

# **Annual Securities Report**

“Yukashoken Hokokusho”

(Excerpt)

for the fiscal year ended March 31, 2024

**MUFG Bank, Ltd.**

## Consolidated Financial Statements and Notes

### (1) Consolidated Balance Sheets

(in millions of yen)	As of March 31, 2023	As of March 31, 2024
Assets:		
Cash and due from banks (Note 4)	92,016,699	90,142,381
Call loans and bills bought	1,048,223	1,500,879
Receivables under resale agreements (Note 2)	4,388,214	5,494,478
Receivables under securities borrowing transactions (Note 2)	895,359	1,094,957
Monetary claims bought (Note 2)	4,664,580	5,053,642
Trading assets (Note 4)	7,391,824	7,865,141
Money held in trust	46,753	39,021
Securities (Notes 1, 2, 3, 4 and 12)	72,239,502	70,152,979
Loans and bills discounted (Notes 2, 3, 4, 5 and 6)	106,474,163	114,311,204
Foreign exchanges (Notes 2 and 3)	2,051,851	2,218,116
Other assets (Notes 3 and 4)	11,383,199	13,602,034
Tangible fixed assets (Notes 4, 8 and 9):	897,648	904,799
Buildings	232,440	223,369
Land (Note 7)	534,903	532,973
Lease assets	5,041	9,429
Construction in progress	31,496	28,758
Other tangible fixed assets	93,767	110,268
Intangible fixed assets:	699,763	863,887
Software	322,325	331,734
Goodwill	54,694	145,562
Lease assets	17	1
Other intangible fixed assets	322,726	386,588
Net defined benefit assets	839,105	1,280,486
Deferred tax assets	336,606	129,495
Customers' liabilities for acceptances and guarantees (Note 3)	9,598,727	10,608,663
Allowance for credit losses	(1,123,017)	(1,401,027)
Total assets	313,849,208	323,861,142

(in millions of yen)	As of March 31, 2023	As of March 31, 2024
Liabilities:		
Deposits	202,318,702	211,083,905
Negotiable certificates of deposit	8,972,362	11,184,279
Call money and bills sold	35,069	693,411
Payables under repurchase agreements (Note 4)	28,045,447	19,024,100
Payables under securities lending transactions (Note 4)	222,656	83,784
Commercial papers	1,834,968	2,807,589
Trading liabilities	3,256,319	3,871,531
Borrowed money (Notes 4, 5 and 10)	33,614,592	35,561,966
Foreign exchanges (Note 2)	2,631,571	3,429,677
Bonds payable (Notes 4 and 11)	2,129,686	1,863,371
Other liabilities	8,541,070	9,278,666
Reserve for bonuses	109,066	134,418
Reserve for bonuses to directors	2,937	1,903
Reserve for stocks payment	3,705	4,597
Net defined benefit liabilities	77,795	93,352
Reserve for retirement benefits to directors	462	507
Reserve for loyalty award credits	11,931	11,522
Reserve for contingent losses (Note 13)	81,897	86,213
Deferred tax liabilities	15,911	150,498
Deferred tax liabilities for land revaluation (Note 7)	85,736	82,942
Acceptances and guarantees	9,598,727	10,608,663
Total liabilities	301,590,620	310,056,904
Net assets:		
Capital stock	1,711,958	1,711,958
Capital surplus	3,662,223	3,660,984
Retained earnings	5,403,610	5,875,223
Treasury stock	(645,700)	(645,700)
Total shareholders' equity	10,132,092	10,602,466
Net unrealized gains (losses) on available-for-sale securities	743,636	1,370,832
Net deferred gains (losses) on hedging instruments	(473,280)	(767,470)
Land revaluation excess (Note 7)	168,507	162,441
Foreign currency translation adjustments	1,055,848	1,524,323
Remeasurements of defined benefit plans	128,840	376,402
Total accumulated other comprehensive income	1,623,554	2,666,528
Subscription rights to shares	—	0
Non-controlling interests	502,941	535,243
Total net assets	12,258,588	13,804,238
Total liabilities and net assets	313,849,208	323,861,142

See the accompanying notes to consolidated financial statements.

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income  
Consolidated Statements of Income

(in millions of yen)	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Ordinary income	6,629,819	8,484,706
Interest income	4,314,142	6,007,186
Interest on loans and bills discounted	2,591,956	3,696,820
Interest and dividends on securities	918,472	843,410
Interest on call loans and bills bought	18,128	31,519
Interest on receivables under resale agreements	94,508	273,625
Interest on receivables under securities borrowing transactions	18,020	51,659
Interest on deposits	289,814	520,465
Other interest income	383,240	589,684
Trust fees	12,258	—
Fees and commissions	1,071,800	1,115,580
Trading income	206,149	192,345
Other operating income	560,075	588,263
Other ordinary income	465,394	581,329
Gains on loans written-off	71,721	75,872
Others (Note 1)	393,672	505,457
Ordinary expenses	6,342,849	7,134,428
Interest expenses	1,907,020	3,862,170
Interest on deposits	845,671	1,809,120
Interest on negotiable certificates of deposit	220,010	469,971
Interest on call money and bills sold	3,481	2,017
Interest on payables under repurchase agreements	285,580	564,443
Interest on payables under securities lending transactions	897	2,857
Interest on commercial papers	56,432	145,698
Interest on borrowed money	293,388	411,884
Interest on bonds payable	67,135	93,629
Other interest expenses	134,421	362,547
Fees and commissions	177,390	201,289
Trading expenses	74,608	—
Other operating expenses	1,264,752	479,351
General and administrative expenses (Note 2)	2,072,726	1,928,214
Other ordinary expenses	846,350	663,402
Provision for allowance for credit losses	206,546	352,057
Others (Note 3)	639,804	311,344
Ordinary profits	286,969	1,350,277

(in millions of yen)	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Extraordinary gains	713,427	14,359
Gains on disposition of fixed assets	13,917	14,359
Gains on sales of shares of subsidiaries (Note 4)	699,509	—
Extraordinary losses	129,324	36,046
Losses on disposition of fixed assets	14,301	11,986
Losses on impairment of fixed assets	6,925	24,059
Losses on pension buyout (Note 5)	78,111	—
Losses on sales of shares of affiliates	29,985	—
Profits before income taxes	871,073	1,328,591
Income taxes-current	347,320	328,101
Income taxes-deferred	(94,318)	26,974
Total taxes	253,001	355,075
Profits	618,071	973,515
Profits attributable to non-controlling interests	16,037	28,787
Profits attributable to owners of parent	602,034	944,728

See the accompanying notes to consolidated financial statements.

## Consolidated Statements of Comprehensive Income

(in millions of yen)	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Profits	618,071	973,515
Other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	(480,921)	623,613
Net deferred gains (losses) on hedging instruments	(357,765)	(294,324)
Foreign currency translation adjustments	628,243	489,428
Remeasurements of defined benefit plans	(44,163)	247,302
Share of other comprehensive income of associates accounted for using equity method	9,055	14,897
Total other comprehensive income (Note 1)	(245,551)	1,080,917
Comprehensive income	372,520	2,054,433
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	312,359	1,993,768
Comprehensive income attributable to non-controlling interests	60,160	60,664

See the accompanying notes to consolidated financial statements.

(3) Consolidated Statements of Changes in Equity  
For the fiscal year ended March 31, 2023

(in millions of yen)

	Shareholders' equity					Accumulated other comprehensive income	
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedging instruments
Balance at the beginning of the fiscal year	1,711,958	3,669,248	5,127,252	(645,700)	9,862,758	1,230,161	(115,487)
Changes during the fiscal year							
Cash dividends			(336,415)		(336,415)		
Profits attributable to owners of parent			602,034		602,034		
Reversal of land revaluation surplus			10,738		10,738		
Changes in subsidiaries' equity		(3,183)			(3,183)		
Change from transaction under common control involving overseas subsidiary		(3,840)			(3,840)		
Net changes of items other than shareholders' equity						(486,524)	(357,793)
Total changes during the fiscal year	—	(7,024)	276,357	—	269,333	(486,524)	(357,793)
Balance at the end of the fiscal year	1,711,958	3,662,223	5,403,610	(645,700)	10,132,092	743,636	(473,280)

(in millions of yen)

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Land revaluation excess	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the fiscal year	179,246	454,804	175,242	1,923,967	456,174	12,242,901
Changes during the fiscal year						
Cash dividends						(336,415)
Profits attributable to owners of parent						602,034
Reversal of land revaluation surplus						10,738
Changes in subsidiaries' equity						(3,183)
Change from transaction under common control involving overseas subsidiary						(3,840)
Net changes of items other than shareholders' equity	(10,738)	601,044	(46,401)	(300,413)	46,766	(253,646)
Total changes during the fiscal year	(10,738)	601,044	(46,401)	(300,413)	46,766	15,687
Balance at the end of the fiscal year	168,507	1,055,848	128,840	1,623,554	502,941	12,258,588

For the fiscal year ended March 31, 2024

(in millions of yen)

						Accumulated other comprehensive income	
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedging instruments
Balance at the beginning of the fiscal year	1,711,958	3,662,223	5,403,610	(645,700)	10,132,092	743,636	(473,280)
Changes during the fiscal year							
Cash dividends			(479,181)		(479,181)		
Profits attributable to owners of parent			944,728		944,728		
Reversal of land revaluation surplus			6,066		6,066		
Changes in subsidiaries' equity		(1,239)			(1,239)		
Net changes of items other than shareholders' equity						627,195	(294,190)
Total changes during the fiscal year	—	(1,239)	471,613	—	470,373	627,195	(294,190)
Balance at the end of the fiscal year	1,711,958	3,660,984	5,875,223	(645,700)	10,602,466	1,370,832	(767,470)

(in millions of yen)

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Land revaluation excess	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the fiscal year	168,507	1,055,848	128,840	1,623,554	—	502,941	12,258,588
Changes during the fiscal year							
Cash dividends							(479,181)
Profits attributable to owners of parent							944,728
Reversal of land revaluation surplus							6,066
Changes in subsidiaries' equity							(1,239)
Net changes of items other than shareholders' equity	(6,066)	468,474	247,561	1,042,974	0	32,301	1,075,276
Total changes during the fiscal year	(6,066)	468,474	247,561	1,042,974	0	32,301	1,545,650
Balance at the end of the fiscal year	162,441	1,524,323	376,402	2,666,528	0	535,243	13,804,238

See the accompanying notes to consolidated financial statements.



#### (4) Consolidated Statements of Cash Flows

(in millions of yen)	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from operating activities:		
Profits before income taxes	871,073	1,328,591
Depreciation and amortization	200,127	214,057
Impairment losses	6,925	24,059
Amortization of goodwill	7,551	8,479
Equity in losses (gains) of equity method investees	(36,824)	(39,203)
Losses on pension buyout	78,111	—
Increase (decrease) in allowance for credit losses	(40,142)	213,372
Increase (decrease) in reserve for bonuses	67,991	21,112
Increase (decrease) in reserve for bonuses to directors	1,833	(1,263)
Increase (decrease) in reserve for stocks payment	(44)	891
Decrease (increase) in net defined benefit assets	(16,286)	(444,742)
Increase (decrease) in net defined benefit liabilities	641	7,562
Increase (decrease) in reserve for retirement benefits to directors	35	44
Increase (decrease) in reserve for loyalty award credits	(537)	(1,333)
Increase (decrease) in reserve for contingent losses	(23,252)	3,049
Interest income recognized on statement of income	(4,314,142)	(6,007,186)
Interest expenses recognized on statement of income	1,907,020	3,862,170
Losses (gains) on securities	257,763	90,635
Losses (gains) on money held in trust	7,688	8,016
Foreign exchange losses (gains)	(960,729)	(2,688,689)
Losses (gains) on sales of fixed assets	384	(2,373)
Net decrease (increase) in trading assets	(1,073,131)	(389,370)
Net increase (decrease) in trading liabilities	125,830	578,077
Adjustment of unsettled trading accounts	318,303	(339,295)
Net decrease (increase) in loans and bills discounted	(4,633,748)	(6,933,234)
Net increase (decrease) in deposits	6,880,140	7,772,804
Net increase (decrease) in negotiable certificates of deposit	1,195,089	2,192,913
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	(5,087,134)	602,333
Net decrease (increase) in call loans and bills bought and others	(1,059,912)	(1,666,352)
Net decrease (increase) in receivables under securities borrowing transactions	303,035	(138,189)
Net increase (decrease) in call money and bills sold and others	14,471,286	(8,561,411)
Net increase (decrease) in commercial papers	581,589	972,620
Net increase (decrease) in payables under securities lending transactions	47,151	(138,395)
Net decrease (increase) in foreign exchanges (assets)	43,806	(140,396)
Net increase (decrease) in foreign exchanges (liabilities)	440,610	797,769
Net increase (decrease) in issuance and redemption of unsubordinated bonds payable	83,076	(321,572)
Interest income (cash basis)	3,954,522	5,801,158
Interest expenses (cash basis)	(1,664,842)	(3,720,402)
Others	12,343	(647,023)
Sub-total	12,953,204	(7,680,718)
Income taxes	(391,317)	(573,972)
Refund of income taxes	54,959	56,066
Net cash provided by (used in) operating activities	12,616,846	(8,198,624)

(in millions of yen)	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from investing activities:		
Purchases of securities	(91,247,362)	(77,387,814)
Proceeds from sales of securities	49,831,006	53,875,134
Proceeds from redemption of securities	31,133,955	28,724,294
Payments for increase in money held in trust	(78,327)	(10,069)
Proceeds from decrease in money held in trust	78,219	9,928
Purchases of tangible fixed assets	(57,431)	(71,749)
Purchases of intangible fixed assets	(154,606)	(173,207)
Proceeds from sales of tangible fixed assets	28,801	44,225
Proceeds from sales of intangible fixed assets	176	28
Payments for business transfers-in	(30)	—
Payments for acquisition of subsidiaries' equity affecting the scope of consolidation (Note 2)	—	(163,662)
Payments for sales of subsidiaries' equity affecting the scope of consolidation (Note 3)	(1,784,755)	—
Others	(1,998)	(1,180)
Net cash provided by (used in) investing activities	(12,252,351)	4,845,927
Cash flows from financing activities:		
Proceeds from subordinated borrowings	3,285,751	1,688,702
Repayments of subordinated borrowings	(1,359,613)	(1,494,989)
Proceeds from issuance of subordinated bonds payable and bonds with warrants	123,501	—
Payments for redemption of subordinated bonds payable and bonds with warrants	(181,808)	(290)
Proceeds from issuance of common stock to non-controlling shareholders	1,855	2,064
Dividends paid by MUFG Bank	(336,415)	(479,181)
Dividends paid by subsidiaries to non-controlling shareholders	(7,936)	(8,757)
Payments for purchases of subsidiaries' equity not affecting the scope of consolidation	(373)	(1,592)
Net cash provided by (used in) financing activities	1,524,960	(294,044)
Effect of foreign exchange rate changes on cash and cash equivalents	735,121	1,767,827
Net increase (decrease) in cash and cash equivalents	2,624,577	(1,878,913)
Cash and cash equivalents at the beginning of the period	89,394,022	92,016,699
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	—	4,595
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(1,900)	—
Cash and cash equivalents at the end of the period (Note 1)	92,016,699	90,142,381

See the accompanying notes to consolidated financial statements.

# Notes to the Consolidated Financial Statements for the Fiscal Year Ended March 31, 2024 and 2023

## 1. Significant Accounting Policies Applied to the Consolidated Financial Statements

### I. Scope of consolidation

- (1) Number of consolidated subsidiaries: 113

Principal companies:

Bank of Ayudhya Public Company Limited

PT Bank Danamon Indonesia, Tbk.

- (a) Changes in the scope of consolidation in the fiscal year ended March 31, 2024

Kanmu, Inc. and eleven other companies were newly included in the scope of consolidation due to the transfer from the scope of application of the equity method, acquisition of shares, or other reasons.

Otemachi Guarantee Co., Ltd. and six other companies were excluded from the scope of consolidation due to termination accompanied with a merger or other reasons.

- (2) Non-consolidated subsidiaries: None

- (3) Entities not regarded as subsidiaries even though the Bank owns the majority of voting rights in its own account:  
HISHOH Biopharma Co., Ltd.

- (a) Reasons for excluding from the scope of consolidation

HISHOH Biopharma Co., Ltd. was not treated as a subsidiary because the Bank's consolidated venture capital subsidiary owned the majority of voting rights primarily to benefit from the appreciation of their investment resulting from growth or restructuring of the investees' businesses without any intent to control.

- (4) Special purpose entities subject to disclosure: None

### II. Application of the equity method

- (1) Number of non-consolidated subsidiaries accounted for under the equity method: None

- (2) Number of equity method affiliates: 44

Principal companies:

Vietnam Joint Stock Commercial Bank for Industry and Trade

Security Bank Corporation

- (a) Changes in the scope of application of the equity method in the fiscal year ended March 31, 2024

WealthNavi Inc. and five other companies were newly included in the scope of application of the equity method due to acquisition of shares or other reasons.

Kanmu, Inc. and three other companies were excluded from the scope of application of the equity method due to the transfer to the scope of consolidation or other reasons.

- (3) Number of non-consolidated subsidiaries not accounted for under the equity method: None
- (4) Number of affiliates not accounted for under the equity method: None
- (5) Entities not regarded as affiliates in which the Bank owns 20% to 50% of their voting rights in its own account:
  - Kamui Pharma, Inc.
  - Alchemedicine, Inc.
  - DT Axis Inc.
  - Feliqs Corporation
- (a) Reasons for excluding from the scope of affiliates
  - These entities were not regarded as affiliates because the Bank's consolidated venture capital subsidiaries owned 20% to 50% of voting rights primarily to benefit from the appreciation of their investments resulting from growth or restructuring of the investees' businesses without any intent to control.

### III. The balance sheet dates of the consolidated subsidiaries

- (1) The balance sheet dates of the consolidated subsidiaries were as follows:
 

The end of October:	1 subsidiary
The end of December:	77 subsidiaries
The end of March:	35 subsidiaries
- (2) A subsidiary whose balance sheet date is the end of October was consolidated based on its preliminary financial statements as of the end of January.
  - The remaining subsidiaries were consolidated based on their financial statements as of their respective balance sheet dates.
  - Adjustments were made to the consolidated financial statements to reflect any significant transactions within the consolidated group that occurred between the balance sheet dates of the relevant subsidiaries and the consolidated balance sheet date.

