

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 20-F

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF  
THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended March 31, 2024

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from to

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934  
Date of event requiring this shell company report  
Commission file number 000-54189

KABUSHIKI KAISHA MITSUBISHI UFJ FINANCIAL GROUP

(Exact name of Registrant as specified in its charter)

MITSUBISHI UFJ FINANCIAL GROUP, INC.

(Translation of Registrant's name into English)

Japan

(Jurisdiction of incorporation or organization)

4-5, Marunouchi 1-chome

Chiyoda-ku, Tokyo 100-8330

Japan

(Address of principal executive offices)

Masahisa Takahashi, +81-3-3240-8111, usgaap\_reporting@mufg.jp, 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8212,  
Japan

(Name, Telephone, Email and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common stock, without par value		New York Stock Exchange (1)
American depository shares, each of which represents one share of common stock	MUFG	New York Stock Exchange

(1) The listing of the registrant's common stock on the New York Stock Exchange is for technical purposes only and without trading privileges.

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

As of March 31, 2024, 12,337,710,920 shares of common stock (including 610,482,347 shares of common stock held by the registrant and its consolidated subsidiaries as treasury stock)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes  No

Note—Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

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Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of “large accelerated filer,” “accelerated filer,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards<sup>†</sup> provided pursuant to Section 13(a) of the Exchange Act.

<sup>†</sup> The term “new or revised financial accounting standard” refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Yes  No

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP   International Financial Reporting Standards as issued by the International Accounting Standards Board  Other

If “Other” has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17  Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

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## EXPLANATORY NOTE

This annual report includes a restatement of our consolidated financial statements for the fiscal year ended March 31, 2023, which were included in our annual report on Form 20-F for the fiscal year ended March 31, 2023, filed with the U.S. Securities and Exchange Commission, or the SEC, on July 24, 2023. The restatement relates to a correction of an error related to the accounting treatment for the elimination of the three-month reporting lag in connection with our sale of MUFG Union Bank, N.A. that was completed on December 1, 2022.

Investors and other readers should rely only on the financial information and other related disclosures regarding the fiscal year ended March 31, 2023 in this annual report and in any other future filings with the SEC (as applicable) and should not rely on any previously issued or filed reports, press releases, presentations or similar communications containing financial information and other related disclosures regarding the same reporting period.

More specifically, prior to the sale of MUFG Union Bank, we treated the December 31 fiscal year end of MUFG Union Bank as coterminous with MUFG's fiscal year end of March 31 and consolidated the subsidiary on a three-month lag pursuant to ASC 810-10-45-12. Upon deconsolidation of MUFG Union Bank, the profit, loss and other comprehensive income for the three-month period preceding the sale date were not reflected on our consolidated statements of operations and comprehensive income but instead were recognized as direct adjustments to the retained earnings and accumulated other comprehensive income, respectively, as a reduction of the carrying value of MUFG Union Bank, as previously reported in our consolidated financial statements for the fiscal year ended March 31, 2023.

Subsequent to the issuance of our March 2023 financial statements, we received comments on the financial statements from the staff of the SEC. In response to these comments, we concluded that the carrying basis of MUFG Union Bank used in the deconsolidation, and resulting measurement of the gain on sale, should have been based on the amounts as of the date three months prior to the sale date. Correction of this error results in amounts previously recognized as direct adjustments to equity, including retained earnings of ¥223,273 million, net of tax, being recognized as reductions of the gain on sale.

This restatement does not affect our financial statements prepared in accordance with accounting principles generally accepted in Japan, or Japanese GAAP, and thus does not affect our regulatory capital and other ratios calculated based on Japanese GAAP information.

Management concluded that our internal control over financial reporting was not effective as of March 31, 2024, due to a material weakness which management identified relating to a deficiency in the design of an existing internal control over the review and approval of non-routine U.S. GAAP accounting treatment considerations, which led to the restatement. The error resulting in the restatement of our March 31, 2023 financial statements was identified after March 31, 2024 and, therefore, management concluded that our internal control over financial reporting was also not effective as of March 31, 2023 and that the material weakness remained unremediated as of March 31, 2024. In addition, due to the material weakness, our Chief Executive Officer, or CEO, and Chief Financial Officer, or CFO, concluded that our disclosure controls and procedures were not effective as of March 31, 2024 and 2023.

