, 2022
Number of common shares used in computing total equity per common share at the fiscal year end	12,350,038	12,350,038

28. 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 verifying 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 Executive Committee, 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 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 mainly using VaR, and VaI on a daily basis. Market risk for both trading and banking activities (excluding strategic equity securities, 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 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. 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%) of interest rate changes 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 ¥2,156 million and ¥679 million as of March 31, 2023 and 2022, respectively.

(ii) Amount of Market Risk Associated with Banking Activities

The amount of consolidated market risk associated with banking activities (excluding strategic equity securities, Krungsri and Bank Danamon) across the Group was ¥898,998 million and ¥502,480 million as of March 31, 2023 and 2022, respectively. As the appropriate identification of interest rate risk is vital to banking activities (excluding strategic equity securities, 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 Krungsri as of December 31, 2022 and 2021 was -3.01% and -4.08%, respectively, at the time of interest rate changes of +100 basis points (+1.00%) and -6.72% and -6.52%, respectively, at the time interest changes of -100 basis points (-1.00%).

EaR of banking activities of Bank Danamon as of December 31, 2022 and 2021 was -6.56% and -8.60%, respectively, at the time of interest rate changes of +400 basis points (+4.00%) and -2.85% and -12.02%, 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, 2023 and 2022 was subject to a variation of approximately ¥1,841 million and ¥2,043 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, 2023 and 2022, 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 risk control section independent from others is designed to perform checking functions. The department reports to the ALM Committee and the Risk Management Committee the results from its activities such as evaluation of funding urgency and monitoring of compliance with quantitative limits. The section 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 risk control section 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, 2023 and 2022 together with their difference and the fair value of financial instruments by level within the fair value hierarchy as of March 31, 2023 and 2022.
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 Paragraphs 24-3 and 24-9 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021; hereinafter referred to as "Guidance for Application of Fair Value Measurement"), and investment in partnerships and others for which treatments in accordance with Paragraph 24-16 of the Guidance for Application of Fair Value Measurement (see (1)*2, (Notes) 3, 4) are applied.
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, 2023			
	Carrying amount			
	Level 1	Level 2	Level 3	Total
Monetary claims bought (*1)	¥ –	¥ 502,405	¥ 287,429	¥ 789,834
Trading assets	393,685	4,311,851	50,572	4,756,110
Money held in trust (Trading purpose, other)	–	46,753	–	46,753
Securities (Available-for-sale securities)	36,635,924	15,597,451	400,023	52,633,399
Of which:				
Domestic equity securities	*3,554,393*	*19,488*	*2,389*	*3,576,270*
Japanese government bonds	*22,031,110*	*200,001*	–	*22,231,112*
Municipal bonds	–	*2,563,668*	–	*2,563,668*
Corporate bonds	–	*3,231,370*	–	*3,231,370*
Foreign equity securities	*363,842*	*4,416*	*39,065*	*407,324*
Foreign bonds	*10,638,211*	*4,795,828*	*2,165*	*15,436,204*
*Investment trusts (*2)*	*43,686*	*4,699,479*	*2,189*	*4,745,355*
Other	*4,679*	*83,199*	*354,213*	*442,092*
Total assets	37,029,610	20,458,462	738,025	58,226,098
Trading liabilities	328,528	69,343	–	397,872
Total liabilities	328,528	69,343	–	397,872
Derivatives (*3) (*4) (*5)	¥ 3,621	¥ (601,802)	¥ 145,142	¥ (453,037)
Of which:				
Interest related instruments	*1,315*	*(720,843)*	*137,885*	*(581,642)*
Currency related instruments	*2,229*	*166,938*	*3,714*	*172,882*
Equity related instruments	*(98)*	*(17,375)*	–	*(17,473)*
Bond related instruments	*174*	*(6,805)*	*3,178*	*(3,451)*
Commodity related instruments	–	–	–	–
Credit derivative instruments	–	*(23,716)*	–	*(23,716)*
Other	–	–	*364*	*364*

(*1) Monetary claims bought includes securitized products accounted for in the same manner as available-for-sale securities, which are ¥789,834 million.

(*2) The amount of investment trusts which are accounted for in accordance with Paragraphs 24-3 and 24-9 of the Implementation Guidance on Fair Value Measurement is not included in the table above. The amount of such investment trusts on the consolidated balance sheets is ¥238,967 million of financial assets.