#### IV. Accounting policies

##### (1) Trading assets and Trading liabilities; Trading income and expenses

Transactions involving short-term fluctuations or arbitrage opportunities in interest rates, currency exchange rates, market prices of financial instruments or other market indices (“trading purposes”) are presented in “Trading assets” and “Trading liabilities” on the consolidated balance sheet on a trade-date basis, and gains and losses from trading transactions (interest and dividends, gains or losses on sales and gains or losses on valuation) are presented in “Trading income” and “Trading expenses” on the consolidated statement of income.

Trading assets and trading liabilities are stated at fair value as of the consolidated balance sheet date.

With respect to derivative transactions for trading purposes, specific market risk and counterparty credit risk exposures are measured in groups of trading assets and trading liabilities, and fair value is determined for each such group of trading assets and trading liabilities on a net basis.

##### (2) Securities

(a) Debt securities being held to maturity are stated at amortized cost (using the straight-line method) computed using the moving-average method. Available-for-sale securities are stated at their quoted market prices (cost of securities sold is calculated primarily using the moving-average method), and equity securities with no quoted market price available are stated at acquisition cost computed using the moving-average method.

Net unrealized gains (losses) on available-for-sale securities are included directly in net assets, net of applicable income taxes, except in the case of application of the fair value hedge accounting method, in which the change in the fair value recognized is recorded in current earnings.

(b) Securities included in trust assets in money held in trust are accounted for on the same basis as noted above in Notes (1) and (2)(a).

Net unrealized gains (losses) on securities in money held in trust which are not held for trading purposes or held to maturity are included directly in net assets, net of applicable income taxes.

##### (3) Derivatives

Derivative transactions (excluding those for trading purposes) are stated at fair value as of the consolidated balance sheet date. With respect to Derivative transactions (excluding those for trading purposes), specific market risk and counterparty credit risk exposures are measured in groups of trading assets and trading liabilities, and fair value is determined for each such group of trading assets and trading liabilities on a net basis.

##### (4) Depreciation and amortization of fixed assets

###### (a) Tangible fixed assets (except for lease assets)

Depreciation of tangible fixed assets of the Bank is computed primarily using the declining-balance method. The useful lives are primarily estimated as follows:

Buildings: 15 to 50 years  
Equipment: 2 to 20 years

Depreciation of tangible fixed assets of consolidated subsidiaries is computed primarily using the straight-line method based on their estimated useful lives.

###### (b) Intangible fixed assets (except for lease assets)

Amortization of intangible fixed assets is computed using the straight-line method.

Development costs for internally used software are amortized using the straight-line method over the estimated useful lives of primarily 3 to 10 years.

(c) Lease assets

Depreciation or amortization of lease assets in “Tangible fixed assets” or “Intangible fixed assets” under finance leases other than those that are deemed to transfer the ownership of leased property to the lessees is computed using the straight-line method over the lease periods with zero residual value unless residual value is guaranteed by the corresponding lease contracts, in which case the residual value equals the guaranteed amount.

(5) Deferred assets

Bond issuance costs and stock issuance costs are expensed as incurred.

(6) Allowance for credit losses

The Bank and its domestic consolidated subsidiaries determine the amount of allowance for credit losses in accordance with the internal standards for self-assessment of asset quality and the internal standards for write-offs and provisions.

For claims on borrowers that have entered into bankruptcy, special liquidation proceedings or similar legal proceedings or whose notes have been dishonored and suspended from processing through clearing houses (“bankrupt borrowers”) or borrowers that are not legally or formally bankrupt but are regarded as substantially in similar condition (“virtually bankrupt borrowers”), allowances are provided based on the amount of claims, after the write-offs as stated below, net of expected amounts to be collected through the disposal of collateral and the execution of guarantees.

For claims on borrowers that are not yet legally or formally bankrupt but deemed to have a high possibility of becoming bankrupt (“likely to become bankrupt borrowers”), where the amounts of principal repayments and interest payments cannot be reasonably estimated from the borrowers’ cash flows, allowances are provided based on an overall solvency assessment of the claims, net of expected amounts to be collected through the disposal of collateral and the execution of guarantees.

For claims on likely to become bankrupt borrowers and claims on borrowers requiring close monitoring, where the amounts of principal repayments and interest payments can be reasonably estimated from the borrowers’ cash flows, allowances are provided in an amount equal to the difference between the book value of the claims and the relevant cash flows discounted by the initial contractual interest rates.

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 experience or historical default probability experience over a certain period, which is derived from actual credit losses or actual defaults over a one-year period or over a period equal to the average remaining term to maturity of loans, with necessary adjustments for future loss projections and other factors.

For claims originated in certain foreign countries, additional allowances are provided based on an assessment of political and economic conditions of these countries.

All claims are assessed by the relevant branches and the credit supervision departments in accordance with the internal standards for self-assessment of asset quality. The credit review department, which is independent from those operating sections, subsequently audits these assessments.

For claims on bankrupt borrowers and virtually bankrupt borrowers, the amount of claims exceeding the estimated value of collateral and guarantees, which is deemed uncollectible, is written off. The total amount of write-offs was ¥192,692 million (¥193,218 million as of March 31, 2023).

Consolidated subsidiaries not adopting the procedures stated above provide for allowances based on their historical credit loss experience or other factors for collectively assessed claims and based on individual assessments of the possibility of collection for specific deteriorated claims.

(Additional information)

(Allowance for credit losses of certain overseas subsidiaries which apply Generally Accepted Accounting Principles in the United States (“U.S. GAAP”))

Certain overseas subsidiaries which apply U.S. GAAP have adopted U.S. Accounting Standards Codification (“ASC”) Topic 326, “Financial Instruments—Credit losses,” 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 changes in economic condition, inflation, monetary policy, and geopolitical situation is incorporated into the estimation of allowance for loan losses 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.

(7) Reserve for bonuses

Reserve for bonuses, which is provided for future bonus payments to employees, is recorded in the amount deemed to have accrued based on the estimated amount of bonuses as of the consolidated balance sheet date.

(8) Reserve for bonuses to directors

Reserve for bonuses to directors, which is provided for future bonus payments to directors, is recorded in the amount deemed to have accrued based on the estimated amount of bonuses as of the consolidated balance sheet date.

(9) Reserve for stocks payment

Reserve for stocks payment, which is provided for future payments of compensation under the stock compensation plan for directors and officers, is recorded in the amount deemed to have accrued based on the estimated amount of compensation as of the consolidated balance sheet date.

(10) Reserve for retirement benefits to directors

Reserve for retirement benefits to directors, which is provided for future payments of retirement benefits to directors of consolidated subsidiaries, is recorded in the amount deemed to have accrued based on the estimated amount of benefits as of the consolidated balance sheet date.

(11) Reserve for loyalty award credits

Reserve for loyalty award credits, which is provided for the future redemption of points awarded to customers of certain consolidated subsidiaries is calculated by estimating the amount that will be redeemed in the future based on the monetary amount converted from the awarded but unused points, and is recorded in the appropriate amount as a reserve.

(12) 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.

### (13) Retirement benefits

In calculating the amount of benefit obligation, the portion of projected benefit obligation attributed to the fiscal year ended March 31, 2024 is determined using the benefit formula basis.

Prior service cost is amortized using the straight-line method over a fixed period, primarily over 10 years, within the employees' average remaining service period.

Net actuarial gains (losses) are amortized using the straight-line method over a fixed period, primarily over 10 years, within the employees' average remaining service period, primarily beginning in the subsequent fiscal year after such gains (losses) are recognized.

For certain overseas branches of the Bank and certain consolidated subsidiaries, net defined benefit liability and retirement benefit expenses are calculated using the simplified method.

### (14) Revenue Recognition

#### (a) Revenue recognition

Revenues arising from contracts with customers are recognized in the consolidated statements of income based on the status of fulfillment of the performance obligations identified in each contract, depending on the actual nature of the transactions under the contract.

#### (b) Revenue Recognition for Principal Categories of Transactions

Revenue arising from contracts with customers is recognized using a method that is designed to closely reflect economic reality, with the timing of fulfillment of performance obligations, which is an important factor in determining the timing of revenue recognition, assessed as described below.

In most cases, the consideration for transactions is settled in cash at the time of the transaction. In other cases, receivables recognized in connection with transactions are generally collected within one year.

Of the fees and commissions, those on remittances and transfers consist mainly of remittance and transfer fees and are recognized as revenue at the time of settlement.

Of the fees and commissions, those on deposits consist mainly of ATM usage fees and periodic account management service fees. ATM usage fees are recognized as revenue at the time of execution of transactions, and periodic account management service fees are recorded as revenue over the service period.

Of the fees and commissions, those on loans consist mainly of the consideration for administration and management services during the tenors of syndicated loans and the consideration for financial advice to clients, and are recorded as revenue over the service period.

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.

Of the fees and commissions, those on credit card business consist mainly of credit card merchant fees and royalty fees from franchised merchants. Merchant fees are recorded as revenue at the time when the credit sale data is received, and royalty fees from franchised merchants are recorded as revenue over the service period.

### (15) Translation of assets and liabilities denominated in foreign currencies

Assets and liabilities denominated in foreign currencies or booked at overseas branches of the Bank are translated into yen primarily at exchange rates prevailing at the consolidated balance sheet date, except for investments in non-consolidated affiliates which are translated into yen at exchange rates prevailing at the acquisition dates.

Assets and liabilities denominated in foreign currencies of consolidated subsidiaries are translated into yen at exchange rates prevailing at the respective balance sheet date.



## (16) Leasing transactions

### (As lessees)

The Bank's and its domestic consolidated 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 computed using the straight-line method over the lease term with zero residual value unless residual value is guaranteed by the corresponding lease contracts, in which case the residual value equals the guaranteed amount.

### (As lessors)

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 as "Other ordinary income".

## (17) Hedge accounting

### (a) Hedge accounting for interest rate risks

The Bank has adopted the deferred hedge accounting method for hedging transactions to hedge 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), is 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 the 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 the type of bond. 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, loans and other instruments 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 tenors 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 the correlation between factors that cause fluctuations in interest rates of hedged items and those of hedging instruments.

(b) Hedge accounting for foreign currency risks

The Bank has adopted the deferred hedge accounting method for hedging 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 currencies.

Portfolio hedging or individual hedging is applied to hedge foreign currency risks arising from equity investments in foreign subsidiaries and foreign affiliates and from available-for-sale securities (other than bonds) denominated in foreign currencies. Monetary claims and liabilities denominated in the same foreign currencies or forward exchange contracts are used as hedging instruments. As for the hedge accounting method applied to equity investments in foreign subsidiaries and foreign affiliates, foreign currency translation differences arising from hedging instruments are recorded as foreign currency translation adjustments. The fair value hedge accounting method is applied to available-for-sale securities (other than bonds) denominated in foreign currencies.

(c) Hedge accounting for stock price fluctuation risks

Individual hedging is applied to hedge market fluctuation risks arising from strategic equity securities held by the Bank. Total return swaps are used as hedging instruments. The effectiveness of hedging transactions is assessed by the correlation between changes in the fair value of hedged items and changes in the fair value of hedging instruments. The fair value hedge accounting method is applied.

(d) Transactions among consolidated subsidiaries

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

(18) Amortization of goodwill

Goodwill was primarily amortized using the straight-line method from 10 to 20 years beginning in the period of the acquisition. Other goodwill with insignificant balance was expensed as incurred.

(19) Cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents in the consolidated statements of cash flows are defined as “Cash and due from banks” on the consolidated balance sheet.

(20) Consumption taxes

National and local consumption taxes are excluded from transaction amounts of the Bank and its domestic consolidated subsidiaries. Non-deductible portions of consumption taxes on the purchases of tangible fixed assets are expensed when incurred.

(21) Adoption 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.

(22) Accounting of bills discounted and rediscounted

Bills discounted and rediscounted are accounted for as financial trading in accordance with JICPA Industry Committee Practical Guidelines No. 24

(23) Accounting standard for foreign subsidiaries

If the financial statements of foreign subsidiaries are prepared in accordance with the International Financial Reporting Standards (“IFRS”) or U.S. GAAP, such financial statements are used in the consolidated accounting process.

If the financial statements of foreign subsidiaries are prepared in accordance with generally accepted accounting principles in each domicile country and not in accordance with IFRS or U.S. GAAP, the financial statements of foreign subsidiaries are mainly rearranged in accordance with U.S. GAAP.

Adjustments are also made when necessary in the consolidated accounting process.

## Significant Accounting Estimates

### I. Allowance for credit losses

#### (1) Amount recorded in the consolidated financial statements for the current fiscal year

The Group is engaged in lending services as one of our core businesses. To absorb probable losses resulting from decreases in or elimination of the value of assets such as loan receivables due to deterioration in the financial condition of parties to which loans and other forms of credit have been extended (the risk of incurring such losses being referred to as "credit risk" within the Group), an allowance for credit losses is recorded according to the calculation process prescribed in our internal policies. The amount of allowance for credit losses recorded in the consolidated balance sheet as of the end of the current fiscal year is 1,401,027 million yen (1,123,017 million yen as of March 31, 2023).

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, independent credit audit departments audit the evaluation results as described in "(6) Allowance for credit losses" under "IV. Accounting policies" under "1. Significant Accounting Policies Applied to the Consolidated Financial Statements."

There is uncertainty in the estimates and significant assumptions used in calculating the allowance for credit losses. In particular, future developments concerning the Russia-Ukraine situation, which are expected to impact our borrowers' operating environment and the economic environment, remain subject to significant uncertainty. Accordingly, the Group makes certain assumptions, including that the current Russia-Ukraine situation continues for the foreseeable future. The recorded allowance represents our best estimate made in a manner designed to ensure objectivity and rationality.

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

(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 current fiscal year

The process of calculating the allowance for credit losses for the Bank and its domestic consolidated subsidiaries, our principal domestic consolidated banking subsidiaries, involves various estimates such as determination of borrower credit ratings which are based on evaluation and classification of borrowers' debt-service capacity, assessment of the value of collateral provided by borrowers, estimation of future cash flows when applying the cash flow estimation method, and adjustments for future loss projections and other factors to the loss rates calculated based on historical credit loss experience. For details of the allowance calculation method, refer to "(6) Allowance for credit losses" under "IV. Accounting policies" under "1. Significant Accounting Policies Applied to the Consolidated Financial Statements." The amount of allowance for credit losses and the loan balance of the Bank, our principal domestic consolidated banking subsidiary, recorded in the Bank's balance sheet as of the end of the current fiscal year, are 841,518 million yen and 103,444,984 million yen, respectively (641,107 million yen and 97,127,749 million yen, respectively as of March 31, 2023).

##### (b) Significant assumptions used in calculating the amounts presented in the consolidated financial statements for the current fiscal year

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. Estimates relating to these borrowers' future performance and business sustainability are affected by changes in their external and internal business environment, including changes in economic condition, inflation and monetary policy in each country as well as geopolitical situation, and are accordingly subject to a high degree of uncertainty.

The Bank, our principal domestic consolidated banking subsidiary, applies the cash flow estimation method when providing for allowance for credit losses for loans to substantially bankrupt borrowers and borrowers requiring special attention and caution in cases where it is possible to reasonably estimate the cash flows related to the collection of loan principal and receipt of interest payments.

The estimation of such future cash flows is based on a borrower-specific assessment regarding the collectability of loans, including past collection experience, evaluation of the borrower's restructuring plans, the financial condition and operating results of the borrower, and the economic environment of the industry to which the borrower belongs. In this regard, the estimation of future cash flows may be highly dependent on estimation of borrowers' future performance and business sustainability. Estimates are subject to a high degree of uncertainty especially when made in connection with assessments regarding the collectability of loans to substantially bankrupt borrowers with respect to which objective information is not readily available.

In addition, 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 projections and other factors to the loss rate calculated based on historical loss experience, when and to the extent such adjustments are deemed appropriate by, for example, considering any additional expected loss amount not reflected in such loss rate calculated based on historical loss experience, especially in light of the Russia-Ukraine situation. The amount of impact of these adjustments as of the end of the current fiscal year is 42,492 million yen (69,569 million yen as of March 31, 2023).

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 relating to the Russia-Ukraine situation with respect to which objective information is not readily available, such estimates are subject to a high degree of uncertainty.

Given that actual loss information after the spread of COVID-19 has been accumulated and the impact of COVID-19 is reflected in the loss rates calculated based on historical loss experience, during the current fiscal year, no adjustment is made based on future projections that take into account the rate of increase in the credit loss rate or the default probability in recent period.

(c) Effect on the consolidated financial statements for the following fiscal year

The internal credit ratings and the estimates of future cash flows when applying the cash flow estimation method are reviewed at least once a year. Estimates relating to borrowers' future performance, business sustainability and the collectability of loans, 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 relevant industry environment. As a result, the allowance for credit losses may significantly increase or decrease in the following fiscal year if the overall credit risk 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 relating to the Russia-Ukraine situation with respect to which objective information is not readily available. These assumptions change to reflect developments in the Russia-Ukraine situation, and changes in the assumptions may result in a significant 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 current fiscal year

Certain overseas subsidiaries which apply U.S. GAAP have adopted ASC Topic 326, "Measurement of Credit Losses on Financial Instruments," and provide for allowance for credit losses by estimating credit losses currently expected over the remaining contractual term of the financial assets. For details of the allowance provision method, refer to Additional Information in "(6) Allowance for credit losses" under "IV. Accounting policies" under "1. Significant Accounting Policies Applied to the Consolidated Financial Statements." The amount of allowance for credit losses and the loan balance recorded in the consolidated balance sheet as of the end of the current fiscal year with respect to our principal overseas subsidiaries that apply U.S. GAAP are 529,711 million yen and 7,752,929 million yen, respectively (455,625 million yen and 6,773,525 million yen, respectively as of March 31, 2023).

(b) Significant assumptions used in calculating the amounts presented in the consolidated financial statements for the current fiscal year

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 use 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 reflected 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 reflected in multiple economic forecast scenarios and the weightings applied to each economic forecast scenario are subject to a high degree of uncertainty due to the significant variability and uncertainty in the future economic environment arising mainly from changes in economic condition, inflation and monetary policy in each country as well as geopolitical 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 forecast the impact of inflation and temporary relief measure on the expected credit losses determined using quantitative models and reflect adjustments based on such qualitative factors. These qualitative adjustments are estimates with respect to which objective information is not readily available and are similarly subject to a high degree of uncertainty.

(c) Effect on the consolidated financial statements for the following fiscal year

The determination of macroeconomic variables to be reflected in multiple economic forecast scenarios and the weighting to be assigned to each such scenario, as well as the application of adjustments based on qualitative factors, are based on estimates relating to the economic environment and other factors with respect to which objective information is not readily available. Relevant assumptions may change to reflect developments in the economic environment and other factors and, as a result, the amount of allowance for credit losses.