See Note 1A to our consolidated financial statements included in this annual report for details of the nature of the identified accounting error and "Item 15 Controls and Procedures" for the identified material weakness and our remediation measures to address the material weakness.

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For purposes of this Annual Report, we have presented our consolidated financial statements in accordance with accounting principles generally accepted in the United States, or U.S. GAAP, except for risk-adjusted capital ratios, capital components, risk-weighted assets, business segment financial information and some other specifically identified information.

In this Annual Report, unless otherwise indicated or the context otherwise requires, all figures are rounded to the figures shown except for the capital ratios, capital components, risk-weighted assets, leverage ratios, liquidity coverage ratios and net stable funding ratios of MUFG and its domestic subsidiaries, which are rounded down and truncated to the figures shown. In some cases, figures presented in tables are adjusted to match the sum of the figures with the total amount, and such figures are also referred to in the related text.

When we refer in this Annual Report to “MUFG,” “we,” “us,” “our” and the “Group,” we generally mean Mitsubishi UFJ Financial Group, Inc. and its consolidated subsidiaries, but from time to time as the context requires, we mean Mitsubishi UFJ Financial Group, Inc. as an individual legal entity. In addition, our “commercial banking subsidiaries” refers to MUFG Bank, Ltd. and, as the context requires, its consolidated subsidiaries engaged in the commercial banking business. Our “trust banking subsidiaries” refers to Mitsubishi UFJ Trust and Banking Corporation and, as the context requires, its consolidated subsidiaries engaged in the trust



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banking business. Our “banking subsidiaries” refers to MUFG Bank and Mitsubishi UFJ Trust and Banking and, as the context requires, their respective consolidated subsidiaries engaged in the banking business. Our “securities subsidiaries” refers to Mitsubishi UFJ Securities Holdings Co., Ltd., and, as the context requires, its consolidated subsidiaries engaged in the securities business.

References to “MUAH” are to MUFG Americas Holdings Corporation, as a single entity, as well as to MUFG Americas Holdings and its consolidated subsidiaries, as the context requires.

References to “Krungsri” are to Bank of Ayudhya Public Company Limited, as a single entity, as well as to Bank of Ayudhya Public Company Limited and its consolidated subsidiaries, as the context requires.

References to “Bank Danamon” are to PT Bank Danamon Indonesia, Tbk., as a single entity, as well as to PT Bank Danamon Indonesia, Tbk. and its consolidated subsidiaries, as the context requires.

References to “First Sentier Investors” are to First Sentier Investors Holdings Pty Ltd., as a single entity, as well as to First Sentier Investors Holdings Pty Ltd. and its consolidated subsidiaries, as the context requires.

References to the “FSA” are to the Financial Services Agency, an agency of the Cabinet Office of Japan.

Our fiscal year ends on March 31 of each year. References to years not specified as being fiscal years are to calendar years.

## Forward-Looking Statements

We may from time to time make written or oral forward-looking statements. Written forward-looking statements may appear in documents filed with, or submitted to, the U.S. Securities and Exchange Commission, or SEC, including this Annual Report, and other reports to shareholders and other communications.

The U.S. Private Securities Litigation Reform Act of 1995 provides a “safe harbor” for forward-looking information to encourage companies to provide prospective information about themselves. We rely on this safe harbor in making these forward-looking statements.

Forward-looking statements appear in a number of places in this Annual Report and include statements regarding our current intent, business plan, targets (including, but not limited to, our sustainability-related targets), belief or expectations or the current belief or current expectations of our management with respect to our results of operations and financial condition, including, among other matters, our problem loans and loan losses. In many, but not all cases, we use words such as “anticipate,” “aim,” “believe,” “estimate,” “expect,” “intend,” “plan,” “probability,” “risk,” “will,” “may” and similar expressions, as they relate to us or our management, to identify forward-looking statements. These statements reflect our current views with respect to future events and are subject to risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize or should underlying assumptions prove incorrect, actual results may vary materially from those which are aimed, anticipated, believed, estimated, expected, intended or planned, or otherwise stated.