(*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 ¥(456,322) 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, 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 includes 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.

(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, 2023					
	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
Monetary claims bought (*1)	¥ –	¥ –	¥ 3,865,961	¥ 3,865,961	¥ 3,874,745	¥ (8,783)
Securities (Held-to-maturity debt securities)	13,526,750	4,954,850	–	18,481,601	18,551,315	(69,713)
Of which:						
Japanese government bonds	*13,526,750*	–	–	*13,526,750*	*13,513,972*	*12,778*
Municipal bonds	–	*1,139,490*	–	*1,139,490*	*1,144,825*	*(5,334)*
Corporate bonds	–	*393,783*	–	*393,783*	*393,214*	*568*
Foreign bonds	–	*3,421,576*	–	*3,421,576*	*3,499,302*	*(77,726)*
Other	–	–	–	–	–	–
Loans and bills discounted (*2)	–	207	105,564,976	105,565,183	105,574,292	(9,109)
Total assets	13,526,750	4,955,057	109,430,938	127,912,746	128,000,353	(87,607)
Deposits	¥ –	¥ 202,452,795	¥ –	¥ 202,452,795	¥ 202,318,702	¥ 134,093
Negotiable certificates of deposit	–	9,007,658	–	9,007,658	8,972,362	35,295
Borrowed money	–	33,007,308	–	33,007,308	33,614,592	(607,283)
Bonds payable	–	2,135,763	–	2,135,763	2,129,686	6,076
Total liabilities	–	246,603,526	–	246,603,526	247,035,344	(431,817)

(*1) Monetary claims bought includes securitized products accounted for in the same manner as held-to-maturity debt securities, which are ¥496,069 million.

(*2) Loans and bills discounted are presented net of allowances for credit losses in the amount of ¥899,870 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, 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.

(Note) 1. Explanation about valuation techniques and inputs used to measure fair value

<u>Monetary claims bought</u>

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.

<u>Trading assets</u>

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.

<u>Money held in trust</u>

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.

<u>Securities</u>

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 closing price on the stock exchange or the publicly available standard price and listed investment trusts and listed real estate investment trusts are principally classified into Level 1 and other investment trusts are principally classified into Level 2. Investment trusts which are accounted for at net asset value in accordance with Paragraphs 24-3 and 24-9 of the Guidance for Application of Fair Value Measurement are not classified into any fair value hierarchy.

See Note 4 "TRADING ASSETS OR LIABILITIES AND SECURITIES" for notes on securities by categories based on holding purposes.

<u>Loans and bills discounted</u>

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 certain loans with variable interest rates, 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.

<u>Deposits and negotiable certificates of deposit</u>

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, 2023

Category	Valuation technique	Significant unobservable inputs	Range of inputs	Weighted-average of inputs (*1)
Monetary claims bought				
Securitized products	Internal model (*2)	Correlations between underlying assets	3.0%	3.0%
		Liquidity premium	2.0%	2.0%
		Prepayment rate	13.1%	13.1%
		Probability of default	0.0%-99.0%	–
		Recovery rate	72.2%	72.2%
Securities				
Foreign equity securities	Present value technique	Liquidity premium	0.8%-1.7%	1.3%
Other	Present value technique	Liquidity premium	1.1%-3.2%	2.9%
Derivatives				
Interest related instruments	Option pricing models	Correlations between interest rates	38.6%-51.9%	–
		Correlations between interest rate and foreign exchange rate	1.9%-42.0%	–
		Option volatility	62.2%-75.8%	–

(*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, 2022

Category	Valuation technique	Significant unobservable inputs	Range of inputs	Weighted-average of inputs (*1)
Monetary claims bought				
Securitized products	Internal model (*2)	Correlations 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.