## II. Fair value of derivative transactions

(1) Amount recorded in the consolidated financial statements for the current fiscal year

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. For details of the fair value of derivative transactions grouped by transaction type, refer to “II. Matters concerning fair value of financial instruments and breakdown by input level” under “8. Financial Instruments.”

The fair value of derivative transactions is calculated in accordance with the policies and procedures for the calculation of fair value and the procedures for the use of fair value valuation models set forth in predetermined internal policies. The estimates and significant assumptions made in calculating the fair value of derivative transactions are subject to uncertainty. The recorded fair value represents our best estimate made in a manner designed to ensure objectivity and rationality and subject to internal controls. For details of the processes for calculating the fair value of derivative transactions, refer to “(Note 1) Description of the valuation techniques and inputs used to determine fair value” to “II. Matters concerning fair value of financial instruments and breakdown by input level” under “8. Financial Instruments.”

(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 current fiscal year

The fair value of exchange-traded derivative transactions is based on the price posted by exchanges. 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. For details of the calculation method, refer to “(Note 1) Description of the valuation techniques and inputs used to determine fair value” to “II. Matters concerning fair value of financial instruments and breakdown by input level” under “8. Financial Instruments.”

(b) Significant assumptions used in calculating the amounts presented in the consolidated financial statements for the current fiscal year

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 the fair value of financial instruments into three levels depending on the observability and significance of the input used in the fair value calculation. In particular, the estimates and assumptions made in the valuation of derivative transactions classified into level 3, where inputs that cannot be observed in the market are used as a material basis for the calculated fair value, are subject to significant complexity and uncertainty. For details of such inputs, refer to “(1) Quantitative information on significant unobservable inputs” under “(Note 2) Quantitative information about financial assets and liabilities measured and presented on the consolidated balance sheet at fair value and classified in Level 3” to “II. Matters concerning fair value of financial instruments and breakdown by input level” under “8. Financial Instruments.”

(c) Effect on the consolidated financial statements for the following fiscal year

The Group have 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 uncertainty. 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 sensitivity of the fair value to changes in inputs, refer to “(4) Description of the sensitivity of the fair value to changes in significant unobservable inputs” under “(Note 2) Quantitative information about financial assets and liabilities measured and presented on the consolidated balance sheet at fair value and classified in Level 3” to “II. Matters concerning fair value of financial instruments and breakdown by input level” under “8. Financial Instruments.”

## New Accounting Pronouncements

(Accounting Standard Board of Japan (“ASBJ”) Statement No. 27, “Accounting Standard for Current Income Taxes” (ASBJ, October 28, 2022), ASBJ Statement No. 25, “Accounting Standard for Presentation of Comprehensive Income” (ASBJ, October 28, 2022), and ASBJ Guidance No. 28, “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ, October 28, 2022))

### (1) Summary

The new accounting standards and guidance provide for the accounting classification of income taxes on other comprehensive income and for the treatment of the tax effects of sales of shares of subsidiaries when the group corporate taxation system is applied.

### (2) Planned adoption date

The Bank plans to adopt the accounting standards and guidance as of the beginning of the fiscal year starting on April 1, 2024.

### (3) Estimated impact

The Bank is currently evaluating the impact of adopting the accounting standards and guidance on its consolidated financial statements and related disclosures.

## Changes in Presentation of Financial Information

(Notes to Consolidated Statement of Income)

“Refund of income taxes”, which was previously presented separately from “Income taxes” on a disaggregated basis for the fiscal year ended March 31, 2023, is included in “Income taxes” on a net basis from the fiscal year ended March 31, 2024 due to the decreased significance in the recorded amount. In order to reflect this change in presentation, the consolidated financial statements for the fiscal year ended March 31, 2023 have been reclassified.

As a result, “Income taxes” of ¥347,320 million and “Refund of income taxes” of ¥(48,192) million previously presented in the consolidated statement of income for the fiscal year ended March 31, 2023 have been aggregated on a net basis and reclassified into “Income taxes” of ¥395,512 million.

“Other ordinary income” together with “Extraordinary gains”, and “Other ordinary expenses” together with “Extraordinary losses”, which were previously included in “Other income” and “Other expenses” respectively on a net basis for the fiscal year ended March 31, 2023, are presented separately on a disaggregated basis from the fiscal year ended March 31, 2024.

In order to reflect this change in presentation, the consolidated financial statements for the fiscal year ended March 31, 2023 have been reclassified.

## Additional Information

(Provisional closing of accounts of a significant subsidiary planned for the fiscal year ending March 31, 2025)

Bank of Ayudhya Public Company Limited (“Krungsri”), a significant subsidiary of MUFG Bank, closes its financial accounts based on a fiscal year-end of December 31, and is consolidated based on its consolidated financial statements as of the December 31 fiscal year-end.

However, from the perspective of providing financial information in a more timely manner, MUFG Bank has decided to consolidate Krungsri based on a provisional closing of accounts of Krungsri to be implemented as of March 31, which is MUFG Bank’s fiscal year-end, effective from the beginning of the fiscal year ending March 31, 2025.

Accordingly, for the fiscal year ending March 31, 2025, Krungsri’s financial results for the 15-month period from January 1, 2024 to March 31, 2025 are expected to be reflected in MUFG Bank’s consolidated financial statements.



## 2. Consolidated Balance Sheets

### I. Equity securities and other capital investments in affiliates

	(in millions of yen)	
	March 31, 2023	March 31, 2024
Equity securities in affiliates	¥ 385,339	¥ 441,172
Other capital investments in affiliates	34,826	47,660

The amount of investments in jointly controlled companies included in the amounts in the above table was as follows:

	(in millions of yen)	
	March 31, 2023	March 31, 2024
Investments in jointly controlled companies	¥ 5,956	¥ 6,900

### II. Securities loaned under unsecured and secured securities lending transactions included in “Securities” and “Monetary claims bought”.

	(in millions of yen)	
	March 31, 2023	March 31, 2024
Securities loaned under unsecured and secured securities lending transactions	¥ 67,668	¥ 274,772

Securities borrowed under securities borrowing transactions and securities purchased under resale agreements where the borrowers or purchasers have the right to dispose of the securities through sale or re-pledging without any restrictions

	(in millions of yen)	
	March 31, 2023	March 31, 2024
Securities re-pledged	¥ 6,163,061	¥ 4,813,858
Securities re-loaned	—	945,727
Securities held without disposition	5,212,622	8,017,536

Bank acceptance bills discounted, commercial bills discounted and foreign currency bills bought discounted with the right to dispose of the bills discounted through sale or re-pledging without any restrictions

	(in millions of yen)	
	March 31, 2023	March 31, 2024
Bills discounted (face value)	¥ 1,114,509	¥ 1,506,038

Foreign currency bills bought which were re-discounted upon transfer

	(in millions of yen)	
	March 31, 2023	March 31, 2024
Foreign currency bills re-discounted (face value)	¥ 8,289	¥ 5,086

III. 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 2-3 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 to the consolidated balance sheets.

	(in millions of yen)	
	March 31, 2023	March 31, 2024
Bankrupt or De facto Bankrupt	¥ 190,802	¥ 231,327
Doubtful	¥ 632,733	¥ 1,016,863
Special Attention	¥ 554,588	¥ 568,443
Accruing loans contractually past due 3 months or more	¥ 17,031	¥ 19,083
Restructured loans	¥ 537,556	¥ 549,359
Subtotal	¥ 1,378,123	¥ 1,816,634
Normal	¥ 117,505,927	¥ 126,278,777
Total	¥ 118,884,050	¥ 128,095,411

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.

#### IV. Assets pledged as collateral

Assets pledged as collateral and their relevant liabilities as of March 31, 2023 and 2024 were as follows:

	(in millions of yen)	
	March 31, 2023	March 31, 2024
Assets pledged as collateral:		
Cash and due from banks	¥ 3,948	¥ 4,292
Securities	9,934,986	8,874,316
Loans and bills discounted	11,424,500	12,960,188
Other assets	—	601
Tangible fixed assets	—	92
Total	¥ 21,363,435	¥ 21,839,491

Relevant liabilities to above assets:

Borrowed money	¥ 21,340,193	¥ 21,788,305
Bonds payable	15,499	21,787

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

	(in millions of yen)	
	March 31, 2023	March 31, 2024
Cash and due from banks	¥ 33,382	¥ —
Trading assets	956,696	870,942
Securities	14,856,257	15,663,373
Loans and bills discounted	1,107,742	2,106,136

Furthermore, the following assets were sold under repurchase agreements as of March 31, 2023 and 2024:

	(in millions of yen)	
	March 31, 2023	March 31, 2024
Trading assets	¥ 1,142,517	¥ 1,320,749
Securities	19,596,761	12,541,758
Total	¥ 20,739,279	¥ 13,862,507

Relevant liabilities to above assets:

Payables under repurchase agreements	¥ 21,911,599	¥ 13,496,680
Payables under securities lending transactions	222,656	—

In addition, the following assets were pledged under general collateral repurchase agreements using the subsequent collateral allocation method as of March 31, 2023 and 2024:

	(in millions of yen)	
	March 31, 2023	March 31, 2024
Trading assets	¥ —	¥ 10,879
Securities	1,668,012	1,100,570

V. Non-recourse debt of consolidated special purpose companies was as follows.

	(in millions of yen)	
	March 31, 2023	March 31, 2024
Non-recourse debt		
Borrowed money	¥ 2,100	¥ 2,100
Relevant assets to above non-recourse debt:		
Loans and bills discounted	¥ 20,000	¥ 20,000

The above table includes certain assets reported in the immediately preceding Item IV.

VI. Overdraft facilities and commitment lines of credit are binding contracts under which the Bank's consolidated subsidiaries have obligations to disburse funds up to predetermined limits upon the borrower's request as long as there have been no breach of contracts. The total amount of the unused portion of these facilities as of March 31, 2023 and March 31, 2024 was as follows:

	(in millions of yen)	
	March 31, 2023	March 31, 2024
Unused overdraft facilities and commitment lines of credit	¥ 89,945,234	¥ 95,224,424

The total amount of the unused portion does not necessarily represent 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 that allow the Group to decline a borrower's request for disbursement or decrease contracted limits for cause, such as changes in financial market condition or deterioration in a borrower's creditworthiness. The Group may request a borrower to pledge real property and/or securities as collateral upon signing of a contract and will perform periodic monitoring on a borrower's business condition in accordance with internal procedures, which may lead to renegotiation of the terms and conditions of the contracts and/or initiation of a request for additional collateral and/or guarantees.

VII. In accordance with the "Law concerning Revaluation of Land" (the "Land Revaluation Law") (No. 34, March 31, 1998), land used for business operations of the Bank has been revalued as of the dates indicated below. The total excess from revaluation, net of income taxes corresponding to the excess that were recognized as "Deferred tax liabilities for land revaluation," is stated as "Land revaluation excess" in net assets.

Date of revaluation: March 31, 1998

The method of revaluation as set forth in Article 3, Paragraph 3 of the "Land Revaluation Law":

Fair values are determined based on (1) "published land price under the Land Price Publication Law" stipulated in Article 2-1 of the "Enforcement Ordinance of the Law concerning Revaluation of Land" ("Ordinance") (No. 119, March 31, 1998), (2) "standard land price determined on measurement spots under the Enforcement Ordinance of the National Land Planning Law" stipulated in Article 2-2 of the "Ordinance," (3) "land price determined by the method established and published by the Director General of National Tax Agency in order to calculate land value that 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 the "Ordinance" with price adjustments by shape and time.

VIII. Accumulated depreciation on tangible fixed assets

	(in millions of yen)	
	March 31, 2023	March 31, 2024
Accumulated depreciation on tangible fixed assets	¥ 806,641	¥ 844,350

IX. Deferred gains on tangible fixed assets deducted for tax purposes

	(in millions of yen)	
	March 31, 2023	March 31, 2024
Deferred gains on tangible fixed assets	¥ 52,274	¥ 47,452
Deferred gains on tangible fixed assets for the fiscal year	¥ —	¥ —

X. Subordinated borrowings with special contractual provisions which rank below other debts with regard to the fulfillment of obligations included in “Borrowed money”

	(in millions of yen)	
	March 31, 2023	March 31, 2024
Subordinated borrowings	¥ 11,145,282	¥ 12,369,045

XI. Subordinated bonds included in “Bonds payable”

	(in millions of yen)	
	March 31, 2023	March 31, 2024
Subordinated bonds	¥ 459,719	¥ 480,087

XII. Guarantee obligations for private placement bonds (provided in accordance with the Article 2-3 of the Financial Instruments and Exchange Law) among the bonds and other securities included in “Securities”

	(in millions of yen)	
	March 31, 2023	March 31, 2024
Guarantee obligations for private placement bonds	¥ 313,903	¥ 334,872

XIII. Contingent liabilities

(Litigation)

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 a Reserve for Contingent Losses 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 position, results of operations or cash flows.

Management also believes the amount of loss that is reasonably possible, but not probable, from various litigation and regulatory matters is not material to the Group’s financial position, results of operations or cash flows.

### 3. Consolidated Statements of Income

I. “Other ordinary income” for the periods indicated included the following:

	(in millions of yen)	
	For the fiscal year ended March 31,	
	2023	2024
Gains on sales of equity securities	¥ 259,129	¥ 363,056

II. “General and administrative expenses” for the periods indicated included the following:

	(in millions of yen)	
	For the fiscal year ended March 31,	
	2023	2024
Personnel expenses	¥ 977,256	¥ 939,247
Depreciation and amortization	200,127	214,057

III. “Other ordinary expenses” for the periods indicated included the following:

	(in millions of yen)	
	For the fiscal year ended March 31,	
	2023	2024
Write-offs of loans	¥ 465,102	¥ 96,866
Loss on sales of equity securities	27,516	70,881

IV. “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 MUFG Union Bank, N.A. (hereinafter referred to as “MUB”).

V. “Losses on pension buyout” included ¥78,111 million of loss on a pension buyout transaction to transfer portions of the defined benefit pension plans of the Bank’s overseas branches.

VI. (Additional Information)

In connection with the sale of the shares in MUB, MUFG Americas Holdings Corporation recognized an aggregate of ¥952,590 million of losses for the twelve months ended December 31, 2022, primarily in accordance with ASC Topic 326, “Financial Instruments—Credit losses,” and ASC Topic 310, “Receivables.” The aggregate losses reflected ¥555,421 million of valuation losses related to securities held for sale recorded as Other operating expenses and ¥400,511 million of valuation losses related to loans held for sale recorded as Other ordinary expenses.

#### 4. Consolidated Statement of Comprehensive Income

I. The components of other comprehensive income for the years ended March 31, 2023 and 2024 were as follows:

	(in millions of yen)	
	2023	2024
Unrealized gains (losses) on available-for-sale securities:		
Gains (losses) arising during the year	¥ (695,693)	¥ 902,512
Reclassification adjustments to profits (losses)	39,205	54,560
Amount before income tax effect	(656,487)	957,072
Income tax effect	175,566	(333,459)
Total	(480,921)	623,613
Deferred gains (losses) on derivatives under hedge accounting:		
Gains (losses) arising during the year	(592,591)	(669,042)
Reclassification adjustments to profits (losses)	75,121	247,768
Amount before income tax effect	(517,469)	(421,274)
Income tax effect	159,704	126,949
Total	(357,765)	(294,324)
Foreign currency translation adjustments:		
Gains (losses) arising during the year	628,235	489,240
Reclassification adjustments to profits (losses)	—	188
Amount before income tax effect	628,235	489,428
Income tax effect	8	(0)
Total	628,243	489,428
Defined retirement benefit plans:		
Gains (losses) arising during the year	(116,098)	394,875
Reclassification adjustments to profits (losses)	50,185	(37,663)
Amount before income tax effect	(65,912)	357,212
Income tax effect	21,749	(109,909)
Total	(44,163)	247,302
Share of other comprehensive income in affiliates accounted for using the equity method:		
Gains (losses) arising during the year	8,395	15,235
Reclassification adjustments to profits (losses)	660	(338)
Total	9,055	14,897
Total other comprehensive income	¥ (245,551)	¥ 1,080,917

## 5. Consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2023

### I. Information on the class and number of issued shares and treasury stock

	(Thousand shares)				
	Number of shares as of April 1, 2022	Number of shares increased	Number of shares decreased	Number of shares as of March 31, 2023	Note
Issued shares:					
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	

### II. Information on share subscription rights and treasury stock acquisition rights

None.

### III. Information on cash dividends

#### (1) Cash dividends paid in the fiscal year ended March 31, 2023

Date of approval	Type of stock	Total Dividends (in millions of yen)	Dividend per share (in yen)	Dividend record date	Effective date
Meeting of Board of Directors on May 16, 2022	Common stock	156,474	12.67	March 31, 2022	May 17, 2022
Meeting of Board of Directors on July 29, 2022	Common stock	179,940	14.57	—	August 1, 2022

#### (2) Dividends the record date for which fell within the fiscal year and the effective date of which was after the fiscal year ended March 31, 2023

Date of approval	Type of stock	Total Dividends (in millions of yen)	Source of dividends	Dividend per share (in yen)	Dividend record date	Effective date
Meeting of Board of Directors on May 15, 2023	Common stock	69,654	Retained earnings	5.64	March 31, 2023	May 16, 2023

IV. “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.



For the fiscal year ended March 31, 2024

I. Information on the class and number of issued shares and treasury stock

(Thousand shares)					
	Number of shares as of April 1, 2023	Number of shares increased	Number of shares decreased	Number of shares as of March 31, 2024	Note
Issued shares:					
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	

II. Information on share subscription rights and treasury stock acquisition rights

Issuer	Type of share subscription rights	Class of shares to be issued	Number of shares subject to subscription rights				Balance as of March 31, 2024 (in millions of yen)
			As of April 1, 2023	Increase	Decrease	As of March 31, 2024	
Consolidated subsidiaries	—	—	—	—	—	—	0
Total			—	—	—	—	0

### III. Information on cash dividends

#### (1) Cash dividends paid in the fiscal year ended March 31, 2024

Date of approval	Type of stock	Total Dividends (in millions of yen)	Dividend per share (in yen)	Dividend record date	Effective date
Meeting of Board of Directors on May 15, 2023	Common stock	69,654	5.64	March 31, 2023	May 16, 2023
Meeting of Board of Directors on November 14, 2023	Common stock	111,767	9.05	September 30, 2023	November 15, 2023
Meeting of Board of Directors on January 30, 2024	Common stock	297,759	24.11	December 31, 2023	February 2, 2024

#### (2) Dividends the record date for which fell within the fiscal year and the effective date of which was after the fiscal year ended March 31, 2024

Date of approval	Type of stock	Total Dividends (in millions of yen)	Source of dividends	Dividend per share (in yen)	Dividend record date	Effective date
Meeting of Board of Directors on May 15, 2024	Common stock	492,025	Retained earnings	39.84	March 31, 2024	May 16, 2024

## 6. Consolidated Statements of Cash Flows

### I. “Cash and cash equivalents” compared to items presented on the consolidated balance sheet

The amount of “Cash and cash equivalents” is equal to the amount of “Cash and due from banks” on the consolidated balance sheet.