Our forward-looking statements are not guarantees of future performance and involve risks and uncertainties. Actual results may differ from those in the forward-looking statements as a result of various factors. Important factors that could cause such differences include, without limitation,

- deterioration in economic conditions in Japan and around the world,
- external events, such as natural disasters and other health pandemics or epidemics, terrorism, and geopolitical and social conflicts,
- climate change and resulting physical damages and changes in the business environment,
- competitive pressures resulting from regulatory and market changes,
- failure to implement our business expansion strategy as planned and to manage new or expanded risks that entail such strategy, as well as incurrence of impairment or valuation losses on our acquired assets,
- negative developments relating to our strategic alliance with Morgan Stanley,
- failure to maintain our capital ratios and other regulatory ratios above minimum required levels,
- significant unexpected increases in credit costs,
- financial difficulties of other financial institutions that affect the overall banking environment and their borrowers,
- fluctuations in interest rates, foreign currency exchange rates and stock prices,
- reduction in our ability to access or maintain liquidity,
- inability to effectively remediate the identified material weakness in our internal control over financial reporting or otherwise maintain effective internal controls in the future,
- failure to address regulatory or public concerns or to meet market or industry rules or standards, customer protection requirements, or corporate behavior expectations,
- cyber-attacks and other information security threats,
- problems with the proper functioning and development of information, communications and transaction management systems,
- transactions with counterparties in countries designated by the U.S. Department of State as state sponsors of terrorism,
- changes in laws, regulations, rules, policies, accounting standards or methods, voluntary codes of practices, and interpretations,
- changes in the business and regulatory environment for consumer finance companies,
- damage to our reputation resulting from our failure to prevent or properly address negative perceptions held by customers, investors, regulators and the general public regarding us and our operations, and
- other risks and uncertainties discussed in “Item 3.D. Key Information—Risk Factors,” “Item 4.B. Information on the Company—Business Overview,” “Item 5. Operating and Financial Review and Prospects,” “Item 11. Quantitative and Qualitative Disclosures about Credit, Market and Other Risk” and elsewhere in this Annual Report.

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Given these and other risks and uncertainties, you are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of the filing of this Annual Report. We are under no obligation, and disclaim any obligation, to update or alter our forward-looking statements, whether as a result of new information, future events or otherwise unless required by law.

## PART I

### Item 1. Identity of Directors, Senior Management and Advisers.

Not applicable.

### Item 2. Offer Statistics and Expected Timetable.

Not applicable.

### Item 3. Key Information.

#### A. [Reserved]

#### B. Capitalization and Indebtedness

Not applicable.

#### C. Reasons for the Offer and Use of Proceeds

Not applicable.

#### D. Risk Factors

*Investing in our securities involves a high degree of risk. You should carefully consider the risks described in this section, which is intended to disclose all of the risks that we consider material based on the information currently available to us, as well as all the other information in this Annual Report, including our consolidated financial statements and related notes, “Item 5. Operating and Financial Review and Prospects,” “Item 11. Quantitative and Qualitative Disclosures about Credit, Market and Other Risk” and “Selected Statistical Data.”*

*Our business, operating results and financial condition could be materially and adversely affected by any of the factors discussed below. The trading price of our securities could decline due to any of these factors. This Annual Report also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those described in this section and elsewhere in this Annual Report. See “Forward-Looking Statements.”*

#### Risks Related to Our Business Environment

*Because a large portion of our assets as well as our business operations are in Japan, we may incur losses if economic conditions in Japan worsen.*

Our performance is particularly affected by the general economic conditions of Japan where we are headquartered and conduct a significant amount of our business. As of March 31, 2024, 64.8% of our total assets were related to Japanese domestic assets, including Japanese national government and Japanese government agency bonds, which accounted for 61.5% of our total investment securities portfolio and 9.7% of our total assets, respectively. Interest and non-interest income in Japan represented 38.3% of our total interest and non-interest income for the fiscal year ended March 31, 2024. Furthermore, as of March 31, 2024, our loans in Japan accounted for 55.1% of our total loans outstanding.

There is significant uncertainty surrounding Japan’s economy. For example, Japan’s fiscal health and sovereign creditworthiness may deteriorate if the Japanese government’s economic measures and the Bank of Japan’s monetary policies prove ineffective or result in negative consequences. If the prices of Japanese government bonds decline rapidly, resulting in an unexpectedly sudden increase in interest rates, our investment securities portfolio as well as our lending, borrowing, deposit-taking, trading and other operations may be negatively impacted. In addition, interest rates may suddenly increase if the Bank of Japan decides to further tighten its monetary policy, or if there is a change in market expectations relating to any such decision.