(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, 2023							
	March 31, 2022	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, 2023	Change in unrealized gains (losses) included in net income for financial assets and liabilities still held at March 31, 2023 (*1)
Monetary claims bought	¥ 32,121	¥ 3,980	¥ (5,368)	¥ 256,695	¥ –	¥ –	¥ 287,429	¥ 3,980
Trading assets	46,277	4,295	–	(0)	–	–	50,572	4,295
Securities	452,350	30,367	3,795	(89,146)	6,322	(3,665)	400,023	33,894
Of which:								
Equity securities	*–*	*1,901*	*20*	*274*	*192*	*–*	*2,389*	*1,294*
Corporate bonds	*2,519*	*2*	*(158)*	*(67)*	*1,255*	*(3,552)*	*–*	*–*
Foreign stocks	*32,471*	*1,739*	*3,087*	*(915)*	*2,683*	*–*	*39,065*	*2,114*
Foreign bonds	*77,265*	*(4,470)*	*9,410*	*(80,092)*	*166*	*(113)*	*2,165*	*(6)*
Investment trusts	*–*	*264*	*–*	*–*	*1,925*	*–*	*2,189*	*264*
Other	*340,092*	*30,930*	*(8,564)*	*(8,345)*	*100*	*–*	*354,213*	*30,226*
Total assets	¥ 530,749	¥ 38,643	¥ (1,572)	¥ 167,549	¥ 6,322	¥ (3,665)	¥ 738,025	¥ 42,169
Derivatives (*5)	¥ 50,509	¥ 4,058	¥ –	¥ 72,685	¥ 15,500	¥ 2,389	¥ 145,142	¥ 14,328
Of which:								
Interest related	*44,633*	*(412)*	*–*	*76,775*	*15,304*	*1,584*	*137,885*	*9,822*
Currency related	*3,734*	*3,706*	*–*	*(3,984)*	*195*	*61*	*3,714*	*3,744*
Equity related	*(625)*	*(117)*	*–*	*–*	*–*	*743*	*–*	*(117)*
Bond related	*2,770*	*774*	*–*	*(365)*	*–*	*–*	*3,178*	*774*
Commodity related	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*
Other	*(3)*	*107*	*–*	*259*	*–*	*–*	*364*	*104*

	Millions of Yen							
	Fiscal year ended March 31, 2022							
	April 1, 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 at 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*

(*1) Principally included in “Trading income” and “Other operating income” of the consolidated statements 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 significance 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, 2023.

(*4) Transfers into Level 2 from Level 3 resulted from the significance 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, 2023.

(*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. Information about investment trusts to which Paragraph 24-3 and Paragraph 24-9 of the Guidance for Application of Fair Value Measurement are applied

A reconciliation of the beginning balance and the ending balance and unrealized gains (losses) recognized in net income or loss

	Millions of Yen							
	Fiscal year ended March 31, 2023							
	March 31, 2022	Included in net income (*1)	Included in other comprehensive income (*2)	Changes due to purchases, sales and redemption	Standard price deemed to be fair value	Standard price not deemed to be fair value	March 31, 2023	Change in unrealized gains (losses) included in net income for investment trusts held at March 31, 2023 (*1)
Investment trusts (Available-for-sale securities)	¥ 46,871	¥ 1,061	¥ 10	¥ 191,024	¥ –	¥ –	¥ 238,967	¥ 1,061
Of which								
*Paragraph 24-3 (financial instruments) (*3)*	44,884	1,061	(71)	191,029	–	–	236,904	1,061
Paragraph 24-9 (real estate)	1,987	–	81	(5)	–	–	2,063	–

(*1) Principally included in "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) Major components of restrictions on cancellation or buy-back requests as of the fiscal closing date are non-cancellable of ¥9,166 million, restricted period of cancellation of ¥5,687 million and maximum limits on redemption of ¥222,050 million.

(Note) 4. 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, 2023
	Millions of Yen
Equity securities with no quoted market price available (*1) (*3)	¥ 180,054
Investment in partnerships and others (*2) (*3)	215,598

	Carrying amount
	March 31, 2022
	Millions of Yen
Equity securities with no quoted market price available (*1) (*3)	¥ 151,264
Investment in partnerships and others (*2) (*3)	160,505

(*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 24-16 of the Guidance for Application of Fair Value Measurement.

(*3) With respect to unlisted equity securities and others, an impairment loss of ¥10,526 million and ¥4,884 million was recorded in the fiscal years ended March 31, 2023 and 2022, respectively.