### II. Major components of assets and liabilities of subsidiaries newly consolidated through share acquisitions

For the fiscal year ended March 31, 2024

Components of the assets and liabilities of each of HC Consumer Finance Philippines, Inc. (“HC Philippines”) and PT Home Credit Indonesia (“HC Indonesia”) at the time of consolidation as a result of acquisitions of its shares and a reconciliation between the acquisition cost and the net payment for the acquisition are as follows:

#### HC Philippines

	(in millions of yen)
Assets	¥ 137,576
Liabilities	(96,151)
Foreign currency translation adjustments	220
Goodwill	28,195
Acquisition cost	69,841
Cash and cash equivalents of HC Philippines	(5,736)
Payments for acquisition of subsidiaries’ equity affecting the scope of consolidation	¥ 64,104

#### HC Indonesia

	(in millions of yen)
Assets	¥ 44,177
Liabilities	(30,493)
Foreign currency translation adjustments	93
Goodwill	18,034
Acquisition cost	31,811
Cash and cash equivalents of HC Indonesia	(2,894)
Payments for acquisition of subsidiaries’ equity affecting the scope of consolidation	¥ 28,917

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

For the 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, at the time of the sale are as follows:

	(in 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)

## 7. Leases

### Operating leases

#### (1) Lessee

Future lease payments, including interest expenses, under non-cancelable operating leases as of March 31, 2023 and 2024 were as follows:

	(in millions of yen)	
	March 31, 2023	March 31, 2024
Due within one year	¥ 22,743	¥ 25,155
Due after one year	67,784	75,181
Total	¥ 90,527	¥ 100,336

(Note) The above table does not include lease payments that are booked as "Right-of-use asset" at overseas subsidiaries.

#### (2) Lessor

Future lease receivables, including interest receivables, under non-cancelable operating leases as of March 31, 2023 and 2024 were as follows:

	(in millions of yen)	
	March 31, 2023	March 31, 2024
Due within one year	¥ 1,877	¥ 3,611
Due after one year	36,259	41,577
Total	¥ 38,137	¥ 45,188

## 8. Financial Instruments

### I. Disclosure 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 and other market conditions, the Bank conducts asset and liability management (“ALM”) by adjusting market exposure and the balance between short-term and long-term assets and liabilities. To do so, among other things, the Bank raises capital from the market and hedges risks through derivative transactions.

#### (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 deterioration in the 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 derivative transactions for purposes of hedging risks, the Bank hedges against interest rate risks associated with instruments including forecasted transactions involving fixed and variable rate deposits, loans and bonds through designated hedging methods including interest rate swaps. The Bank hedges against exchange rate fluctuation risks associated with instruments such as foreign currency denominated monetary claims and liabilities through designated hedging methods including currency swap transactions and forward exchange contracts. In lieu of effectiveness determination, The Bank designs hedging activities so that the material terms of the designated hedging instruments are almost identical to those of the hedged items. In limited circumstances, the effectiveness of hedging activities is assessed by verification of the correlation between factors that cause fluctuations in interest rates.

#### (3) Risk management relating to financial instruments

##### (A) Credit risk management

The Bank regularly monitors and assesses the credit portfolios and uses credit rating and asset evaluation and 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 check-and-balance between different functions and conducting management level deliberations, the audit department also undertakes to validate credit operations to ensure appropriate credit administration.

(B) Market risk management

(a) Risk management system

At the Bank, checks and balances are maintained through a system in which the back office (operating and administrative section) and the middle office (risk control section) operate independently from the front office (market department). As part of risk control by management, the Executive Committee or another appropriate body establishes the framework for the market risk management system and defines responsibilities relating to market operations. The Bank allocates economic capital corresponding to the levels 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 primarily using Value at Risk ("VaR") on a daily basis. Market risk for both trading and banking activities (excluding strategic equity securities, Krungsri and Bank Danamon) is measured using a uniform market risk measurement model. The principal method used for the model is the historical simulation method (Trading activities: holding period — 1 business day; confidence interval — 95%; and observation period — 250 business days) (Banking activities: holding period — 10 business days; confidence interval — 99%; and observation period — 701 business days).

\* The historical simulation method calculates VaR amounts 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. However, VaR may not be able to ascertain risks when market volatility reaches abnormal levels because they measure market risks 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 ¥1,197 million and ¥2,156 million as of March 31, 2024 and 2023, 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 ¥511,777 million and ¥898,998 million as of March 31, 2024 and 2023, respectively. As 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 portion of the deposits without contractual maturities (so-called core deposits), interest rate risk is recognized by allocating maturities of various terms (no longer than 10 years) according to the features of deposits, taking into account the results of a statistical analysis using data on changes in the balance by product, expected deposit interest rates 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 fluctuations and actual repayments and cancellations.

EaR of banking activities of Krungsri as of December 31, 2023 and 2022 was -0.92% and -3.01%, respectively, at the time of interest rate changes of +100 basis points (+1.00%) and -4.43% and -6.72%, respectively, at the time interest changes of -100 basis points (-1.00%).

EaR of banking activities of Bank Danamon as of December 31, 2023 and 2022 was -6.93% and -6.56%, respectively, at the time of interest rate changes of +400 basis points (+4.00%) and -1.81% and -2.85%, 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, 2024 and 2023 was subject to a variation of approximately ¥1,638 million and ¥1,841 million, respectively, when the TOPIX index moves one point in either direction.

(e) Limitations of the market risk measurement model and related measures

VaR, which is measured using a market risk measurement model, is calculated using the historical simulation method which estimates the loss on the current portfolio by applying actual fluctuations in market rates and prices over a fixed period in the past. Actual losses may exceed VaR in the event, for example, that the market fluctuates to a degree not accounted for in the observation period, or that the correlations among various risk factors, including interest rates and foreign currency exchange rates, deviate from those in the past period.

As a means to measure potential losses that the current market risk measurement model is not designed to capture, the Bank measures potential losses by applying various scenarios, including those that take into account estimates regarding future market volatility (stress testing) in order to better identify risks.

The Bank also utilizes back-testing to verify the effectiveness of its market risk measurement model in order to better ensure sufficient accuracy of the model.

(C) Management of liquidity risk associated with funding activities

The Bank strives to secure appropriate liquidity in both yen and foreign currencies by managing the sources of funding 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. provide the framework for liquidity risk management, operate businesses at various stages according to the urgency of funding needs and manage liquidity risk at each such stage. The department responsible for risk management is designed to perform checking functions independent of other departments. The department reports to the ALM Committee, the Risk Management Committee and other appropriate bodies on the results of the performance of its responsibilities such as evaluation of funding urgency and monitoring of compliance with quantitative limits. The department responsible for funding management performs funding and management activities, and regularly reports the current funding status and forecast as well as the current liquidity risk status to the department responsible for risk management and other appropriate bodies such as the ALM Committee.

(4) Supplementary explanation of the fair value of financial instruments

Since certain assumptions are applied in measuring the fair value of financial instruments, such fair value may vary if different assumptions are used.

II. Matters concerning fair value of financial instruments and breakdown by input level

The amounts on the consolidated balance sheet, the fair value of financial instruments, the difference between them as well as a breakdown of financial instruments by input level are as follows.

The following tables do not include investment trusts which are accounted for in accordance with Paragraphs 24-3 and 24-9 of ASBJ Implementation Guidance No. 31, “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ, June 17, 2021) (“Implementation Guidance on Fair Value Measurement”), stocks with no quoted market price, etc. and investments in partnerships and others which are accounted for in accordance with Paragraph 24-16 of the Implementation Guidance on Fair Value Measurement. (See Note (\*2) to each of the tables in (1), (Note 3) and (Note 4) below.)

The fair values of financial instruments are classified into the following three levels depending on the observability and significance of the input used in the fair value calculation.

Level 1: Fair value determined based on (unadjusted) quoted prices in active markets for identical assets or liabilities

Level 2: Fair value determined based on directly or indirectly observable inputs other than the Level 1 inputs

Level 3: Fair value determined based on significant unobservable inputs

Where multiple inputs are used with a significant impact on the fair value calculation, the fair value of a financial instrument is classified based on the lowest of the priority levels to which any of those inputs belongs.



(1) Financial assets and liabilities at fair value on the consolidated balance sheets  
As of March 31, 2023

(in millions of yen)

Category	Amount on consolidated balance sheet			
	Level1	Level2	Level3	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
Domestic equity securities	3,554,393	19,488	2,389	3,576,270
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 securities	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)
Interest rate-related derivatives	1,315	(720,843)	137,885	(581,642)
Currency-related derivatives	2,229	166,938	3,714	172,882
Equity-related derivatives	(98)	(17,375)	—	(17,473)
Bond-related derivatives	174	(6,805)	3,178	(3,451)
Commodity-related derivatives	—	—	—	—
Credit-related derivatives	—	(23,716)	—	(23,716)
Other derivatives	—	—	364	364

(\*1) Monetary claims bought consist of securitized products, etc. of ¥789,834 million accounted for in the same manner as available-for-sale securities.

(\*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 on the consolidated balance sheet at ¥(456,322) million.

(\*5) Transactions to which hedge accounting is applied include interest rate swap transactions designated as hedging instruments for the purpose of fixing cash flows from hedged loans and other assets. Deferred hedge accounting is applied to these transactions. Of these hedge relationships, all hedge relationships to which "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (ASBJ PITF No.40, March 17, 2022) applies are accounted for under the standard.

As of March 31, 2024

(in millions of yen)

Category	Amount on consolidated balance sheet			
	Level1	Level2	Level3	Total
Monetary claims bought (*1)	—	536,565	832,837	1,369,403
Trading assets	476,279	4,374,518	74,058	4,924,856
Money held in trust (Trading purpose / Other)	—	39,021	—	39,021
Securities (Available-for-sale securities)	34,101,686	12,131,698	603,416	46,836,801
Domestic equity securities	4,295,967	22,752	2,694	4,321,414
Government bonds	20,020,320	—	—	20,020,320
Municipal bonds	—	853,107	—	853,107
Corporate bonds	—	2,444,583	—	2,444,583
Foreign equity securities	627,511	44,382	36,460	708,354
Foreign bonds	8,912,739	4,467,751	2,285	13,382,777
Investment trusts (*2)	240,566	4,243,017	2,218	4,485,802
Other securities	4,580	56,104	559,756	620,442
Total assets	34,577,965	17,081,805	1,510,312	53,170,083
Trading liabilities	405,611	101,926	—	507,538
Total liabilities	405,611	101,926	—	507,538
Derivatives (*3) (*4) (*5)	9,788	(557,054)	(4,482)	(551,748)
Interest rate-related derivatives	135	(579,496)	4,260	(575,100)
Currency-related derivatives	9,518	69,898	2,409	81,826
Equity-related derivatives	31	(27,002)	—	(26,971)
Bond-related derivatives	102	(13,074)	1,057	(11,914)
Commodity-related derivatives	—	—	—	—
Credit-related derivatives	—	(7,381)	(12,118)	(19,499)
Other derivatives	—	2	(92)	(89)

(\*1) Monetary claims bought consists of securitized products, etc. of ¥1,369,403 million accounted for in the same manner as available-for-sale securities.

(\*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 sheet is ¥463,822 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) Derivatives transactions to which hedge accounting is applied are reported on the consolidated balance sheet at ¥(1,091,435) million.

(\*5) Transactions to which hedge accounting is applied include interest rate swap transactions designated as hedging instruments for the purpose of fixing cash flows from hedged loans and other assets. Deferred hedge accounting is applied to these transactions. Of these hedge relationships, all hedge relationships to which "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (ASBJ PITF No.40, March 17, 2022) applies are accounted for under the standard.

(2) Financial assets and liabilities which are not stated at fair value on the consolidated balance sheet

Cash and due from banks, Call loans and bills bought, Receivables under resale agreements, Receivables under securities borrowing transactions, Foreign exchanges (assets and liabilities), Call money and bills sold, Payables under repurchase agreements, Payables under securities lending transactions, Commercial papers, are not included in the following tables since they are predominantly short-term (within one year), and their fair values approximate their carrying amounts.

As of March 31, 2023

(in millions of yen)

Category	Fair value				Amount on consolidated balance sheet	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)	13,526,750	4,954,850	—	18,481,601	18,551,315	(69,713)
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 securities	—	—	—	—	—	—
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, etc. of ¥496,069 million accounted for in the same manner as securities held to maturity.

(\*2) General and specific allowances for credit losses of ¥899,870 million corresponding to loans are deducted. However, with respect to items other than loans, the amount stated on the consolidated balance sheet is shown since the amount of allowance for credit losses corresponding to these items is insignificant.

As of March 31, 2024

(in millions of yen)

Category	Fair value				Amount on consolidated balance sheet	Difference
	Level 1	Level 2	Level 3	Total		
Monetary claims bought (*1)	—	—	3,681,251	3,681,251	3,684,239	(2,988)
Securities (held to maturity)	14,522,296	7,050,271	—	21,572,567	21,830,556	(257,989)
Government bonds	14,522,296	30,000	—	14,552,296	14,643,055	(90,759)
Municipal bonds	—	1,984,901	—	1,984,901	1,999,181	(14,279)
Corporate bonds	—	665,990	—	665,990	668,174	(2,184)
Foreign bonds	—	4,369,378	—	4,369,378	4,520,144	(150,765)
Other securities	—	—	—	—	—	—
Loans and bills discounted (*2)	—	42	112,956,122	112,956,165	113,122,503	(166,338)
Total assets	14,522,296	7,050,314	116,637,374	138,209,984	138,637,300	(427,315)
Deposits	—	211,302,574	—	211,302,574	211,083,905	218,668
Negotiable certificates of deposit	—	11,253,818	—	11,253,818	11,184,279	69,538
Borrowed money	—	35,011,844	—	35,011,844	35,561,966	(550,121)
Bonds payable	—	1,869,147	—	1,869,147	1,863,371	5,776
Total liabilities	—	259,437,385	—	259,437,385	259,693,523	(256,138)

(\*1) Monetary claims bought include securitized products, etc. of ¥378,580 million accounted for in the same manner as securities held to maturity.

(\*2) General and specific allowances for credit losses of ¥1,188,700 million corresponding to loans are deducted. However, with respect to items other than loans, the amount stated on the consolidated balance sheet is shown since the amount of allowance for credit losses corresponding to these items is insignificant.

(Note 1) Description of the valuation techniques and inputs used to determine fair value

Monetary claims bought

The fair value of monetary claims bought is determined using prices obtained from third-party vendors (broker-dealers, etc.) or the prices estimated based on internal models.

With respect to some securitized products backed by general corporate loans, the fair value is measured by considering the estimated fair value amounts determined using projected cash flows through an analysis of the underlying loans, probability of default, prepayment rates, etc. and discounting the projected cash flows using discount rates reflecting the liquidity premium based on historical market data and the prices obtained from independent broker-dealers. These products are classified into Level 3.

For other securitized products, the fair value is determined based on the prices obtained from independent third parties after considering the results of periodic confirmation of the current status of these products, including price comparison with similar products, time series data comparison of the same product, and analysis of consistency with publicly available market indices. These products are classified into Level 2 or Level 3 depending on the inputs used for the prices obtained from independent third parties.

For other monetary claims bought to which these methods do not apply, the carrying amount is presented as the fair value, as they are mainly short term from their qualitative viewpoint, and therefore, such carrying value approximates the fair value. Accordingly, they are classified into Level 3.

Trading assets

For securities such as bonds that are held for trading purposes, the fair value is determined based on the market price, the price quoted by the financial institutions from which these securities were purchased or the present value of the expected future cash flows discounted at the interest rate, which is the adjusted market rate on the evaluation date and classified principally into Level 2.

Money held in trust

For securities that are part of trust property in an independently managed monetary trust with the primary purpose to manage securities, the fair value is determined based on the prices quoted by the financial institutions from which these securities are purchased, and these securities are classified into Level 2 depending on the fair value hierarchy of the component assets.

See “Money Held in Trust” for notes on money held in trust by category based on each purpose of holding the money held in trust.

Securities

The fair value of equity securities is determined based on the prices quoted by stock exchanges and equity securities are primarily classified into Level 1 as the quoted prices are available in active markets. The fair value of bonds is determined based on the market price or the price quoted by the financial institutions from which they are purchased or based on the price reasonably calculated using internal models. Government bonds are primarily classified into Level 1, other bonds are primarily classified into Level 2, and foreign equity securities with maturity as well as preferred securities included in Other securities are primarily 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 are adjusted to reflect credit risk, the amounts expected to be collected from collateral and guarantees and guarantee fees, and discounted at an interest rate based on the market interest rates as of the date of evaluation with certain adjustments. These bonds are classified into Level 2 depending on credit risk, etc.

The fair value of investment trusts is determined based on the closing market price or other publicly available net asset value. Listed investment trusts and listed real estate investment trusts, which have closing market prices, are primarily classified into Level 1, and other investment trusts are primarily 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 Implementation Guidance on Fair Value Measurement are not classified into any fair value hierarchy. See “Securities” for notes on securities by category based on each purpose of holding the securities.

### Loans and bills discounted

With respect to loans, for each category of loans based on their types, credit ratings and maturity periods, the fair value is determined based on the present value of expected future cash flows, which are adjusted to reflect default risk and the amount expected to be collected from collateral and guarantees and discounted at an interest rate based on the market interest rates as of the date of evaluation with certain adjustments. These loans are classified into Level 3. For certain loans with floating interest rates, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount, unless the creditworthiness of the borrower has changed significantly since the loan origination. These loans are classified as Level 3.

For receivables 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 flows or the amount expected to be collected from collateral and guarantees. Since the fair value of these items approximates the net amount of receivables after the deduction of allowance for credit losses on the consolidated balance sheet as of the consolidated balance sheet date, such amount is presented as the fair value. These receivables are classified into Level 3.

### Deposits and Negotiable certificates of deposit

For demand deposits, the amount payable on demand as of the consolidated balance sheet date (i.e., the carrying amount) is considered to be the fair value. For floating rate time deposits, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount because the market interest rates are reflected in such deposits within a short time period. The fair value of most fixed rate time deposits is the present value of expected future cash flows grouped by certain maturity periods discounted at the market interest rates. These are classified into Level 2.