Instability in the Japanese stock market and foreign currency exchange rates, particularly between the Japanese yen and other major currencies, may also have an adverse impact on our asset and liability management as well as our results of operations. Various other factors, including international geopolitical conflicts, significant or prolonged inflationary or deflationary price trends, the decreasing and aging demographics in Japan, stagnation or deterioration of economic and market conditions in other countries, growing global competition and trade conflicts, may also have a material negative impact on the Japanese economy. For a detailed

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discussion on the business environment in Japan and abroad, see “Item 5. Operating and Financial Review and Prospects—Business Environment.”

Since our domestic loans in Japan accounted for a significant portion of our loan portfolio, deteriorating or stagnant economic conditions in Japan may cause adverse effects on our financial results, such as increases in credit costs, as the credit quality of our borrowers could deteriorate. Borrowers in particular industries may be adversely affected by disruptions in commodity supply chains, changes in economic behavior, trade restrictions and other consequences of geopolitical and geoeconomic conflicts, and other events that are beyond the control of those that are affected. Our domestic loan portfolio may also be adversely affected by interest rate fluctuations in Japan. For example, following the decision to end its negative interest rate policy in March 2024, the Bank of Japan may further tighten its monetary policy, resulting in higher interest rates in Japan. As a result, our borrowers may experience deterioration in their debt service capacity, and our credit costs may significantly increase. On the other hand, as the Bank of Japan has set its policy rate at 0% to 0.1% and continues to purchase Japanese government bonds in the market, the yield on many financial instruments and other market interest rates in Japan remains at low levels. If the Bank of Japan’s policy and measures are maintained for an extended period, or if the Bank of Japan’s policy rate is lowered from the current level, market interest rates may decline, and our interest rate spread on our domestic loan portfolio may narrow, reducing our net interest income.

### ***Our results of operations may be materially affected by deterioration of economic conditions in Japan and around the world.***

Economic conditions in Japan and around the world may deteriorate due to various factors such as changes in the monetary and fiscal policies in major jurisdictions and the fiscal condition of major countries, rapid and significant fluctuations in foreign exchange rates, global inflation and real estate market trends, and concerns and developments affecting financial institutions. Uncertainty over the Japanese and global economies still remains because of such other factors as concerns over political developments in the United States, concerns over the U.S.-China conflict, geopolitical instabilities and conflicts, interruptions in international supply chains and trade, and political turmoil in various regions around the world. As of March 31, 2024, based principally on the domicile of the obligors, assets related to the United States accounted for approximately 15.4% of our total assets, assets related to Asia and Oceania excluding Japan accounted for approximately 9.8% of our total assets, and assets related to Europe accounted for approximately 5.9% of our total assets.

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

### ***Our business operations are exposed to risks of natural disasters, terrorism, geopolitical conflicts and other disruptions caused by external events.***

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

For example, geopolitical conflicts often lead to the imposition of economic and financial sanctions against certain banks, companies and individuals by the governments of Japan, the United States, the European Union and other jurisdictions, resulting in increased complexity in our compliance and control environment. Geopolitical tensions also often lead to increased risk of cyber-attacks or other threats to the global financial systems. Geopolitical conflicts and tensions may hamper our ability to manage such complexity or risk and may result in significant financial, reputational and other losses.

As with other Japanese companies, we are exposed to heightened risks of large-scale natural disasters, particularly earthquakes. If a large-scale earthquake occurs in areas where our business function is concentrated, such as the Tokyo metropolitan area, or where

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the facilities, systems, networks and other infrastructure critical to our operations are located, our financial position and business results could be adversely affected.

Our risk management policies and procedures may be insufficient to address the consequences of these external events, resulting in our inability to continue to operate a part or the whole of our business. In addition, our redundancy and backup measures and other measures to strengthen our operational resilience may not be sufficient to avoid a material disruption in our operations, and our business continuity framework and contingency plans may not address all eventualities that may occur in the event of a material disruption caused by a large-scale natural disaster.