(Note) 5. Maturity analysis for financial assets and securities with contractual maturities

	Millions of Yen					
	March 31, 2023					
	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):	¥24,632,129	¥12,041,994	¥13,034,917	¥ 3,288,843	¥ 5,066,649	¥ 9,315,052
Held-to-maturity debt securities:	602,851	4,136,211	5,817,632	1,040,776	3,930,257	3,519,655
Japanese government bonds	599,971	3,915,340	5,244,958	890,528	2,863,173	–
Municipal bonds	–	46,951	401,573	132,003	564,297	–
Corporate bonds	2,880	173,919	171,101	3,825	21,135	20,353
Foreign bonds	–	–	–	–	–	3,499,302
Other	–	–	–	14,418	481,651	–
Available-for-sale securities with contractual maturities:	24,029,277	7,905,783	7,217,284	2,248,067	1,136,392	5,795,396
Japanese government bonds	20,229,222	1,265,968	–	65,421	–	670,500
Municipal bonds	292,101	776,114	778,285	442,925	274,241	–
Corporate bonds	357,291	726,979	634,086	184,889	172,627	1,155,496
Foreign equity securities	6,690	10,203	17,530	–	–	–
Foreign bonds	2,741,099	4,713,725	2,993,372	1,452,305	664,817	2,870,722
Other	402,872	412,791	2,794,009	102,526	24,705	1,098,677
Loans (*1) (*3)	43,134,800	20,799,288	17,128,168	7,633,268	6,280,845	10,730,252
Total	¥67,766,929	¥32,841,282	¥30,163,086	¥10,922,111	¥11,347,495	¥20,045,305

	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

(*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 ¥767,539 million and ¥926,034 million in the fiscal years ended March 31, 2023 and 2022, respectively.

(Note) 6. Maturity analysis for "Time deposits," "Negotiable certificates of deposit" and other interest-bearing liabilities

	Millions of Yen					
	March 31, 2023					
	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)	¥47,439,082	¥ 4,859,601	¥ 644,179	¥ 37,484	¥ 65,860	¥ 2,112
Borrowed money (*1) (*2) (*3)	2,591,272	22,373,898	3,010,459	1,763,996	1,392,141	2,482,824
Bonds (*1) (*2)	655,277	265,771	80,591	112,588	224,519	790,938
Total	¥50,685,632	¥27,499,271	¥ 3,735,230	¥ 1,914,068	¥ 1,682,521	¥ 3,275,874

	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

(*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, 2023 and 2022.

29. 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, 2023 and 2022:

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, 2023			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Interest rate futures	Sold	¥ 288,935	¥ 100,907	¥ (5,845)	¥ (5,845)
	Bought	414,454	8,565	13,037	13,037
OTC transactions:					
Forward rate agreement	Sold	75,059	–	(8)	(8)
	Bought	38,833	–	–	–
Interest rate swaps	Receivable fixed rate/ Payable floating rate	197,337,307	156,532,313	(573,232)	(573,232)
	Receivable floating rate/ Payable fixed rate	197,288,281	155,454,480	393,872	393,872
	Receivable floating rate/ Payable floating rate	25,441,876	17,683,137	30,322	30,322
	Receivable fixed rate/ Payable fixed rate	1,082,415	979,027	8,195	8,195
Interest rate swaptions	Sold	2,649,665	1,506,099	(44,312)	3,464
	Bought	1,713,461	1,483,001	40,304	(5,892)
Other	Sold	2,116,765	1,796,218	(27,617)	(12,157)
	Bought	3,040,648	2,539,507	18,380	(7,573)
Total		–	–	¥ (146,905)	¥ (155,819)

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, 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.

(2) Currency-related derivatives

		Millions of Yen			
		March 31, 2023			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Currency futures	Sold	¥ 80,331	¥ –	¥ 181	¥ 181
	Bought	477,916	63,107	2,047	2,047
OTC transactions:					
Currency swaps		40,712,162	29,716,854	(13,165)	(13,165)
Forward contracts on foreign exchange		166,688,384	11,899,820	165,215	165,215
Currency options	Sold	7,918,022	1,682,217	(90,372)	16,783
	Bought	7,985,503	1,755,529	112,425	(33,155)
Total		–	–	¥ 176,333	¥ 137,908

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, 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.

(3) Equity-related derivatives

		Millions of Yen			
		March 31, 2023			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Stock index futures	Sold	¥ 67	¥ –	¥ (2)	¥ (2)
	Bought	3,627	–	0	0
Stock index options	Sold	15,497	–	(96)	(9)
	Bought	–	–	–	–
OTC transactions:					
Swaps on OTC securities index	Receivable index volatility/ Payable interest	3,251	–	759	759
	Receivable interest/ Payable index volatility	–	–	–	–
Total		–	–	¥ 661	¥ 748

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, 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.