### Borrowed money

For floating rate borrowings, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount. This is on the basis that the interest rates on such floating rate borrowings reflect the market interest rates in a short time period 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 flows from these borrowings grouped by certain maturity periods, which are discounted at the market interest rates reflecting the premium applicable to the Bank nor its consolidated subsidiaries. These are classified as Level 2.

### Bonds payable

The fair value of corporate bonds issued by the Bank nor 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 flows discounted at the market interest rates. For floating rate corporate bonds without market prices, the carrying amount of such bonds is presented as the fair value, as the fair value approximates such carrying amount. This is on the basis that the interest rates on such floating rate corporate bonds reflect the market interest rates in 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 without market prices, the fair value is the present value of expected future cash flows from these borrowings, which are discounted at the market interest rates reflecting the premium applicable to the Bank nor its consolidated subsidiaries. These are classified as Level 2.

### Derivative transactions

Derivative transactions are ones involving interest rates (interest 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 prices posted by exchanges. 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 key inputs used in the valuation techniques for over-the-counter derivative transactions include interest rate yield curves, foreign currency exchange rates and volatility. For over-the-counter derivative transactions, adjustments are made for counterparty credit risk adjustments (credit valuation adjustments (CVA)) and adjustments are also made to reflect the impact of uncollateralized funding (funding valuation adjustments (FVA)). The calculation of CVA takes into account the probability of a default event occurring for each counterparty which is primarily derived from an 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 an over-the-counter derivative instrument entered into with the counterparty.

Exchange-traded derivative transactions valued using quoted prices are classified into Level 1. Over-the-counter derivative transactions are classified into Level 2 if their fair value is not measured based on significant unobservable inputs. Over-the-counter derivative transactions whose fair value is measured based on significant unobservable inputs are classified into Level 3.

(Note 2) Quantitative information about financial assets and liabilities measured and presented on the consolidated balance sheet at fair value and classified in Level 3

(1) Quantitative information on significant unobservable inputs

As of March 31, 2023

As of March 31, 2023

Category	Valuation technique	Signification unobservable inputs	Range	Weighted average (*1)
Monetary claims bought				
Securitized products	Internal model (*2)	Correlation 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	Discounted cash flow	Liquidity premium	0.8%~1.7%	1.3%
Other	Discounted cash flow	Liquidity premium	1.1%~3.2%	2.9%
Derivatives				
Interest rate-related derivatives	Option model	Correlation between interest rates	38.6%~51.9%	—
		Correlation between interest rate and foreign exchange rate	1.9%~42.0%	—
		Volatility	62.2%~75.8%	—

(\*1) The weighted average is calculated by weighing each input by the relative fair value of the respective financial assets.

(\*2) For further details of Internal model, refer to “Monetary claims bought” in “(Note 1) Description of the valuation techniques and inputs used to measure fair value” under “II. Matters concerning fair value of financial instruments and breakdown by input level” above.

As of March 31, 2024

As of March 31, 2024				
Category	Valuation technique	Signification unobservable inputs	Range	Weighted average (*1)
Monetary claims bought				
Securitized products	Internal model (*2)	Correlation between underlying assets	3.0%	3.0%
		Liquidity premium	1.4%	1.4%
		Prepayment rate	17.6%	17.6%
		Probability of default	0.0%~93.0%	—
		Recovery rate	55.0%	55.0%
Securities				
Foreign equity securities	Discounted cash flow	Liquidity premium	0.8%~1.7%	1.4%
Other	Discounted cash flow	Liquidity premium	1.1%~3.2%	2.9%
Derivatives				
Interest rate-related derivatives	Option model	Correlation between interest rates	36.6%~50.0%	—
		Correlation between interest rate and foreign exchange rate	(1.9)%~49.6%	—
		Volatility	62.8%~97.4%	—

(\*1) The weighted average is calculated by weighing each input by the relative fair value of the respective financial assets.

(\*2) For further details of Internal model, refer to “Monetary claims bought” in “(Note 1) Description of the valuation techniques and inputs used to measure fair value” under “II. Matters concerning fair value of financial instruments and breakdown by input level” above.



(2) Table showing reconciliation between the opening balance and the closing balance during the reporting period, and unrealized gains (losses) recognized in net income (loss)

For the fiscal year ended March 31, 2023

(in millions of yen)

Category	March 31, 2022	Included in net income (loss) (*1)	Included in other comprehensive income (*2)	Purchases, Issues, Sales, Settlements and others	Transfers into Level 3 (*3)	Transfers out of Level 3 (*4)	March 31, 2023	Change in unrealized gains (losses) included in net income (loss) on 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
Domestic equity securities	—	1,901	20	274	192	—	2,389	1,294
Corporate bonds	2,519	2	(158)	(67)	1,255	(3,552)	—	—
Foreign equity securities	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 securities	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
Interest rate-related derivatives	44,633	(412)	—	76,775	15,304	1,584	137,885	9,822
Currency-related derivatives	3,734	3,706	—	(3,984)	195	61	3,714	3,744
Equity-related derivatives	(625)	(117)	—	—	—	743	—	(117)
Bond-related derivatives	2,770	774	—	(365)	—	—	3,178	774
Commodity-related derivatives	—	—	—	—	—	—	—	—
Other derivatives	(3)	107	—	259	—	—	364	104

(\*1) Mainly included in Trading income and Other operating income in the consolidated statements of income.

(\*2) Mainly included in Net unrealized gains (losses) on available-for-sale securities in Other comprehensive income in 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 out of Level 3 and into Level 2 for corporate bonds (privately placed guaranteed bonds held by the Bank) were due to decreased significance of unobservable credit risks. 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 and liabilities arising from derivative transactions are presented on a net basis. Total amounts, which are net liabilities, are presented in parentheses.

For the fiscal year ended March 31, 2024

(in millions of yen)

Category	March 31, 2023	Included in net income (loss) (*1)	Included in other comprehensive income (*2)	Purchases, Issues, Sales, Settlements	Transfers into Level 3 (*3)	Transfers out of Level 3 (*4)	March 31, 2024	Change in unrealized gains (losses) included in net income (loss) on assets and liabilities still held at March 31, 2024 (*1)
Monetary claims bought	287,429	65,469	13,288	466,649	—	—	832,837	65,469
Trading assets	50,572	7,162	—	16,324	—	—	74,058	7,162
Securities	400,023	51,115	8,343	143,928	25	(19)	603,416	50,221
Domestic equity securities	2,389	167	124	12	—	—	2,694	167
Corporate bonds	—	(2)	0	(3)	25	(19)	—	—
Foreign equity securities	39,065	3,768	1,153	(7,527)	—	—	36,460	2,872
Foreign bonds	2,165	(83)	167	36	—	—	2,285	(83)
Investment trusts	2,189	(160)	190	—	—	—	2,218	(160)
Other securities	354,213	47,426	6,706	151,410	—	—	559,756	47,426
Total assets	738,025	123,747	21,631	626,901	25	(19)	1,510,312	122,853
Derivatives (*5)	145,142	(76,558)	—	95,288	(7,986)	(160,369)	(4,482)	(69,227)
Interest rate-related derivatives	137,885	(82,937)	—	95,645	8,041	(154,374)	4,260	(72,771)
Currency-related derivatives	3,714	2,840	—	—	68	(4,213)	2,409	(0)
Equity-related derivatives	—	—	—	—	—	—	—	—
Bond-related derivatives	3,178	81	—	(420)	—	(1,781)	1,057	81
Commodity-related derivatives	—	—	—	—	—	—	—	—
Credit-related derivatives	—	3,978	—	—	(16,096)	—	(12,118)	3,978
Other derivatives	364	(520)	—	64	—	—	(92)	(515)

(\*1) Mainly included in Trading income and Other operating income in the consolidated statements of income.

(\*2) Mainly included in Net unrealized gains (losses) on available-for-sale securities in Other comprehensive income in 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 and Credit related derivative transactions. This transfer was implemented at the beginning of the fiscal year ended March 31, 2024.

(\*4) Transfers into Level 2 from Level 3 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, 2024.

(\*5) 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.

### (3) Description of the fair value valuation process

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) Description of the sensitivity of the fair value to changes in significant unobservable inputs

#### 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 a 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.

#### Liquidity premium

Liquidity premium is an adjustment to discount rates to reflect uncertainty of cash flows and liquidity of the financial 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 a 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 assets 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) Quantitative information about investment trusts which are accounted for in accordance with Paragraphs 24-3 and 24-9 of the Implementation Guidance on Fair Value Measurement  
Table showing reconciliation between the opening balance and the closing balance during the reporting period, and unrealized gains (losses) recognized in net income (loss)

For the fiscal year ended March 31, 2023

(in millions of yen)

Category	March 31, 2022	Included in net income (loss) (*1)	Included in other comprehensive income (*2)	Purchases, Sales, Redemptions	Transfers into Paragraphs 24-3 and 24-9	Transfers out of Paragraphs 24-3 and 24-9	March 31, 2023	Change in unrealized gains (losses) included in net income (loss) on Investment trusts still held at March 31, 2023 (*1)
Investment trusts (Available-for-sale securities)	46,871	1,061	10	191,024	—	—	238,967	1,061
Paragraph 24-3 (*3)	44,884	1,061	(71)	191,029	—	—	236,904	1,061
Paragraph 24-9	1,987	—	81	(5)	—	—	2,063	—

(\*1) Mainly included in Other operating income in the consolidated statements of income.

(\*2) Included in Net unrealized gains (losses) on available-for-sale securities in Other comprehensive income in 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.

For the fiscal year ended March 31, 2024

(in millions of yen)

Category	March 31, 2023	Included in net income (loss) (*1)	Included in other comprehensive income (*2)	Purchases, Sales, Redemptions	Transfers into Paragraphs 24-3 and 24-9	Transfers out of Paragraphs 24-3 and 24-9	March 31, 2024	Change in unrealized gains (losses) included in net income (loss) on Investment trusts still held at March 31, 2024 (*1)
Investment trusts (Available-for-sale securities)	238,967	37,304	3,740	185,873	—	(2,063)	463,822	37,304
Paragraph 24-3 (*3)	236,904	37,304	3,740	182,570	—	—	460,519	37,304
Paragraph 24-9	2,063	—	—	3,303	—	(2,063)	3,303	—

(\*1) Mainly included in Other operating income in the consolidated statements of income.

(\*2) Included in Net unrealized gains (losses) on available-for-sale securities in Other comprehensive income in 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 ¥25,578 million, restricted period of cancellation of ¥7,267 million and maximum limits on redemption of ¥427,672 million.

(Note 4) The following table sets forth the amounts of equity securities with no quoted market price available and investments in partnerships and others on the consolidated balance sheet. These securities and investments are not included in “Trading assets” or “Securities” in the tables presented under the section captioned “Matters concerning fair value of financial instruments and breakdown by input level”.

		(in millions of yen)	
		Amount on consolidated balance sheet	
		March 31, 2023	March 31, 2024
Equity securities with no quoted market price available (*1) (*3)	¥	180,054	¥ 221,292
Investments in partnerships and others (*2) (*3)		215,598	311,673

(\*1) Equity securities with no quoted market price available include unlisted equity securities, etc. and are not subject to fair value disclosure in accordance with Paragraph 5 of ASBJ Implementation Guidance No. 19 “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ, March 31, 2020.)

(\*2) Investments in partnerships and others mainly include silent partnerships and investment partnerships and other partnerships. Their fair values are not subject to fair value disclosure in accordance with Paragraph 24-16 of Guidance for Application of Fair Value Measurement.

(\*3) An impairment loss of ¥10,526 million and ¥5,058 million was recorded on unlisted equity securities and other investments for the fiscal year ended March 31, 2023 and 2024, respectively.

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

(in 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 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

(\*1) The amounts above are stated using the carrying amount.

(\*2) Securities include securitized products included in “Monetary claims bought.”

(\*3) Loans do not include those amounts whose repayment schedules cannot be determined including those due from “bankrupt” borrowers, “virtually bankrupt” borrowers and “likely to become bankrupt” borrowers amounting to ¥767,539 million.

(in millions of yen)

March 31, 2024						
	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):	¥ 27,445,378	¥ 8,616,998	¥ 9,815,871	¥ 3,965,930	¥ 4,672,069	¥ 9,388,722
Held-to-maturity securities:	3,540,172	4,792,008	3,701,580	1,938,091	3,660,473	4,576,810
Japanese government bonds	3,409,951	4,272,975	2,919,580	1,404,893	2,635,655	—
Municipal bonds	35,140	314,750	514,533	354,351	780,406	—
Corporate bonds	95,081	204,282	267,467	16,647	28,030	56,665
Foreign bonds	—	—	—	—	—	4,520,144
Other	—	—	—	162,199	216,381	—
Available-for-sale securities with contractual maturities:	23,905,205	3,824,989	6,114,290	2,027,839	1,011,595	4,811,911
Japanese government bonds	18,978,887	765,748	63,610	—	4,992	207,081
Municipal bonds	307,165	334,377	55,116	133,992	22,455	—
Corporate bonds	374,597	471,144	270,818	188,648	119,426	1,019,948
Foreign equity securities	12,113	11,203	8,875	—	—	—
Foreign bonds	3,476,534	2,022,107	3,039,957	1,686,787	829,014	2,328,278
Other	755,906	220,408	2,675,912	18,411	35,706	1,256,602
Loans (*1) (*3)	46,549,487	24,562,418	17,403,803	7,715,806	6,042,317	10,817,159
Total	¥ 73,994,865	¥ 33,179,416	¥ 27,219,674	¥ 11,681,737	¥ 10,714,386	¥ 20,205,881

(\*1) The amounts above are stated using the carrying amount.

(\*2) Securities include securitized products included in “Monetary claims bought.”

(\*3) Loans do not include those amounts whose repayment schedules cannot be determined including those due from “bankrupt” borrowers, “virtually bankrupt” borrowers and “likely to become bankrupt” borrowers amounting to ¥1,220,212 million.

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

(in 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

(\*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.

(in millions of yen)

March 31, 2024						
	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)	¥ 53,683,441	¥ 4,594,922	¥ 575,467	¥ 59,197	¥ 209,079	¥ 2,394
Borrowed money (*1) (*2) (*3)	20,823,820	4,668,393	4,022,495	1,347,166	2,027,459	2,672,630
Bonds (*1) (*2)	277,780	212,442	44,489	229,276	180,805	918,576
Total	¥ 74,785,042	¥ 9,475,758	¥ 4,642,452	¥ 1,635,640	¥ 2,417,343	¥ 3,593,601

(\*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, 2024.



## 9. Securities

In addition to “Securities” on the consolidated balance sheet, the figures in the following tables include trading account securities, securities related to trading transactions and short-term corporate bonds classified as “Trading assets,” negotiable certificates of deposit in “Cash and due from banks,” securitized products in “Monetary claims bought” and others.

### I. Trading securities

	(in millions of yen)	
	For the fiscal year ended March 31,	
	2023	2024
Net unrealized gains (losses) recorded on the consolidated statement of income	¥ (4,371)	¥ (3,670)

### II. Debt securities being held to maturity

	(in millions of yen)		
	March 31, 2023		
	Amount on consolidated balance sheet	Fair value	Difference
Securities whose fair value exceeds amount on consolidated balance sheet:			
Domestic bonds	¥ 10,376,390	¥ 10,412,002	¥ 35,612
Government bonds	9,759,930	9,792,060	32,129
Municipal bonds	371,872	374,345	2,473
Corporate bonds	244,587	245,596	1,009
Other securities	1,332,347	1,345,934	13,586
Foreign bonds	1,318,674	1,332,242	13,568
Other	13,672	13,691	18
Subtotal	¥ 11,708,737	¥ 11,757,936	¥ 49,199
Securities whose fair value does not exceed amount on consolidated balance sheet:			
Domestic bonds	¥ 4,675,622	¥ 4,648,022	¥ (27,599)
Government bonds	3,754,041	3,734,689	(19,351)
Municipal bonds	772,953	765,145	(7,808)
Corporate bonds	148,627	148,186	(440)
Other securities	2,663,025	2,562,928	(100,096)
Foreign bonds	2,180,628	2,089,334	(91,294)
Other	482,396	473,594	(8,802)
Subtotal	¥ 7,338,647	¥ 7,210,950	¥ (127,696)
Total	¥ 19,047,385	¥ 18,968,887	¥ (78,497)

(in millions of yen)			
March 31, 2024			
	Amount on consolidated balance sheet	Fair value	Difference
Securities whose fair value exceeds amount on consolidated balance sheet:			
Domestic bonds	¥ 2,881,098	¥ 2,887,984	¥ 6,886
Government bonds	2,361,247	2,365,840	4,592
Municipal bonds	402,639	404,686	2,047
Corporate bonds	117,211	117,457	245
Other securities	585,636	588,788	3,151
Foreign bonds	585,636	588,788	3,151
Other	—	—	—
Subtotal	¥ 3,466,735	¥ 3,476,773	¥ 10,038
Securities whose fair value does not exceed amount on consolidated balance sheet:			
Domestic bonds	¥ 14,429,313	¥ 14,315,203	¥ (114,109)
Government bonds	12,281,807	12,186,455	(95,351)
Municipal bonds	1,596,542	1,580,214	(16,327)
Corporate bonds	550,963	548,533	(2,430)
Other securities	4,313,088	4,156,182	(156,906)
Foreign bonds	3,934,508	3,780,590	(153,917)
Other	378,580	375,592	(2,988)
Subtotal	¥ 18,742,402	¥ 18,471,386	¥ (271,015)
Total	¥ 22,209,137	¥ 21,948,160	¥ (260,977)

### III. Available-for-sale securities

		(in millions of yen)		
		March 31, 2023		
		Amount on consolidated balance sheet	Acquisition cost	Difference
Securities whose fair value exceeds the acquisition cost:				
Domestic equity securities	¥	3,482,203	¥ 1,243,032	¥ 2,239,170
Domestic bonds		16,910,648	16,889,507	21,141
Government bonds		14,720,221	14,712,102	8,119
Municipal bonds		957,419	955,359	2,059
Corporate bonds		1,233,007	1,222,045	10,962
Other securities		7,740,819	7,609,040	131,778
Foreign equity securities		84,564	61,533	23,030
Foreign bonds		6,111,759	6,060,033	51,725
Other		1,544,496	1,487,473	57,022
Subtotal	¥	28,133,671	¥ 25,741,580	¥ 2,392,090
Securities whose fair value does not exceed the acquisition cost:				
Domestic equity securities	¥	94,067	¥ 114,727	¥ (20,660)
Domestic bonds		11,115,502	11,215,794	(100,292)
Government bonds		7,510,890	7,572,763	(61,873)
Municipal bonds		1,606,249	1,618,655	(12,405)
Corporate bonds		1,998,362	2,024,376	(26,013)
Other securities		14,703,058	15,790,891	(1,087,832)
Foreign equity securities		322,759	411,761	(89,001)
Foreign bonds		9,324,445	10,155,807	(831,362)
Other		5,055,853	5,223,321	(167,468)
Subtotal	¥	25,912,629	¥ 27,121,414	¥ (1,208,784)
Total	¥	54,046,300	¥ 52,862,994	¥ 1,183,305

(Note) The total difference amount shown in the table above includes ¥139,862 million revaluation gains on securities by application of the fair value hedge accounting method.