### ***Climate change could have a material adverse impact on us and our clients.***

We are exposed to risks of physical impacts of climate change and risks arising from the process of transitioning to a less carbon-dependent economy. Climate change-related physical risks include increased severity and frequency of adverse weather events, such as extreme storms and flooding, and longer-term shifts in climate patterns, such as rising temperatures and sea levels and changes in precipitation amount and distribution. Such physical risks may have adverse impacts on us, both directly on our business operations and as a result of impacts on our borrowers and counterparties, such as declines in the value of loans, investments, real estate and other assets, disruptions in business operations and economic activity, including supply chains, changes in prices of raw materials, commodities and energy, and market volatility.

Transition risks include changes in regulations, market preferences and technologies toward a less carbon-dependent economy. The possible adverse impacts of transition risks include asset devaluations, increased operational and compliance costs, and an inability to meet regulatory or market expectations. For example, various jurisdictions in which we operate, including Japan, the United States including several states, and the European Union, have adopted or are considering adoption of disclosure and financial reporting requirements, which vary in scope and other respects. Such regulatory requirements and stakeholder expectations may result in increased regulatory compliance and litigation risks and costs. We and our borrowers and counterparties may also be unable to adapt product and service offerings, loan and investment portfolio management approaches, governance frameworks and practices, or other ways in which we conduct our business and manage our capital and risk profile to changes occurring in the course of transitioning to a less carbon-dependent economy. These adverse impacts or perceptions or expectations of such impacts may result in deterioration in the profitability, financial health, creditworthiness or capital adequacy of affected businesses, including us.

Because the timing and nature of climate change events and regulatory and market changes in reaction to them may be difficult or impossible to predict, our risk management strategies may not be effective in mitigating climate change-related risk exposure. Regulatory and market expectations regarding climate change continue to evolve rapidly and generate conflicting views and approaches and may further develop in ways that diverge from our expectations or vary from market to market. The methodologies and data used to monitor and manage climate change-related risks also continue to evolve and currently utilize information and estimates derived from information or factors that are currently available which may be revised or replaced. In light of these and other developments and uncertainties, we expect that climate change-related risks will increase over time.

We have defined and disclosed our aspirational goals and other information relating to climate change based on the standards that have been adopted by us or are applicable to us. Such goals may prove to be considerably more costly or difficult than currently expected, or even impossible, to achieve, particularly given the high degree of uncertainties surrounding climate change. Uncertainties may further increase depending on the nature and extent of the involvement, cooperation or reaction of our borrowers, counterparties and business partners as well as industry groups, governmental organizations and other stakeholders in or to our efforts to achieve such goals. In addition, if our risk assessment and disclosure relating to climate change that we make and plan to enhance with the intent to be aligned with the recommendations of the Task Force on Climate-related Financial Disclosures, or TCFD, and other standards are deemed insufficient, if our measures designed to combat climate change or facilitate the transition to a less carbon-dependent economy do not proceed as planned, if our climate change-related risk management proves not to be as effective as expected, if we fail, or are deemed to have failed, to comply with regulatory requirements relating to climate change, including risk management, capital adequacy and disclosure requirements and standards, or if, as a result of any of the foregoing, we are considered to be failing to fulfill our responsibility to society, then our corporate value may be impaired and our business, financial condition and results of operations may be adversely affected.

### **Risks Related to Our Strategies and Our Major Investees**

***Our business may be adversely affected by competitive pressures, which have partly increased due to regulatory changes and recent market changes in the financial industry domestically and globally.***

Competition in the financial services industry may further intensify due to the increase in the number of non-financial institutions entering the financial services industry with alternative services such as electronic settlement services as a result of development of new technologies as well as significant changes in regulatory barriers. Competition may also further increase as other

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global financial institutions enhance their competitive strength through development or adoption of such new technologies as well as mergers, acquisitions, strategic alliances, and profit enhancement and other measures.