(4) Bond-related derivatives

		Millions of Yen			
		March 31, 2023			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Bond futures	Sold	¥ 180,946	¥ –	¥ 139	¥ 139
	Bought	276,265	–	(42)	(42)
Bond futures options	Sold	65,939	–	(198)	161
	Bought	58,411	–	276	(15)
OTC transactions:					
OTC bond options	Sold	1,610,202	–	(3,604)	(689)
	Bought	1,610,202	–	2,842	(452)
Total return swaps	Sold	–	–	–	–
	Bought	158,625	158,625	(2,865)	(2,865)
Total		–	–	¥ (3,451)	¥ (3,764)

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, 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.

(5) Commodity-related derivatives

As of March 31, 2023
Not applicable

		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.

(6) Credit-related derivatives

		Millions of Yen							
		March 31, 2023							
		Contract amount							
			Total		Over one year		Fair value		Valuation gain (loss)
OTC transactions:									
Credit default options	Sold	¥	1,006,763	¥	976,712	¥	(16,344)	¥	(16,344)
	Bought		1,395,426		1,295,909		(7,371)		(7,371)
Total			–		–	¥	(23,716)	¥	(23,716)

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, 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.

(7) Other derivatives

		Millions of Yen							
		March 31, 2023							
		Contract amount							
			Total		Over one year		Fair value		Valuation gain (loss)
OTC transactions:									
Earthquake derivatives	Sold	¥	7,000	¥	7,000	¥	(1)	¥	332
	Bought		7,354		7,000		357		(236)
Other	Sold		5,129		5,129		(62)		(62)
	Bought		7,466		7,466		70		70
Total			–		–	¥	364	¥	104

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, 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.

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, 2023					
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	¥	31,811,780	¥	30,462,077	¥	(383,588)
	Receivable floating rate/ Payable fixed rate			12,207,526		8,181,710		(51,148)
Total				–		–	¥	(434,736)

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, 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."

(2) Currency-related derivatives

			Millions of Yen					
			March 31, 2023					
Hedge accounting method	Transaction type	Major hedged item	Contract amount		Contract amount due after one year		Fair value	
Deferred hedge accounting	Currency swaps	Loans, securities, deposits and others denominated in foreign currencies	¥	10,001,522	¥	3,710,462	¥	(3,450)

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."

			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	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."

(3) Equity-related derivatives

			Millions of Yen					
			March 31, 2023					
Hedge accounting method	Transaction type	Major hedged item	Contract amount		Contract amount due after one year		Fair value	
Fair value hedge accounting	Total return swaps	Available-for-sale securities (equity securities)	¥	370,656	¥	370,656	¥	(18,135)

			Millions of Yen					
			March 31, 2022					
Hedge accounting method	Transaction type	Major hedged item	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)

(4) Bond-related derivatives

There were no bond-related derivatives as of March 31, 2023 and 2022.

30. BUSINESS COMBINATIONS OR DIVESTITURES

Fiscal year ended March 31, 2023

Sale of MUFG Union Bank, N.A. and Transfer of Certain Businesses of MUFG Union Bank, N.A.

On December 1, 2022, MUAH, a subsidiary of the Bank whose financial statements as of the end of the fiscal year ended December 31, 2022 have been consolidated with the Bank's financial statements, completed the sale of all of the shares in MUB held by MUAH to USB (hereinafter referred to as the "Share Transfer").

The MUB businesses that were transferred to USB through the Share Transfer excluded the GCIB (Global Corporate & Investment Banking) business (with certain exceptions as agreed to by the parties, including certain deposits of the GCIB business that are retained by MUB), the Global Markets business to the extent related to the GCIB business, which consisted of transactions with clients and investors, and certain assets and liabilities, etc. that were 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) were transferred to the Bank and MUAH prior to the Share Transfer for consideration paid in the form of cash.

(1) Business divestiture

1) Outline of the business divestiture

a) Name of the acquiring entity

U.S. Bancorp

b) Description of the divested businesses

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, would be the most appropriate decision that was 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 would help maximize shareholder value through an increase in capital efficiency.

d) Date of the business divestiture

December 1, 2022

e) Legal form of the business divestiture

Transfer of shares for consideration paid in the form of cash and shares

2) Overview of the accounting treatment applied

a) Amounts of gains or losses transferred

Gains on sales of shares of subsidiaries: ¥699,509 million

b) Amounts of assets and liabilities associated with the businesses transferred

Assets: ¥13,639,869 million, including loans and bills discounted of ¥7,572,598 million and securities of ¥3,123,184 million

Liabilities: ¥12,981,874 million, including deposits of ¥11,801,118 million

The above amounts of assets and liabilities related to the divested businesses are provisional since the price adjustments have not been completed.

c) Accounting treatment

The difference between the consolidated carrying amount and the sales amount of the shares transferred is recorded under other income.