(in millions of yen)			
March 31, 2024			
	Amount on consolidated balance sheet	Acquisition cost	Difference
Securities whose fair value exceeds the acquisition cost:			
Domestic equity securities	¥ 4,292,108	¥ 1,147,134	¥ 3,144,973
Domestic bonds	2,999,738	2,991,743	7,994
Government bonds	2,332,505	2,330,347	2,157
Municipal bonds	109,798	109,572	225
Corporate bonds	557,434	551,823	5,611
Other securities	9,037,619	8,827,903	209,715
Foreign equity securities	584,501	537,180	47,321
Foreign bonds	5,068,740	5,020,944	47,796
Other	3,384,376	3,269,778	114,597
Subtotal	¥ 16,329,465	¥ 12,966,781	¥ 3,362,684
Securities whose fair value does not exceed the acquisition cost:			
Domestic equity securities	¥ 29,305	¥ 34,000	¥ (4,694)
Domestic bonds	20,318,272	20,397,757	(79,484)
Government bonds	17,687,815	17,714,894	(27,078)
Municipal bonds	743,309	748,938	(5,628)
Corporate bonds	1,887,148	1,933,925	(46,777)
Other securities	12,451,010	13,348,761	(897,750)
Foreign equity securities	123,852	158,928	(35,076)
Foreign bonds	8,314,036	9,044,399	(730,362)
Other	4,013,122	4,145,433	(132,311)
Subtotal	¥ 32,798,589	¥ 33,780,519	¥ (981,929)
Total	¥ 49,128,055	¥ 46,747,301	¥ 2,380,754

(Note) The total difference amount shown in the table above includes ¥409,113 million revaluation gains on securities by application of the fair value hedge accounting method.

## IV. Available-for-sale securities sold

(in millions of yen)			
For the fiscal year ended March 31, 2023			
	Amount sold	Gains on sales	Losses on sales
Domestic equity securities	¥ 351,608	¥ 227,581	¥ 5,766
Domestic bonds	42,015,189	55,072	153,336
Government bonds	40,650,985	54,230	134,099
Municipal bonds	1,201,255	777	18,320
Corporate bonds	162,948	64	917
Other securities	7,521,818	44,301	515,797
Foreign equity securities	17,708	3,912	391
Foreign bonds	6,646,463	12,219	504,865
Other	857,646	28,170	10,540
Total	¥ 49,888,616	¥ 326,955	¥ 674,901

  

(in millions of yen)			
For the fiscal year ended March 31, 2024			
	Amount sold	Gains on sales	Losses on sales
Domestic equity securities	¥ 555,903	¥ 338,935	¥ 2,366
Domestic bonds	38,212,018	15,229	109,670
Government bonds	36,422,819	14,001	97,772
Municipal bonds	1,403,104	740	10,514
Corporate bonds	386,095	487	1,383
Other securities	15,455,364	93,539	403,932
Foreign equity securities	12,909	8,191	742
Foreign bonds	14,767,937	69,466	351,219
Other	674,518	15,881	51,971
Total	¥ 54,223,287	¥ 447,704	¥ 515,969

V. Securities reclassified due to change of purpose in holding such securities

As of March 31, 2023

None.

As of March 31, 2024

None.

VI. Securities with impairment losses

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 on such securities for the fiscal year ended March 31, 2023 were ¥2,483 million consisting of ¥2,342 million on equity securities and ¥141 million on bonds and other securities.

Impairment losses on such securities for the fiscal year ended March 31, 2024 were ¥1,761 million consisting of ¥853 million on equity securities and ¥907 million on bonds and other securities.

Whether there is any “significant decline in the fair value” is determined for each category of issuers in accordance with the internal standards for self-assessment of asset quality as provided below:

Bankrupt issuers, virtually bankrupt issuers and likely to become bankrupt issuers:

The fair value is lower than acquisition cost.

Issuers requiring close watch:

The fair value has declined 30% or more from acquisition cost.

Normal issuers:

The fair value has declined 50% or more from acquisition cost.

“Bankrupt issuers” means 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” means issuers who are not legally or formally bankrupt but are regarded as substantially in similar condition. “Likely to become bankrupt issuers” means issuers who are not yet legally or formally bankrupt but deemed to have a high possibility of becoming bankrupt. “Issuers requiring close watch” means issuers who are financially weak and are under close monitoring by our subsidiaries. “Normal issuers” means issuers other than those who are categorized in the four categories mentioned above.

## 10. Money Held in Trust

### I. Money held in trust for trading purposes

	(in millions of yen)	
	March 31, 2023	
	Amount on the consolidated balance sheet	Net unrealized gains (losses) recorded on the consolidated statement of income
Money held in trust for trading purposes	¥ 44,154	¥ 2,114
	(in millions of yen)	
	March 31, 2024	
	Amount on the consolidated balance sheet	Net unrealized gains (losses) recorded on the consolidated statement of income
Money held in trust for trading purposes	¥ 36,110	¥ 63

### II. Money held in trust being held to maturity

None.

### III. Money held in trust not for trading purposes or being held to maturity

	(in millions of yen)				
	March 31, 2023				
	(a) Amount on the consolidated balance sheet	(b) Acquisition cost	Difference (a) - (b)	Money held in trust with respect to which (a) exceeds (b)	Money held in trust with respect to which (a) does not exceed (b)
Money held in trust not for trading purposes or being held to maturity	¥ 2,599	¥ 2,599	¥ —	¥ —	¥ —
	(in millions of yen)				
	March 31, 2024				
	(a) Amount on the consolidated balance sheet	(b) Acquisition cost	Difference (a) - (b)	Money held in trust with respect to which (a) exceeds (b)	Money held in trust with respect to which (a) does not exceed (b)
Money held in trust not for trading purposes or being held to maturity	¥ 2,911	¥ 2,911	¥ —	¥ —	¥ —

(Note) “Money held in trust with respect to which (a) exceeds (b)” and “Money held in trust with respect to which (a) does not exceed (b)” show the breakdown of “Difference (a) - (b)”.

## 11. Net Unrealized Gains (Losses) on Available-for-Sale Securities

Net unrealized gains (losses) on available-for-sale securities recorded on the consolidated balance sheet as of the dates indicated consisted of the following:

As of March 31, 2023

		(in millions of yen)
Net unrealized gains (losses)	¥	1,052,822
Available-for-sale securities		1,052,822
Money held in trust not for trading purpose or being held to maturity		—
Deferred tax liabilities		(294,600)
Net unrealized gains (losses) on available-for-sale securities, net of deferred tax liabilities (before adjustments by ownership share)		758,221
Non-controlling interests		(4,535)
The Bank's ownership share in equity method investees' unrealized gains (losses) on available-for-sale securities		(10,049)
Total	¥	743,636

(Notes)

1. "Net unrealized gains (losses)" shown in the above table excludes ¥139,862 million of revaluation gains on securities as a result of application of the fair value hedge accounting method, which are recorded in current earnings.
2. Unrealized gain in the table above includes ¥9,378 million of net unrealized gain on available-for-sale securities invested in limited partnerships.

As of March 31, 2024

		(in millions of yen)
Net unrealized gains (losses)	¥	2,009,874
Available-for-sale securities		2,009,874
Money held in trust not for trading purpose or being held to maturity		—
Deferred tax liabilities		(628,035)
Net unrealized gains (losses) on available-for-sale securities, net of deferred tax liabilities (before adjustments by ownership share)		1,381,838
Non-controlling interests		(5,086)
The Bank's ownership share in equity method investees' unrealized gains (losses) on available-for-sale securities		(5,919)
Total	¥	1,370,832

(Notes)

1. "Net unrealized gains (losses)" shown in the above table excludes ¥409,113 million of revaluation gains on securities as a result of application of the fair value hedge accounting method, which are recorded in current earnings.
2. Unrealized gain in the table above includes ¥38,233 million of net unrealized gain on available-for-sale securities invested in limited partnerships.



## 12. Derivatives

### I. Derivatives to which hedge accounting is not applied

With respect to derivatives to which hedge accounting is not applied, the contract amounts or notional principal amounts and the fair values and related valuation gains (losses) as of the end of the specified fiscal year by transaction type were as follows. The contract and other amounts do not represent the market risk exposures associated with the relevant derivatives.

#### (1) Interest rate-related derivatives

		(in millions of yen)							
		March 31, 2023							
		Contract amount				Fair value	Valuation gains (losses)		
		Total		Over one year					
<b>Transactions listed on exchanges:</b>									
Interest rate futures	Sold	¥	288,935	¥	100,907	¥	(5,845)	¥	(5,845)
	Bought		414,454		8,565		13,037		13,037
<b>Over-the-counter (“OTC”) transactions:</b>									
Forward rate agreements	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 gains (losses) are reported in the consolidated statements of income.

		(in millions of yen)							
		March 31, 2024							
		Contract amount		Fair value	Valuation gains (losses)				
		Total	Over one year						
<b>Transactions listed on exchanges:</b>									
Interest rate futures	Sold	¥	295,526	¥	129,840	¥	(2,426)	¥	(2,426)
	Bought		86,089		12,461		1,699		1,699
<b>OTC transactions:</b>									
Forward rate agreements	Sold		1,324,109		277,639		(18,021)		(18,021)
	Bought		517,868		358,596		3,211		3,211
Interest rate swaps	Receivable fixed rate/ Payable floating rate		255,708,058		206,837,482		(1,391,645)		(1,391,645)
	Receivable floating rate/ Payable fixed rate		252,714,391		208,199,610		1,778,640		1,778,640
	Receivable floating rate/ Payable floating rate		21,675,637		15,974,125		4,250		4,250
	Receivable fixed rate/ Payable fixed rate		1,429,671		1,371,059		6,491		6,491
Interest rate swaptions	Sold		1,665,814		1,569,088		(39,730)		4,401
	Bought		2,178,141		1,574,097		42,083		(17,830)
Other	Sold		3,344,105		2,338,331		(24,602)		(2,617)
	Bought		4,479,132		3,504,787		3,342		(29,033)
Total			—		—	¥	363,292	¥	337,119

(Note)

The transactions above are stated at fair value and the related valuation gains (losses) are reported in the consolidated statements of income.

## (2) Currency-related derivatives

		(in millions of yen)			
		March 31, 2023			
		Contract amount		Fair value	Valuation gains (losses)
		Total	Over one year		
<b>Transactions listed on exchanges:</b>					
Currency futures	Sold	¥ 80,331	¥ —	¥ 181	¥ 181
	Bought	477,916	63,107	2,047	2,047
<b>OTC transactions:</b>					
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 gains (losses) are reported in the consolidated statements of income.

		(in millions of yen)			
		March 31, 2024			
		Contract amount		Fair value	Valuation gains (losses)
		Total	Over one year		
<b>Transactions listed on exchanges:</b>					
Currency futures	Sold	¥ 90,298	¥ —	¥ (220)	¥ (220)
	Bought	710,000	86,768	9,739	9,739
<b>OTC transactions:</b>					
Currency swaps		43,715,788	33,165,397	(45,133)	(45,133)
Forward contracts on foreign exchange		169,722,948	14,727,110	232,635	232,635
Currency options	Sold	7,851,328	1,806,322	(143,410)	2,124
	Bought	7,383,179	1,897,852	153,027	(13,144)
Total		—	—	¥ 206,637	¥ 186,000

(Note)

The transactions above are stated at fair value and the related valuation gains (losses) are reported in the consolidated statements of income.

## (3) Equity-related derivatives

		(in millions of yen)			
		March 31, 2023			
		Contract amount		Fair value	Valuation gains (losses)
		Total	Over one year		
<b>Transactions listed on exchanges:</b>					
Stock index futures	Sold	¥ 67	¥ —	¥ (2)	¥ (2)
	Bought	3,627	—	0	0
Stock index options	Sold	15,497	—	(96)	(9)
	Bought	—	—	—	—
<b>OTC transactions:</b>					
OTC securities index swap transactions	Receivable index volatility/ Payable interest rate	3,251	—	759	759
	Receivable interest rate/ Payable index volatility	—	—	—	—
Total		—	—	¥ 661	¥ 748

(Note)

The transactions above are stated at fair value and the related valuation gains (losses) are reported in the consolidated statements of income.

		(in millions of yen)							
		March 31, 2024							
		Contract amount		Fair value	Valuation gains (losses)				
		Total	Over one year						
Transactions listed on exchanges:									
Stock index futures	Sold	¥	1,882	¥	—	¥	29	¥	29
	Bought		176		—		2		2
OTC transactions:									
OTC securities index swap transactions	Receivable index volatility/ Payable interest rate		3,251		3,251		1,229		1,229
	Receivable interest rate/ Payable index volatility		—		—		—		—
Total			—		—	¥	1,260	¥	1,260

(Note)

The transactions above are stated at fair value and the related valuation gains (losses) are reported in the consolidated statements of income.

## (4) Bond-related derivatives

		(in millions of yen)			
		March 31, 2023			
		Contract amount		Fair value	Valuation gains (losses)
		Total	Over one year		
Transactions listed on exchanges:					
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:					
Bond OTC 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 gains (losses) are reported in the consolidated statements of income.

		(in millions of yen)			
		March 31, 2024			
		Contract amount		Fair value	Valuation gains (losses)
		Total	Over one year		
Transactions listed on exchanges:					
Bond futures	Sold	¥ 93,769	¥ —	¥ (84)	¥ (84)
	Bought	123,284	—	178	178
Bond futures options	Sold	15,968	—	(87)	(1)
	Bought	17,648	—	96	7
OTC transactions:					
Bond OTC options	Sold	2,094,174	—	(3,876)	(1,435)
	Bought	2,094,174	—	2,284	(592)
Total return swaps	Sold	—	—	—	—
	Bought	158,625	158,625	(10,424)	(10,424)
Total		—	—	¥ (11,914)	¥ (12,353)

(Note)

The transactions above are stated at fair value and the related valuation gains (losses) are reported in the consolidated statements of income.

## (5) Credit-related derivatives

		(in millions of yen)							
		March 31, 2023							
		Contract amount				Fair value	Valuation gains (losses)		
		Total		Over one year					
<b>OTC transactions:</b>									
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 gains (losses) are reported in the consolidated statements of income.
2. “Sold” refers to transactions where the credit risk is assumed, and “Bought” refers to transactions where the credit risk is transferred.

		(in millions of yen)							
		March 31, 2024							
		Contract amount		Fair value	Valuation gains (losses)				
		Total	Over one year						
<b>OTC transactions:</b>									
Credit default options	Sold	¥	1,172,659	¥	1,126,518	¥	(9,166)	¥	(9,166)
	Bought		1,202,707		1,099,378		(10,333)		(10,333)
Total			—		—	¥	(19,499)	¥	(19,499)

## (Notes)

1. The transactions above are stated at fair value and the related valuation gains (losses) are reported in the consolidated statements of income.
2. “Sold” refers to transactions where the credit risk is assumed, and “Bought” refers to transactions where the credit risk is transferred.

## (6) Other derivatives

(in millions of yen)

		(in millions of yen)			
		March 31, 2023			
		Contract amount		Fair value	Valuation gains (losses)
		Total	Over one year		
<b>OTC transactions:</b>					
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 gains (losses) are reported in the consolidated statements of income.

(in millions of yen)

		(in millions of yen)			
		March 31, 2024			
		Contract amount		Fair value	Valuation gains (losses)
		Total	Over one year		
<b>OTC transactions:</b>					
Earthquake derivatives	Sold	¥ 13,500	¥ 6,500	¥ (534)	¥ 153
	Bought	13,500	6,500	429	(567)
Other	Sold	10,692	5,666	(51)	(51)
	Bought	12,656	4,966	67	67
Total		—	—	¥ (89)	¥ (398)

(Note)

The transactions above are stated at fair value and the related valuation gains (losses) are reported in the consolidated statements of income.

## II. Derivatives to which hedge accounting is applied

With respect to derivatives to which hedge accounting is applied, their contract amounts or notional principal amounts and the fair values as of the end of the specified fiscal year by transaction type and hedge accounting method were as follows. The contract and other amounts do not represent the market risk exposures associated with the relevant derivatives.

### (1) Interest rate-related derivatives

Hedge accounting method	Transaction type	Major hedged item	(in millions of yen)			
			March 31, 2023			Fair value
			Contract amount	Contract amount due after one year		
Deferred hedge accounting	Interest rate swaps:					
	Receivable fixed rate/ Payable floating rate	Interest earning financial assets or interest bearing financial liabilities such as loans, deposits and other transactions	¥ 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 by applying the deferred hedge accounting in accordance with the Japanese Institute of Certified Public Accountants Industry Audit Committee Report No. 24 “Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry.”



(in millions of yen)					
Hedge accounting method	Transaction type	Major hedged item	March 31, 2024		
			Contract amount	Contract amount due after one year	Fair value
Deferred hedge accounting	Interest rate swaps:				
	Receivable fixed rate/ Payable floating rate	Interest earning financial assets or interest bearing financial liabilities such as loans, deposits and other transactions	¥ 39,628,156	¥ 36,087,951	¥ (910,920)
	Receivable floating rate/ Payable fixed rate		5,046,608	3,857,818	(27,472)
Total			—	—	¥ (938,393)

Note: These derivatives are mainly accounted for by applying the deferred hedge accounting in accordance with the Japanese Institute of Certified Public Accountants 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

			(in millions of yen)		
Hedge accounting method	Transaction type	Major hedged item	March 31, 2023		
			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 by applying the deferred hedge accounting in accordance with the Japanese Institute of Certified Public Accountants Industry Audit Committee Report No. 25, “Accounting and Auditing Treatments for Foreign Currency Transactions in the Banking Industry.”

			(in millions of yen)		
Hedge accounting method	Transaction type	Major hedged item	March 31, 2024		
			Contract amount	Contract amount due after one year	Fair value
Deferred hedge accounting	Currency swaps	Loans, securities, deposits and others denominated in foreign currencies	¥ 10,613,909	¥ 3,554,599	¥ (124,810)

Note: These derivatives are mainly accounted for by applying the deferred hedge accounting in accordance with the Japanese Institute of Certified Public Accountants Industry Committee Practical Guidelines No. 25, “Accounting and Auditing Treatments for Foreign Currency Transactions in the Banking Industry.”