Under such circumstances, although we have been implementing various business strategies on a global basis designed to strengthen our competitive position and profitability, our business, financial condition and results of operations may be adversely affected if these strategies fail to produce the results we expect or if we are required to delay or otherwise change these strategies. Our competitiveness may decline because of various factors, including where:

- the volume of loans made to borrowers cannot be maintained or does not increase as anticipated;
- our income from interest spreads on loans does not improve as anticipated;
- the fair value of our financial assets fluctuate to a larger extent than anticipated;
- our fee income does not increase as much or quickly as we aim to do;
- our strategy to build a business infrastructure for new services and products through digital transformation, use of new technologies or otherwise does not proceed as planned;
- clients and business opportunities are lost, or costs and expenses significantly exceed our expectations, as a result of the ongoing or planned strategies to streamline our business portfolio, to integrate our systems, or to improve financial and operational efficiency not being achieved as expected;
- we are unable to hire or retain sufficient human resources;
- our foreign currency funding becomes limited or unavailable;
- we are restricted in agility or flexibility in investing in non-financial institutions under applicable laws and regulations in and outside of Japan; and
- rapid and significant deposit outflows caused by deteriorated customer confidence in our financial health or market confidence in the financial industry result in a lack of liquidity.

***Our strategy to expand the range of our financial products and services and the geographic scope of our business globally may fail if we are unable to anticipate or manage new or expanded risks that entail such global expansion.***

As we expand our business operations and operate our business as a global financial institution, we may become exposed to new and increasingly complex risks associated therewith. We may not be able to establish appropriate internal controls or risk management systems or to hire or retain necessary human resources to effectively deal with compliance, regulatory, market and other risks entailing the expanded scope of our operations, products and services, including adoption or integration of new technologies, in all cases and, as a consequence, our financial condition and results of operations may be adversely affected.

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

If the goodwill recorded in connection with our acquisitions becomes impaired, we may be required to record impairment losses, which may adversely affect our financial results. We record the excess of the purchase price over the fair value of the assets and liabilities of the acquired companies as goodwill. As of March 31, 2024, the total balance of goodwill was ¥490.3 billion. U.S. GAAP requires us to test goodwill for impairment at least annually, or more frequently if events or changes in circumstances indicate that goodwill may be impaired. For further information, see Note 6 to our consolidated financial statements.

Our efforts to offer new products and services or penetrate new markets may not succeed due to any of the foregoing reasons or other reasons, including if product or market opportunities develop more slowly than expected, if our new products and services are not well accepted among customers, if the profitability of opportunities is undermined by competitive pressures, regulatory limitations or changes in our business environment, if our planned acquisitions, investments or capital alliances are not approved by regulators or



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do not proceed as planned, or if our acquisitions, investments or capital alliances fail to achieve the synergies or other results that we expect.

### ***If our strategic alliance with Morgan Stanley fails, we could suffer financial or reputational loss.***

We have a global strategic alliance with Morgan Stanley, under which we operate two joint venture securities companies in Japan, engage in joint corporate finance operations in the United States and pursue other cooperative opportunities. We hold approximately 23.2% of the voting rights in Morgan Stanley as of March 31, 2024 and continue to hold approximately \$521.4 million of perpetual non-cumulative non-convertible preferred stock with a 10% dividend. In addition, we currently have two representatives on Morgan Stanley's board of directors. We maintain this strategic alliance with a view towards long-term cooperation with Morgan Stanley, and plan to deepen the strategic alliance. However, due to any unexpected changes in social, economic, market or financial conditions, changes in the regulatory environment, or any failure to integrate or share staff, products or services, or to operate, manage or implement the business strategy of the joint venture securities companies or other cooperative opportunities as planned, we may be unable to achieve the expected synergies from this alliance.

If our strategic alliance with Morgan Stanley is terminated, it could have a material negative impact on our business strategy, financial condition and results of operations. For example, because we conduct our securities operations in Japan through the joint venture companies we have with Morgan Stanley, such termination may result in our inability to attain the planned growth in this line of business.

In addition, with our current investment in Morgan Stanley, we have neither a controlling interest in, nor control over the business operations of, Morgan Stanley. If Morgan Stanley makes any business decisions that are inconsistent with our interests, we may be unable to achieve the goals set out for the strategic alliance. Furthermore, although we do not control Morgan Stanley, given the magnitude of our investment, if Morgan Stanley encounters financial or other business difficulties due to adverse changes in the economy, regulatory environment or other factors, we may suffer a financial loss on our investment or damage to our reputation.