3) Name of the reporting segment in which the divested businesses were mainly included

Global Commercial Banking Business Unit

4) Approximate amount of profit or loss related to the divested businesses recorded in the consolidated statements of income for the year ended March 31, 2023

Total Income ¥422,914 million

Total Expenses ¥849,624 million

5) Overview of continued involvement related to the business divestiture

The Bank received shares of USB as part of the consideration for the Share Transfer.

In addition, the Bank and USB have entered into a Transitional Service Agreement and a Reverse Transitional Service Agreement with an aim for both the Bank and MUB to be able to smoothly continue to provide high quality financial services even after the Share Transfer. The Bank provides and receives certain services based on such agreements.

In addition, as of the end of the reporting period (ended March 31, 2023), the corporate credit card business for GCIB business customers and certain Japanese customers was expected to be transferred from MUB to the Bank, subject to contractual conditions precedent. Such transfer was completed subsequent to the reporting period.

(2) Transaction under common control

1) Overview and objectives of the business transfer

The GCIB business (with certain exceptions as agreed to by the parties, including certain deposits of the GCIB business that are retained by MUB), the Global Markets business to the extent related to the GCIB business, which consisted of transactions with clients and investors, and certain assets and liabilities, etc. that were part of shared middle and back office functions, etc., were transferred to the Bank and MUAH prior to the Share Transfer by the end of November 2022.

The MUFG group continues 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 applied

The transaction is treated as a transaction under common control under ASBJ Statement No. 21, “Accounting Standard for Business Combinations”(ASBJ, January 16, 2019), and ASBJ Guidance No. 10,“Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures”(ASBJ, January 16, 2019).

3) Amounts of assets and liabilities transferred in connection with the business transfer

Assets: ¥3,310,900 million, including loans and bills discounted of ¥2,741,641 million

Liabilities: ¥503,791 million, including customers’ liabilities for acceptances and guarantees of ¥337,944 million

The above amounts are provisional since the price adjustments have not been completed.

31. RELATED-PARTY TRANSACTIONS

Related-party transactions:

Related-party transactions for the fiscal years ended March 31, 2023 and 2022 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, 2023

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)	¥ 2,142,250 243,152	Borrowed money Other liabilities	¥ 11,105,782 (Note 2) 54,886

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 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.

b. Unconsolidated subsidiaries and affiliates

There were no applicable transactions to be reported for the fiscal years ended March 31, 2023 and 2022.

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, 2023 and 2022.

d. Directors or major individual shareholders (limited to individual shareholders)

Fiscal year ended March 31, 2023

Type	Name	Occupation	Ownerships	Relationship	Transactions	Transaction amount (Millions of Yen)	Account	Outstanding balance (Millions of Yen)
Director	Shinichi Koide	–	None	Director of the Bank	Loans (Note 1) Receipt of interest (Note 1)	¥ – 0	Loans and bills discounted Other assets	¥ 68 0
Director's relative	Yoshinori Itoh	–	None	Relative of director of the Bank	Loans (Note 2) Receipt of interest (Note 2)	¥ – 0	Loans and bills discounted Other assets	¥ 40 0
Parent's director's relative	Takayuki Kondo	–	None	Relative of director of the Bank's parent	Loans (Note 3) Receipt of interest (Note 3)	¥ – 0	Loans and bills discounted Other assets	¥ 195 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 22 years.
2. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 35 years.
3. 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 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)	¥ 80 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.

(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, 2023 and 2022.

b. Unconsolidated subsidiaries and affiliates
There were no applicable transactions to be reported for the fiscal years ended March 31, 2023 and 2022.

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, 2023

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, 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.

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, 2023 and 2022.

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, 2023 and 2022.

32. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of contract revenue

Fiscal years ended March 31	Millions of Yen 2023		Millions of Yen 2022	
Fees and commissions income on:	¥	1,071,800	¥	916,231
Domestic and foreign exchange services		164,121		169,387
Deposit-taking services		59,047		55,874
Lending services (*1)		369,260		273,544
Securities-related services		69,047		97,641
Credit card-related services (*1)		59,986		49,455
Guarantee services (*2)		70,751		61,422
Other (*1)		279,585		208,906
Trust fees	¥	12,258	¥	11,981

(*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 primarily generated 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.”