## (3) Equity-related derivatives

(in millions of yen)

Hedge accounting method	Transaction type	Major hedged item	March 31, 2023		
			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)

(in millions of yen)

Hedge accounting method	Transaction type	Major hedged item	March 31, 2024		
			Contract amount	Contract amount due after one year	Fair value
Fair value hedge accounting	Total return swaps	Available-for-sale securities (equity securities)	¥ 697,415	¥ 697,415	¥ (28,231)

### 13. Liability for Retirement Benefits

#### I. Outline of retirement benefit plans

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.

#### II. Defined benefit plans

(1) The changes in defined benefit obligation for the fiscal years ended March 31, 2023 and 2024 were as follows:

	(in millions of yen)	
	March 31, 2023	March 31, 2024
Balance at beginning of year	¥ 1,988,614	¥ 1,371,532
<i>of which foreign exchange translation adjustments</i>	(82,254)	(19,461)
Service cost	48,382	39,061
Interest cost	31,820	24,722
Actuarial gains (losses)	(188,061)	(60,221)
Benefits paid	(104,046)	(79,636)
Past service cost	(1,244)	(601)
Decrease due to pension buyout transaction	(322,516)	—
Others	(100,877)	5,291
Balance at end of year	¥ 1,352,070	¥ 1,300,148

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

(2) The changes in plan assets for the fiscal years ended March 31, 2023 and 2024 were as follows:

	(in millions of yen)	
	March 31, 2023	March 31, 2024
Balance at beginning of year	¥ 2,840,642	¥ 2,138,152
<i>of which foreign exchange translation adjustments</i>	(99,177)	(24,770)
Expected return on plan assets	100,463	63,612
Actuarial gains (losses)	(298,336)	336,801
Contributions from the employer	9,822	10,489
Benefits paid	(82,471)	(60,549)
Decrease due to pension buyout transaction	(322,516)	—
Others	(134,222)	(1,223)
Balance at end of year	¥ 2,113,381	¥ 2,487,282

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

	(in millions of yen)	
	March 31, 2023	March 31, 2024
Funded defined benefit obligation	¥ 1,276,165	¥ 1,208,658
Plan assets	(2,113,381)	(2,487,282)
	(837,216)	(1,278,624)
Unfunded defined benefit obligation	75,905	91,489
Net liability (asset) arising from defined benefit obligation	¥ (761,310)	¥ (1,187,134)

  

	(in millions of yen)	
	March 31, 2023	March 31, 2024
Liability for retirement benefits	¥ 77,795	¥ 93,352
Asset for retirement benefits	(839,105)	(1,280,486)
Net liability (asset) arising from defined benefit obligation	¥ (761,310)	¥ (1,187,134)

(4) The components of net periodic retirement benefit costs for the fiscal years ended March 31, 2023 and 2024 were as follows:

	(in millions of yen)	
	March 31, 2023	March 31, 2024
Service cost	¥ 48,382	¥ 39,061
Interest cost	31,820	24,722
Expected return on plan assets	(100,463)	(63,612)
Amortization of past service cost	(3,122)	(69)
Recognized actuarial losses	(42,299)	(38,390)
Losses on pension buyout	78,111	—
Others (additional temporary severance benefits, etc.)	15,050	23,755
Net periodic retirement benefit costs	¥ 27,479	¥ (14,532)

(Note) Retirement benefit costs of some overseas branches of the Bank and some consolidated 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 2024 were as follows:

	(in millions of yen)	
	March 31, 2023	March 31, 2024
Past service cost	¥ (3,971)	¥ 567
Actuarial gains (losses)	(61,940)	356,644
Total	¥ (65,912)	¥ 357,212

(Note) Total amount recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2023 reflects ¥78,111 million of one-time write off of unrecognized retirement benefit obligations in connection with a pension buyout transaction.

(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 2024 were as follows:

	(in millions of yen)	
	March 31, 2023	March 31, 2024
Unrecognized past service cost	¥ (276)	¥ 291
Unrecognized actuarial gains (losses)	190,595	547,239
Total	¥ 190,319	¥ 547,531

(7) Plan assets

(a) Components of plan assets

Plan assets consisted of the following:

	2023	2024
Domestic equity investments	31.54%	34.41%
Domestic debt investments	16.22	15.65
Foreign equity investments	12.12	12.81
Foreign debt investments	22.76	23.80
General accounts of life insurance	8.70	7.25
Others	8.66	6.08
Total	100.00	100.00

(Note) Total plan assets include retirement benefit trusts, which were set up for corporate pension plans, accounting for 25.50% and 29.66% as of March 31, 2023 and 2024, 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 which are expected currently and in the future and the long-term rates of return which are expected currently and in the future on the various components of the plan assets.

(8) Actuarial assumptions used for the fiscal years ended March 31, 2023 and 2024 were as follows:

	2023	2024
Discount rate:		
Domestic	0.22% - 1.44%	0.22% - 1.81%
Overseas	1.44% - 10.63%	1.92% - 9.63%
Expected salary increase rate:		
Domestic	2.63% - 4.50%	2.63% - 4.50%
Overseas	2.25% - 13.00%	2.20% - 12.80%
Expected rate of return on plan assets:		
Domestic	2.28% - 3.00%	2.28% - 3.00%
Overseas	1.50% - 10.63%	3.10% - 9.63%

## 14. Stock Options

None

## 15. Income Taxes

I. The tax effects of significant temporary differences which resulted in “Deferred tax assets and liabilities” as of March 31, 2023 and 2024 were as follows:

	(in millions of yen)	
	2023	2024
Deferred tax assets:		
Excess over deductible limits on provision for allowance for credit losses and write-offs of loans	¥ 295,257	¥ 356,927
Revaluation losses on securities	61,102	52,153
Unrealized losses on available-for-sale securities	159,896	134,918
Liability for retirement benefits	37,001	15,392
Reserve for contingent losses	24,082	25,248
Depreciation and impairment losses	87,261	88,521
Tax loss carryforwards	8,201	7,906
Cost adjustments on land merger	21,589	20,274
Deferred losses on derivatives under hedge accounting	214,070	360,751
Other	385,110	295,486
Subtotal	1,293,574	1,357,579
Less valuation allowance	(110,712)	(87,104)
Total	¥ 1,182,861	¥ 1,270,475
Deferred tax liabilities:		
Unrealized gains on available-for-sale securities	¥ (448,112)	¥ (752,478)
Revaluation gains on securities at merger	(47,152)	(44,435)
Unrealized gains on lease transactions	(13,655)	(15,042)
Asset for retirement benefits	—	(92,343)
Gains on establishment of retirement benefit trusts	(45,627)	(43,591)
Retained earnings of subsidiaries and affiliates	(132,647)	(160,208)
Other	(174,971)	(183,377)
Total	¥ (862,166)	¥ (1,291,477)
Net deferred tax assets (liabilities)	¥ 320,695	¥ (21,002)

II. The reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of income for the fiscal year ended March 31, 2023 and 2024 was as follows:

	2023	2024
Normal effective statutory tax rate	30.62 %	30.62 %
Elimination of dividends received from subsidiaries and affiliates	2.29	3.50
Permanent non-taxable differences (e.g., non-taxable dividend income)	(6.09)	(3.45)
Change in valuation allowances	(0.22)	(2.14)
Taxation on unrealized gain on available-for-sale securities	—	(2.33)
Equity in gains of the equity method investees	(1.29)	(0.90)
Tax rate difference of overseas subsidiaries	(1.93)	(3.36)
Retained earnings of subsidiaries and affiliates	1.32	2.15
Amortization of goodwill	0.19	0.11
Taxation on gains on sales of shares of subsidiaries	5.65	(0.44)
Other	(1.50)	2.96
Actual effective tax rate	29.04 %	26.72 %

III. Accounting treatment of corporate tax and local corporation tax, and tax-effect accounting relating to corporate tax and local corporate tax

The Bank and some of its domestic consolidated subsidiaries, upon adoption of the Group Tax Sharing System, have applied accounting treatment of corporate tax and local corporation tax, and tax-effect accounting relating to corporate tax and local corporate tax, in accordance with ASBJ Practical Issues Task Force Report No. 42, “Practical Solution on the Accounting and



Disclosure under the Group Tax Sharing System” (ASBJ PITF No. 42, August 12, 2021).

## 16. Business Combinations

(HC Consumer Finance Philippines, Inc. and PT Home Credit Indonesia became consolidated subsidiaries through share acquisitions by Krungsri)

Krungsri (a commercial bank in the Kingdom of Thailand), which is a consolidated subsidiary of MUFG Bank, PT. Adira Dinamika Multi Finance (“ADMF”, a finance company in Indonesia), which is a consolidated subsidiary of MUFG Bank, acquired 100.0% of the shares of HC Philippines and 85.0% of the shares of HC Indonesia, and HC Philippines and HC Indonesia became consolidated subsidiaries of MUFG Bank and Krungsri. HC Philippines and HC Indonesia were previously subsidiaries of Home Credit B.V.

Business combinations through acquisitions

### I. Overview of the business combinations

#### (1) Names and business description of the acquired companies

Names of the acquired companies	HC Consumer Finance Philippines, Inc. and PT Home Credit Indonesia
Business description	Consumer finance

#### (2) Main objectives of the business combinations

HC Philippines and HC Indonesia have high brand recognition and customer satisfaction, having top market shares in terms of point of sale, or POS, loans (i.e., consumer installment loans provided at automobile and household appliance dealerships), in their respective countries. While MUFG already has a certain presence in the consumer finance markets in Philippines and Indonesia through investments in its equity method affiliate Security Bank Corporation and consolidated subsidiary Bank Danamon, these acquisitions represent continued efforts to reinforce and expand its retail business in both countries.

#### (3) Dates of the business combinations

HC Philippines	June 1, 2023
HC Indonesia	October 2, 2023

#### (4) Legal form of the business combinations

Consolidation of the companies as subsidiaries through the acquisitions of their shares

#### (5) Company names after the business combinations

No change

#### (6) Ratio of the acquired voting rights

HC Philippines	Krungsri 75% and MUFG Bank 25%
HC Indonesia	Krungsri 75% and ADMF 10%

### II. Period in which the acquired companies' operating results were reflected in the consolidated statements of income

The fiscal year end of HC Philippines and HC Indonesia is the end of December, which differs by three months from the consolidated balance sheet date of MUFG Bank.

The results of operations of HC Philippines for the period from June 1, 2023 to December 31, 2023, and those of HC Indonesia for the period from October 2, 2023 to December 31, 2023 were included in the consolidated statement of income.

### III. Acquisition costs relating to the acquired companies and components thereof

#### HC Philippines

Consideration for the acquisition	Cash	¥69,841 million
Acquisition cost		¥69,841 million

#### HC Indonesia

Consideration for the acquisition	Cash	¥31,811 million
Acquisition cost		¥31,811 million

### IV. Description and amount of major acquisition-related expenses

Direct expenses relating to the acquisitions	Advisory fees, etc.	¥1,044 million
--	---------------------	----------------

V. Amount of goodwill recorded, reason for goodwill recorded, amortization method and amortization period

(1) Amount of goodwill recorded

HC Philippines	¥28,195 million
HC Indonesia	¥18,034 million

(Note) HC Indonesia recognizes goodwill by full goodwill method in accordance with U.S. GAAP.

(2) Reason for goodwill recorded

The recorded goodwill reflected expected increases in profits from future business operations.

(3) Amortization method and amortization period

Straight-line method over 10 years

VI. Amounts of assets received and liabilities assumed on the dates of the business combinations and major components thereof

HC Philippines

(1) Amount of assets	Total assets	¥137,576 million
	Of which, other assets	¥61,307 million
(2) Amount of liabilities	Total liabilities	¥96,151 million
	Of which, unsubordinated borrowings	¥77,964 million

In the allocation of the acquisition cost, the amount allocated to intangible fixed assets other than goodwill was ¥9,372 million, which mainly consisted of ¥8,376 million of customer relationships (to be amortized over a period of 7 years and 6 months).

HC Indonesia

(1) Amount of assets	Total assets	¥44,177 million
	Of which, other assets	¥20,923 million
(2) Amount of liabilities	Total liabilities	¥30,493 million
	Of which, unsubordinated borrowings	¥22,299 million

In the allocation of the acquisition cost, the amount allocated to intangible fixed assets other than goodwill was ¥3,963 million, which mainly consisted of ¥3,650 million of customer relationships (to be amortized over a period of 7 years and 1 month).

VII. Estimated amount of the impact of the business combinations on the consolidated statement of income for the fiscal year ended March 31, 2024 and the calculation method of such amount assuming that the business combinations were completed on the beginning date of the fiscal year ended March 31, 2024

HC Philippines

Ordinary income	¥24,544 million
Ordinary profits	¥4,191 million
Profits attributable to owners of parent	¥2,343 million

HC Indonesia

Ordinary income	¥19,914 million
Ordinary loss	¥449 million
Loss attributable to owners of parent	¥361 million

(Method used for calculating the estimated amount)

The estimated amount represents the impact of the business combinations on ordinary income, ordinary profits, ordinary loss, profits attributable to owners of parent and loss attributable to owners of parent, each calculated based on the assumption that the business combinations were completed on the beginning date of the fiscal year ended March 31, 2024. The amount of amortization has also been calculated based on the assumption that the goodwill and the intangible fixed assets recognized in connection with the business combinations were recognized as of the beginning date of the fiscal year ended March 31, 2024.

The estimated amount is unaudited.

## 17. Revenue Recognition

Disaggregated information on revenues from contracts with customers

	(in millions of yen)		
	For the fiscal year ended March 31,		
		2023	2024
Fees and commissions	¥	1,071,800	1,115,580
Fees and commissions on remittances and transfers		164,121	169,903
Fees and commissions on deposits		59,047	41,880
Fees and commissions on loans (*1)		369,260	426,112
Fees and commissions on security-related services		69,047	67,064
Fees and commissions on credit card business (*1)		59,986	64,607
Guarantee fees (*2)		70,751	76,696
Other fees and commissions (*1)		279,585	269,315
Trust fees	¥	12,258	—

(Notes)

1. Include revenues that are not within the scope of ASBJ Statement No.29, “Accounting Standard for Revenue Recognition.”
2. Guarantee fees are not included within 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. For details of the performance obligations and the timing of revenue recognition for each revenue category, refer to “(14)Revenue Recognition” under “1. Significant Accounting Policies Applied to the Consolidated Financial Statements.”

## 18. Segment Information

### I. Business segment information

#### (1) Summary of reporting segments

The Bank's reporting segments are business units of the Bank 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 Bank makes and executes unified group-wide strategies based on customer characteristics and the nature of business. Accordingly, the Bank 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) Methods of calculation of gross operating income, operating profit (loss), and fixed assets for each reporting segment

The accounting methods applied to the reported business segments, except the scope of consolidation, are generally consistent with the methods described in "1. Significant Accounting Policies Applied to the Consolidated Financial Statements". The scope of consolidation includes the Bank's major subsidiaries. The reported figures are generally prepared based on internal managerial accounting rules before elimination of inter-segment transactions and other consolidation adjustments. Net revenue and operating expenses attributable to multiple segments are reported in accordance with internal managerial accounting rules generally calculated based on market value.

Fixed assets for each reporting segment disclosed below represent the tangible fixed assets and intangible fixed assets related to the Bank as allocated to each reporting segment.

(Changes in the method of calculation of operating profit (loss) of each reporting segment)

From the fiscal year ended March 31, 2024, the Bank changed the method of allocation of revenue and operating expenses among reporting segments and accordingly changed the method of calculation of operating profit (loss) of each reporting segment.

The business segment information for the fiscal year ended March 31, 2023, has been restated based on the new calculation method.

(3) Information on net revenue, operating profit (loss), and fixed assets for each reporting segment

For the fiscal year ended March 31, 2023

(in millions of yen)									
For the 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
Gross operating income	¥ 279,711	¥ 388,591	¥ 667,876	¥ 870,584	¥ 691,086	¥ 2,897,850	¥ 209,882	¥ 16,134	¥ 3,123,867
Non-consolidated	251,935	360,211	575,227	35,077	532,325	1,754,777	109,458	(25,036)	1,839,198
Net interest income	214,106	183,338	340,944	35,719	260,238	1,034,346	399,795	44,763	1,478,905
Net non-interest income	37,829	176,872	234,283	(641)	272,087	720,430	(290,337)	(69,799)	360,293
Subsidiaries	27,776	28,380	92,649	835,506	158,761	1,143,073	100,423	41,171	1,284,668
Operating expenses	222,864	286,775	260,598	580,308	312,915	1,663,462	122,578	119,708	1,905,750
Operating profit (loss)	¥ 56,847	¥ 101,816	¥ 407,277	¥ 290,275	¥ 378,171	¥ 1,234,388	¥ 87,303	¥ (103,574)	¥ 1,218,116
Fixed assets at period end	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	23,531	123,114	18,344	18,414	159,872
Depreciation and amortization	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. “Operating expenses” includes personnel expenses and premise expenses.
4. “Fixed assets at period end” for each reporting segment in the above table represents those related to the Bank. Those fixed assets and consolidation adjustments related to consolidated subsidiaries, which are not allocated to reporting segments, were ¥446,850 million. With respect to such fixed assets not allocated to reporting segments, certain related expenses are allocated to reporting segments on a reasonable basis.
5. “Increase in fixed assets” for each reporting segment in the above table represents such increase related to the Bank.
6. “Depreciation and amortization” for each reporting segment in the above table represents those related to the Bank.