We apply equity method accounting to our investment in Morgan Stanley in our consolidated financial statements. As a result, Morgan Stanley's performance affects our results of operations, and Morgan Stanley has contributed to a significant portion of our net income and revenue in recent periods. Rule 3-09 of Regulation S-X requires Morgan Stanley's financial statements to be included in this Annual Report. In addition, fluctuations in Morgan Stanley's stock price or in our equity ownership interest in Morgan Stanley may cause us to recognize losses on our investment in Morgan Stanley.

## **Risks Related to Our Ability to Meet Regulatory Capital Requirements**

***We may not be able to maintain our capital ratios and other regulatory ratios above minimum required levels, which could result in various regulatory actions, including the suspension of some or all of our operations.***

We, as a holding company, and our Japanese banking subsidiaries are required to maintain risk-weighted capital ratios and leverage ratios above the levels specified in the guidelines adopted by the FSA to implement the Basel III framework. As of March 31, 2024, our total risk-adjusted capital ratio was 17.82% compared to the minimum risk-adjusted capital ratio required of 12.16%, our Tier 1 capital ratio was 15.72% compared to the minimum Tier 1 capital ratio required of 10.16%, and our Common Equity Tier 1 capital ratio was 13.53% compared to the minimum Common Equity Tier 1 capital ratio required of 8.66%, each including a capital conservation buffer of 2.5%, a G-SIB surcharge of 1.5% and a countercyclical buffer of 0.16%. As of the same date, our leverage ratio was 5.19% compared to the minimum leverage ratio required of 3.75%, which is the sum of a minimum leverage ratio requirement at 3.00% plus a leverage ratio buffer set at 50% of the G-SIB surcharge. From April 1, 2024, the applicable minimum leverage ratio requirement is 3.15%, and the applicable leverage ratio buffer requirement is set at 50% of a G-SIB surcharge plus an additional 0.05%, while deposits with the Bank of Japan currently remain excluded from the leverage exposure for the purpose of the calculation of the leverage ratio in light of exceptional macroeconomic conditions and other circumstances. Basel III risk measurement reforms became applicable to us on, and are being phased in from, March 31, 2024. Our capital and leverage ratios are calculated in accordance with Japanese banking regulations based on information derived from our financial statements prepared in accordance with Japanese GAAP.

The Financial Stability Board has identified us as one of G-SIBs. The banks that are included in the list of G-SIBs are subject to a capital surcharge to varying degrees depending on the bucket to which each bank is allocated. As the list of G-SIBs is expected to be updated annually, we may be required to meet stricter capital ratio requirements.

If our or our Japanese banking subsidiaries' capital ratios or leverage ratios fall below the required levels, including various capital buffers or a leverage buffer, the FSA may require us to take a variety of corrective actions, including abstention from making capital distributions, such as dividends, share buybacks, interest payments on, and redemption and repurchase of, Additional Tier 1 capital instruments and bonus payments, and suspension of our business operations. In addition, some of our banking subsidiaries are subject to the local capital adequacy ratio and other regulatory ratio requirements of various foreign countries, and if their ratios fall below the required levels, the local regulators will require them to take a variety of corrective actions.

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

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

We are also subject to the FSA's regulations requiring G-SIBs in Japan to maintain certain minimum levels of capital and liabilities that are deemed to have loss-absorbing and recapitalization capacity, or External TLAC, and allocate a certain minimum level of External TLAC to any material subsidiary within their respective groups of companies, or Internal TLAC. As of March 31, 2024, we maintained 25.06% of External TLAC on a risk-weighted assets basis compared to the required minimum ratio of 18.00% and 9.65% of External TLAC on a total exposure basis compared to the required minimum ratio of 6.75%. The required minimum ratio of External TLAC on a total exposure basis is 7.10% from April 1, 2024, while deposits with the Bank of Japan currently remain excluded from the total exposure for the purpose of the calculation of the External TLAC ratio in light of exceptional macroeconomic conditions and other circumstances. Within the MUFG Group, MUFG Bank, Mitsubishi UFJ Trust and Banking and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. are designated as our material subsidiaries. We may become subject to various regulatory actions, including restrictions on capital distributions, if we are unable to maintain our External TLAC ratios or the amount of Internal TLAC allocated to any of our material subsidiaries in Japan above the minimum levels required by the standards imposed by the FSA, or if the capital buffers are used and reduced below the required level to make up for our required External TLAC ratio on a risk-weighted assets basis. Our External TLAC ratios and the amount of our Internal TLAC are affected by various factors that affect our capital ratios and leverage ratios described above. Although we plan to issue TLAC-qualified debt in an effort to meet the minimum required levels of External TLAC ratios and Internal TLAC amounts, we may fail to do so if we are unable to issue or refinance TLAC-qualified debt as planned.