33. 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, 2023 and 2022 to income before income taxes shown in the consolidated statements of income was as follows:

	Millions of Yen	
Fiscal years ended March 31	2023	2022
Ordinary profit	¥ 286,969	¥ 824,838
Gain on disposal of fixed assets	13,917	26,213
Gains on sales of shares of subsidiaries	699,509	4,295
Gain on sales of stocks of affiliates	–	28,968
Gain on business transfer	–	22,702
Gain on changes in equity	–	8,395
Loss on disposal of fixed assets	(14,301)	(10,444)
Impairment loss on fixed assets	(6,925)	(162,686)
Loss on pension buy-out	(78,111)	–
Loss on sales of shares of affiliates	(29,985)	–
Income before income taxes	¥ 871,073	¥ 742,283

For the fiscal years ended March 31, 2023 and 2022:

(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, etc. 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

(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.

(Changes in calculation method of profit or loss of reportable segment)
From the fiscal year ended March 31, 2023, inter-division allocation method of revenue and expenses has been changed and the calculation method of profit of reportable segments has been changed.
Segment information for the fiscal year ended March 31, 2022 has been restated based on the calculation method after the change.

(3) Reportable segment information for the fiscal years ended March 31, 2023 and 2022

Fiscal year ended March 31, 2023	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 Yen								
Gross operating income	¥ 279,138	¥ 388,103	¥ 672,620	¥ 870,584	¥ 691,328	¥ 2,901,774	¥ 209,661	¥ 12,431	¥ 3,123,867
Non-consolidated	251,362	359,723	577,190	35,077	531,924	1,755,278	109,238	(25,317)	1,839,198
Net interest income	215,393	187,450	353,486	35,719	260,275	1,052,325	399,613	26,966	1,478,905
Net non-interest income	35,968	172,272	223,704	(641)	271,649	702,953	(290,375)	(52,284)	360,293
Subsidiaries	27,776	28,380	95,429	835,506	159,403	1,146,496	100,423	37,749	1,284,668
Expenses	228,503	284,613	260,908	580,318	315,001	1,669,344	120,294	116,112	1,905,750
Net operating income	¥ 50,635	¥ 103,490	¥ 411,712	¥ 290,265	¥ 376,326	¥ 1,232,430	¥ 89,367	¥ (103,681)	¥ 1,218,116
Fixed assets	¥ 156,944	¥ 165,105	¥ 154,026	¥ 1,135	¥ 171,172	¥ 648,383	¥ 84,191	¥ 417,986	¥ 1,150,562
Increase in fixed assets	37,017	29,110	33,057	578	23,351	123,114	18,344	18,414	159,872
Depreciation	10,638	15,011	33,906	191	35,201	94,949	23,574	8,241	126,765

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 ¥446,850 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.
5. Regarding increase in fixed assets, the amount of increase in fixed assets of the Bank is presented.
6. Regarding depreciation, the amount of depreciation attributable to the Bank is presented.

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 Yen								
Gross operating income	¥ 285,503	¥ 343,508	¥ 490,706	¥ 771,702	¥ 513,327	¥ 2,404,748	¥ 220,100	¥ 10,243	¥ 2,635,093
Non-consolidated	257,244	315,629	429,774	1,931	362,176	1,366,756	133,532	4,293	1,504,581
Net interest income	219,283	155,902	230,394	1,931	172,179	779,691	126,761	73,364	979,817
Net non-interest income	37,960	159,727	199,379	–	189,997	587,064	6,770	(69,071)	524,763
Subsidiaries	28,259	27,878	60,932	769,770	151,151	1,037,992	86,568	5,950	1,130,511
Expenses	267,474	315,310	253,875	528,037	276,587	1,641,285	112,268	72,491	1,826,045
Net operating income	¥ 18,028	¥ 28,197	¥ 236,831	¥ 243,664	¥ 236,740	¥ 763,463	¥ 107,831	¥ (62,247)	¥ 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.