For the fiscal year ended March 31, 2024

(in millions of yen)

For the fiscal year ended March 31, 2024									
	Digital Service	Retail & Commercial Banking	Japanese Corporate & Investment Banking	Global Commercial Banking	Global Corporate & Investment Banking	Customer business units subtotal	Global Markets	Other units	Total
Gross operating income	¥ 278,984	¥ 449,914	¥ 867,399	¥ 684,992	¥ 834,064	¥ 3,115,356	¥ 127,670	¥ (4,221)	¥ 3,238,805
Non-consolidated	253,139	419,401	758,519	29,278	781,034	2,241,373	27,208	9,438	2,278,019
Net interest income	212,997	221,843	499,233	29,268	413,792	1,377,135	44,096	68,937	1,490,169
Net non-interest income	40,141	197,558	259,285	10	367,242	864,238	(16,888)	(59,499)	787,850
Subsidiaries	25,845	30,513	108,880	655,713	53,029	873,983	100,461	(13,659)	960,785
Operating expenses	218,163	282,007	267,629	382,862	337,005	1,487,668	134,234	177,286	1,799,189
Operating profit (loss)	¥ 60,821	¥ 167,906	¥ 599,769	¥ 302,130	¥ 497,059	¥ 1,627,687	¥ (6,564)	¥ (181,507)	¥ 1,439,615
Fixed assets at period end	186,829	192,706	159,037	1,636	170,905	711,114	85,897	381,815	1,178,826
Increase in fixed assets	38,577	36,534	39,428	459	32,482	147,483	20,326	17,469	185,279
Depreciation and amortization	14,672	15,478	38,162	239	42,143	110,696	26,604	9,968	147,269

(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. “Operating expenses” includes personnel expenses and premise expenses.
4. “Fixed assets at period end” for each reporting segment in the above table represents those related to the Bank. Those fixed assets and consolidation adjustments related to consolidated subsidiaries, which are not allocated to reporting segments, were ¥589,859 million. With respect to such fixed assets not allocated to reporting segments, certain related expenses are allocated to reporting segments on a reasonable basis.
5. “Increase in fixed assets” for each reporting segment in the above table represents such increase related to the Bank.
6. “Depreciation and amortization” for each reporting segment in the above table represents those related to the Bank.

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

	(in millions of yen)	
	For the fiscal years ended March 31,	
	2023	2024
Total operating profit of reporting segments	¥ 1,218,116	¥ 1,439,615
Operating profit of consolidated subsidiaries excluded from reporting segments	3,176	22,012
Provision for general allowance for credit losses	(34,640)	1,284
Credit related expenses	(646,764)	(478,742)
Gains on reversal of reserve for contingent losses included in credit costs	11,551	—
Gains on loans written-off	71,721	75,872
Net gains on equity securities and other securities	218,639	285,362
Equity in earnings of the equity method investees	36,824	39,203
Amortization of net unrecognized actuarial gain or loss	42,299	38,390
Gain on cancellation of sleeping deposit accounts	140	44
Others	(634,096)	(72,767)
Ordinary profit in the consolidated statement of income	¥ 286,969	¥ 1,350,277

Notes:

1. “Credit-related expenses” includes write-offs of loans and provision of specific allowance for credit losses.
2. “Net 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. In connection with the planned sale of the shares in MUB, an aggregate of ¥952,590 million of losses was recognized for the fiscal year ended March 31, 2023, primarily in accordance with ASC Topic 326, “Financial Instruments—Credit losses,” and ASC Topic 310, “Receivables.” These losses consist mainly of ¥555,421 million of valuation losses related to securities held for sale, which are included in “Others”, and ¥400,511 million of valuation losses related to loans held for sale, which are included in “Credit related expenses.”



## II. Related information

For the fiscal year ended March 31, 2023

### (1) Information by type of service

Omitted because it is similar to the above-explained reporting segment information.

### (2) Geographical information

#### (a) Ordinary income

(in millions of yen)								
For the 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	

#### (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

(in millions of yen)								
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		

### (3) Information by major customer

None.

For the fiscal year ended March 31, 2024

### (1) Information by type of service

Omitted because it is similar to the above-explained reporting segment information.

### (2) Geographical information

#### (a) Ordinary income

(in millions of yen)								
For the fiscal year ended March 31, 2024								
Japan	USA	North America (except for USA)	Latin America	Europe/Middle East	Thailand	Asia/Oceania (except for Thailand)	Total	
¥ 2,973,701	¥ 2,239,581	¥ 82,763	¥ 105,194	¥ 765,146	¥ 790,809	¥ 1,527,508	¥ 8,484,706	

#### (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

(in millions of yen)								
March 31, 2024								
Japan	North America	Latin America	Europe/Middle East	Thailand	Asia/Oceania (except for Thailand)	Total		
¥ 670,701	¥ 52,791	¥ 398	¥ 5,989	¥ 107,658	¥ 67,259	¥ 904,799		

### (3) Information by major customer

None.

### III. Information on impairment losses on fixed assets by reporting segment

For the fiscal year ended March 31, 2023

(in millions of yen)

	For the 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
Impairment losses	¥ 2,037	¥ 2,200	¥ 22	¥ 0	¥ 6	¥ 4,267	¥ 7	¥ 767	¥ 5,043

(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 for the fiscal years ended March 31, 2023.

For the fiscal year ended March 31, 2024

(in millions of yen)

	For the fiscal year ended March 31, 2024								
	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 losses	¥ 1,059	¥ 1,074	¥ 3,110	¥ 0	¥ 7,236	¥ 12,481	¥ 1,772	¥ 242	¥ 14,496

(Note)

Impairment loss on fixed assets of the Bank's subsidiaries is not allocated to the reportable segments. The impairment loss was ¥9,563 million for the fiscal years ended March 31, 2024.

### IV. Information on amortization and unamortized balance of goodwill by reporting segment

For the fiscal year ended March 31, 2023

(in millions of yen)

	For the 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
Amortization	¥ 30	¥ 260	¥ —	¥ 3,418	¥ 3,842	¥ 7,551	¥ —	¥ —	¥ 7,551
Unamortized balance at period end	—	978	—	14,070	39,645	54,694	—	—	54,694

For the fiscal year ended March 31, 2024

(in millions of yen)

	For the fiscal year ended March 31, 2024								
	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	¥ 630	¥ 260	¥ —	¥ 3,935	¥ 3,652	¥ 8,479	¥ —	¥ —	¥ 8,479
Unamortized balance at period end	11,978	717	—	94,461	38,405	145,562	—	—	145,562

### V. Information on gains on negative goodwill by reporting segment

None.

## VI. Related-party transactions

### (1) Transactions between the Bank and its related parties

#### (a) Parent company and major shareholders (limited to companies and others)

For the 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.

For the fiscal year ended March 31, 2024

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)	¥ 466,456 331,536	Borrowed money Other liabilities	¥12,347,545 (Note 2) 73,898

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 2024.

#### (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 2024.

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

For the 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.

For the fiscal year ended March 31, 2024

Type	Name	Occupation	Ownerships	Relationship	Transactions	Transaction amount (Millions of Yen)	Account	Outstanding balance (Millions of Yen)
Parent's director's relative	Takayuki Kondo	—	None	Relative of director of the Bank's parent	Loans (Note 1) Receipt of interest (Note 1)	¥ — 0	Loans and bills discounted Other assets	¥ 166 0
Company, in which a majority of the voting rights is owned by directors/audit & supervisory board members and their close relatives	Yamauchi Metal Supply Co.Ltd. (Note 2)	Non-ferrous metal wholesale business	None	Loans or others	Overdraft facility (Repayment) (Note 3)	¥ 500	Loans and bills discounted	¥ —

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 26-30 years.
2. Relative of director of the Bank hold 69% of the ownership.
3. The terms and conditions of the contract are determined considering the market trends. The contract term and the amount are 1 year and 500 million yen.

(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 2024.

(b) Unconsolidated subsidiaries and affiliates

There were no applicable transactions to be reported for the fiscal years ended March 31, 2023 and 2024.

(c) Companies that are owned by the same parent company as the Bank ("sister company") and the Bank's other affiliates' subsidiaries

For the 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.

For the fiscal year ended March 31, 2024

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 shareholders (limited to individual shareholders)

There were no applicable transactions to be reported for the fiscal years ended March 31, 2023 and 2024.

VII. Information on the parent company or significant equity method investees

(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 2024.

## 19. Per Share Information

I. Total equity per common share and the bases for the calculation for the periods indicated were as follows:

	(in yen)	
	As of March 31, 2023	As of March 31, 2024
Total equity per common share	¥ 951.87	¥ 1,074.40
(The basis for the calculation)	(in millions of yen)	
	As of March 31, 2023	As of March 31, 2024
Total equity	¥ 12,258,588	¥ 13,804,238
Deductions from total equity:		
Subscription rights to shares	—	0
Non-controlling interests	502,941	535,243
Total equity attributable to common shares	¥ 11,755,646	¥ 13,268,994
	(in thousands)	
	As of March 31, 2023	As of March 31, 2024
Number of common shares at period end used for the calculation of total equity per common share	12,350,038	12,350,038

II. Basic earnings per common share and diluted earnings per common share and the bases for the calculation for the periods indicated were as follows:

	(in yen)	
	As of March 31, 2023	As of March 31, 2024
Basic earnings per common share	¥ 48.74	¥ 76.49
(The basis for the calculation)	(in millions of yen)	
	As of March 31, 2023	As of March 31, 2024
Net (loss) income attributable to the shareholders of the Bank	¥ 602,034	¥ 944,728
Net (loss) income attributable to the shareholders of the Bank related to common shares	¥ 602,034	¥ 944,728
	(in thousands)	
	As of March 31, 2023	As of March 31, 2024
Average number of common shares during the periods	12,350,038	12,350,038
	(in yen)	
	As of March 31, 2023	As of March 31, 2024
Diluted earnings per common share	48.74	76.49
(The basis for the calculation)	(in millions of yen)	
	As of March 31, 2023	As of March 31, 2024
Adjustments to profits attributable to owners of parent	¥ (19)	¥ (35)

## 20. Subsequent Events

None.

## 21. Bonds Payable

Bonds payable as of March 31, 2023 and 2024 consisted of the following:

		(in millions of yen)				
Description	Issued	2023	2024	Coupon rate (%)	Secured or unsecured	Due
<b>The Bank:</b>						
Straight bonds payable in yen	Apr. 2007 to Jul. 2014	¥ 37,400 [20,200]	¥ 17,200 [8,900]	0.63-2.34	Unsecured	Apr. 2023 to Apr. 2027
Senior bonds payable in US\$	Sep. 2013 to Mar. 2015	353,263 (USD 2,646 million)	211,903 (USD 1,400 million)	3.05-4.70	Unsecured	Sep. 2023 to Mar. 2044
Euro senior bonds payable in US\$	May 2015 to Mar. 2022	[166,437] 711,069 (USD 5,325 million)	[151,448] 838,122 (USD 5,535 million)	0.00	Unsecured	May 2045 to Mar. 2052
Euro senior bonds payable in Euro	Sep. 21,2018	6,557 (EUR 45 million)	7,345 (EUR 45 million)	4.19	Unsecured	Sep. 21,2033
Subordinated bonds payable in yen	Oct. 2009 to Jun. 2011	176,000	176,000	1.95-2.91	Unsecured	Nov. 2025 to Jan. 2031
<b>Subsidiaries*1:</b>						
Straight bonds payable	Mar. 2018 to Nov. 2023	561,675 (USD 3,092 million) (THB 27,865 million)(IDR 5,387,450 million)	308,713 (USD 620 million) (THB 35,900 million)(IDR 7,902,600 million)	0.00-9.50	*2	Feb. 2023 to Jun. 2030
Subordinated bonds payable	Aug. 1997 to Nov. 2022	[467,260] 283,719 (USD 58 million) (THB 60,826 million)	[115,641] 304,087 (USD 56 million) (THB 60,826 million)	0.24-12.62	Unsecured	Jun. 2027 to Mar. 2035
Total	—	¥ 2,129,686	¥ 1,863,371	—	—	—

(Notes)

- \*1 Subsidiaries include MUFG Americas Holdings Corporation, BTMU (Curacao) Holdings N.V., Bank of Ayudhya Public Company Limited, PT Bank Danamon Indonesia, Tbk., PT Mandala Multifinance Tbk. and others.
- \*2 13 issues of secured straight bonds issued by consolidated subsidiaries are included. All other issues are unsecured.
- “( )” represents the amounts expressed in the foreign currencies payable.
- “[ ]” represents the amounts expected to be redeemed within one year.
- Annual maturities of bonds payable as of March 31, 2024 were as follows:

Year ending March 31	(in millions of yen)
2025	¥ 277,780
2026	137,381
2027	75,060
2028	23,779
2029	20,709



## 22. Borrowed Money, Lease Liabilities and Commercial Paper

“Borrowed money,” “Lease liabilities” and “Commercial paper” as of March 31, 2023 and 2024 were as follows:

	(in millions of yen)	
	March 31, 2023	March 31, 2024
Borrowings from banks and other due 2023-2040 at 1.22% on average	¥ 33,614,592	¥ 35,561,966
Bills rediscounted	—	—
Total borrowed money	¥ 33,614,592	¥ 35,561,966
Lease liabilities due 2023-2036	42,187	51,665
Commercial paper at 5.43% on average	1,834,968	2,807,589

(Notes)

1. The interest rates above are calculated using the weighted-average method based on the interest rates and balances as of March 31. The average interest rate on lease liabilities is not presented above because finance lease liabilities are recorded in the accompanying consolidated balance sheets on the basis of the total amount of lease payments before deduction of interest in certain consolidated companies.
2. The borrowings above include perpetual subordinated borrowings without the repayment term.
3. The borrowings above include non-recourse debts of a consolidated special purpose entity.
4. Since the commercial banking business accepts deposits and raises and manages funds through the call loan and commercial paper markets in the ordinary course of business, this Note 22 shows details of Borrowed money included in Liabilities and Lease liabilities included in Other liabilities in the accompanying consolidated balance sheets.
5. “Commercial paper” is issued in the form of promissory notes as a funding operation.

Annual maturities of borrowings as of March 31, 2024 were as follows:

Year ending March 31	(in millions of yen)
2025	¥ 20,823,820
2026	3,848,900
2027	819,493
2028	2,507,712
2029	1,514,783

Annual maturities of lease liabilities as of March 31, 2024 were as follows:

Year ending March 31	(in millions of yen)
2025	¥ 11,468
2026	9,221
2027	7,703
2028	5,625
2029	4,326

## 23. Asset retirement obligations

Omitted because the amount of asset retirement obligations is not more than one hundredth of the total amount of liabilities and net assets at the beginning and the end of the current fiscal year.

## 24. Other

None.

## INDEPENDENT AUDITOR'S REPORT

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

### <Audit of Consolidated Financial Statements>

#### 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, 2024 and 2023, 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, 2024 and 2023, 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 four 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) Application of the cash flow estimation method to particular loans
- (3) Adjustments to loss rates calculated based on historical loss experience for future loss projections and other factors
- (4) Determination of the allowance for credit losses in overseas subsidiaries

The "(2) Application of the cash flow estimation method to particular loans" was identified as a

key audit matter in our audit of the consolidated financial statement of the current period, due to a high degree of estimation uncertainty and subjective judgments made by management as well as their impacts on the consolidated financial statements, which were caused by increase of the quantitative materiality of the loans to which MUFG Bank, Ltd. (the “Bank”) applying the method.

#### 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 ¥1,401.0 billion as of March 31, 2024. The Group's accounting policy for the allowance for credit losses was disclosed in “IV. Accounting policies— (6) Allowance for credit losses” in the Note “1. Significant Accounting Policies Applied to the Consolidated Financial Statements” and “Significant Accounting Estimates— I. Allowance for credit losses” in the Note “1. Significant Accounting Policies Applied 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, estimation of the future cash flows when applying the cash flow estimation method 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 ¥103,444.9 billion and ¥841.5 billion, respectively, on the consolidated balance sheet as of March 31, 2024. Such allowance for credit losses included ¥42.4 billion of adjustments to loss rates calculated based on historical loss experience for future loss projections and other factors.

Principal consolidated overseas banking subsidiaries adopt Accounting Standards Codification 326, Measurement of Credit Losses on Financial Instruments (hereinafter referred to as “CECL”) and calculate 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 ¥7,752.9 billion and ¥529.7 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. 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, including changes in global economic condition, inflation, monetary policy, and geopolitical situation, the estimates involve a high degree of uncertainty and subjective judgments made by management.

(2) Application of the cash flow estimation method to particular loans

The estimation of the future cash flows, which are significant factors in the calculation of allowance for credit losses based on the cash flow estimation method, is highly dependent on the estimation of borrowers' future performance and business sustainability. In particular, when the objective information is not readily available in estimating the collectability of loans to the borrowers rated as likely to become bankrupt who are deemed to have a high possibility of becoming bankrupt, the estimates involve a high degree of uncertainty and subjective judgments made by management.

(3) 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 "Significant Accounting Estimates— I. Allowance for credit losses" in the Note "1. Significant Accounting Policies Applied to the Consolidated Financial Statements" are made when and to the extent such adjustments are necessary by considering any additional expected losses due to factors that are not captured by the loss rates calculated based on historical loss experience and other consideration factors. The adjustments to loss rates for future loss projections and other factors are made based on the assumption that the degree of uncertainty in estimating the collectability of loans is heightening due to the Russia-Ukraine situation. The adjustments to loss rates for future loss projections and other factors involve a higher estimation uncertainty and subjective judgments made by management as they require the assumption regarding future economic conditions for which objective information is not readily available. In addition, there is a risk that subjective judgments are made by management in determining the estimation method to be adopted.

(4) 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 certain macroeconomic variables related to the multiple economic forecast scenarios and the weightings given to each economic forecast scenario, 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 changes in global economic condition, inflation, monetary policy, and geopolitical situation. In addition, the determination of the qualitative adjustments includes the estimation of the impact of inflation and temporary relief measure on the expected credit losses based on the quantitative model. Each determination is based on the estimation for which objective information is not readily available and involves 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 (4). 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 such significant judgments applied by management by comparing them with available relevant external information.

(2) Application of the cash flow estimation method to particular loans

- We tested the effectiveness of controls, including the review and approval of the future cash flow estimation 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 underlying borrower information.
- For particular loans classified as likely to become bankrupt whose future cash flow estimation is highly dependent on the estimation of future business performance and sustainability, we tested the appropriateness of the underlying borrower information to determine the future cash flows.
- We identified significant judgments applied by management in the estimation of the business performance and sustainability, and with the assistance of our credit specialists and valuation specialists, we tested such significant judgments applied by management by comparing them to available relevant external information.

(3) 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 them to available relevant external information.

#### (4) 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 certain macroeconomic variables in the multiple economic forecast scenarios, and the weightings given to each scenario
  - The review and approval of the qualitative adjustments
- 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 them to available relevant external information.

#### **Other Information**

Other information comprises the information included in the Group's disclosure documents accompanying the audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We determined that no such information existed and therefore, we did not perform any work thereon.

#### **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, actions taken to eliminate threats or safeguards applied.

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.

**<Fee-Related Information>**

Fees for audit and other services for the year ended March 31, 2024, which were charged by us and our network firms to the Bank and its subsidiaries were ¥5,113 million and ¥386 million, respectively.

**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  
Tokyo, Japan  
June 24, 2024

**Notes to the Reader of Independent Auditor's Report:**

This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and Deloitte Touche Tohmatsu LLC.