(4) A reconciliation of the ordinary profit under the internal management reporting system and net operating income per reportable segment information was as follows:

	Millions of Yen			
Fiscal years ended March 31	2023		2022	
Net operating income per reportable segment information	¥	1,218,116	¥	809,047
Net business profit of subsidiaries excluded from the reportable segment information		3,176		21,303
Provision for allowance for credit losses		(34,640)		64,123
Credit-related expenses		(646,764)		(393,589)
Gain on reversal of reserve for contingent losses(credit-related)		11,551		−
Gain on collection of bad debts		71,721		64,283
Gains on equity securities and other securities		218,639		277,073
Equity in earnings of the equity method investees		36,824		25,038
Amortization of net unrecognized actuarial gain or loss		42,299		21,591
Gain on cancellation of sleeping deposit accounts		140		920
Other		(634,096)		(64,953)
Ordinary profit under the internal management reporting system	¥	286,969	¥	824,838

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.
3. Following conclusion of the share transfer agreement on MUB shares, losses on fair value measurement of securities planned to be sold in an amount of ¥555,421 million and losses on fair value measurement of loans to be sold in an amount of ¥400,511 million are mainly included in “Other” and “Credit related expenses,” respectively, out of the aggregate loss of ¥952,590 million incurred in accordance with ASC 326 “Financial Instruments—Credit Losses,” ASC 310 “Receivables,” etc. in the fiscal year ended March 31, 2023.

(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, 2023							
Japan	USA	North America (except for USA)	Latin America	Europe/Middle East	Thailand	Asia/Oceania (except for Thailand)	Total
¥ 2,688,357	¥ 1,787,405	¥ 44,474	¥ 68,568	¥ 447,360	¥ 566,283	¥ 1,027,370	¥ 6,629,819

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

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, 2023						
Japan	North America	Latin America	Europe/Middle East	Thailand	Asia/Oceania (except for Thailand)	Total
¥ 685,699	¥ 59,629	¥ 241	¥ 5,436	¥ 90,495	¥ 56,145	¥ 897,648

Millions of Yen

As of March 31, 2022						
Japan	North America	Latin America	Europe/Middle East	Thailand	Asia/Oceania (except for Thailand)	Total
¥ 708,560	¥ 93,211	¥ 296	¥ 4,041	¥ 78,702	¥ 54,329	¥ 939,142

(Changes in presentation)

Tangible fixed assets of "USA" which were separately presented as of March 31, 2022 have been included in "North America," together with "North America (except for USA)" as of March 31, 2023 since the materiality decreased due to the fact that MUB is no longer a consolidated subsidiary. In order to reflect this change in presentation, tangible fixed assets under "2) Information by geographical region, b) Tangible fixed assets" as of March 31, 2022 have been restated. As a result, ¥92,968 million presented in "USA" and ¥243 million presented in "North America (except for USA)" were combined into ¥93,211 million in "North America."

In addition, tangible fixed assets of "Thailand," which were previously included in "Asia/Oceania," increased in materiality in a relative sense due to a decline in materiality of tangible fixed assets of "USA," and therefore have been presented separately as of March 31, 2023. In order to reflect this change in presentation, tangible fixed assets under "2) Information by geographic region, b) Tangible fixed assets" as of March 31, 2022 have been restated. As a result, ¥133,032 million presented in "Asia/Oceania" as of March 31, 2022 was reclassified into ¥78,702 million in "Thailand" and ¥54,329 million in "Asia/Oceania (except for Thailand)."

3) Information by major customer

There was no applicable information to be reported for the fiscal years ended March 31, 2023 and 2022.

4) Information on impairment loss on fixed assets by reportable segment

Fiscal year ended March 31, 2023	Millions of Yen								
	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	¥ 2,037	¥ 2,200	¥ 22	¥ 0	¥ 6	¥ 4,267	¥ 7	¥ 767	¥ 5,043

Fiscal year ended March 31, 2022	Millions of Yen								
	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

Note: Impairment loss on fixed assets of the Bank's subsidiaries is not allocated to the reportable segments. The impairment loss was ¥1,881 million and ¥26,988 million for the fiscal years ended March 31, 2023 and 2022, respectively.

5) Information on amortization and unamortized balance of goodwill by reportable segment

Fiscal year ended March 31, 2023	Millions of Yen								
	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	¥ 30	¥ 260	¥ –	¥ 3,418	¥ 3,842	¥ 7,551	¥ –	¥ –	¥ 7,551
Unamortized balance	–	978	–	14,070	39,645	54,694	–	–	54,694

Fiscal year ended March 31, 2022	Millions of Yen								
	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

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, 2023 and 2022.