For a discussion of the applicable regulatory guidelines and our capital ratios, see "Item 4.B. Information on the Company—Business Overview—Supervision and Regulation" and "Item 5.B. Operating and Financial Review and Prospects—Liquidity and Capital Resources—Capital Adequacy."

***Fluctuations in foreign currency exchange rates may result in transaction losses on translation of monetary assets and liabilities denominated in foreign currencies as well as foreign currency translation losses with respect to our foreign subsidiaries and equity method investees.***

Fluctuations in foreign currency exchange rates against the Japanese yen create transaction gains or losses on the translation into Japanese yen of monetary assets and liabilities denominated in foreign currencies. To the extent that our foreign currency-denominated assets and liabilities are not matched in the same currency or appropriately hedged, we could incur losses due to future foreign exchange rate fluctuations. During the fiscal year ended March 31, 2024, the average balance of our foreign interest-earning assets was ¥115,100.9 billion and the average balance of our foreign interest-bearing liabilities was ¥78,344.3 billion, representing 39.2% of our average total interest-earning assets and 26.1% of our average total interest-bearing liabilities during the same period. Due to foreign currency exchange rate fluctuations, we may incur losses attributable to net transaction losses on the translation into Japanese yen of monetary assets and liabilities denominated in foreign currencies, net losses on currency derivative instruments entered into for trading purposes, and net losses on translation into Japanese yen of securities accounted for under the fair value option. In addition, we may incur foreign currency translation losses with respect to our foreign subsidiaries and equity method investees due to fluctuations in foreign currency exchange rates. For a discussion on foreign currency translation impacts on our financial statements, see "Item 5.A. Operating and Financial Review and Prospects—Operating Results—Effect of Change in Exchange Rates on Foreign Currency Translation."

### **Credit Risk**

***We may suffer additional credit-related losses in the future if our borrowers are unable to repay their loans as expected or if the measures we take in reaction to, or in anticipation of, our borrowers' deteriorating repayment abilities prove inappropriate or insufficient.***

If the economic conditions in Japan or other parts of the world, including emerging countries, or in particular industries, including the real estate industry, to which we have significant credit risk exposure, worsen, or if climate change, geopolitical conflicts, fluctuations

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in commodity, real estate or stock prices or in interest or foreign exchange rates, changes in the competitive environment or other developments adversely affect global or local economic conditions or particular industries or borrowers, our problem loans and credit-related expenses and losses may increase. An increase in problem loans and credit-related expenses and losses would adversely affect our results of operations, weaken our financial condition and erode our capital base.

We may provide additional loans, equity capital or other forms of support to troubled borrowers in order to facilitate their restructuring and revitalization efforts. We may also forbear from exercising some or all of our rights as a creditor against them, and we may forgive loans to them in conjunction with their debt restructurings. We may take these steps even when such steps might not be warranted from the perspective of our short-term or narrow economic interests or a technical analysis of our legal rights against those borrowers, in light of other factors such as our longer-term economic interests and our commitment to supporting the Japanese economy. These practices may substantially increase our exposure to troubled borrowers and increase our losses. Credit losses may also increase if we elect, or are forced by economic or other considerations, to sell or write off our problem loans at a larger discount, in a larger amount or in a different time or manner, than we may otherwise want.

Our loan losses could prove to be materially different from our estimates and could materially exceed our current allowance for credit losses, in which case we may need to provide for additional allowance for credit losses and may also record credit losses beyond our allowance. Our allowance for credit losses in our loan portfolio is based on evaluations of customers' creditworthiness and the value of collateral we hold as well as macroeconomic trends. While we closely observe conditions of our individual borrowers and industry and macroeconomic trends, if we need to provide for additional allowance for credit losses, or the value or liquidity of collateral declines, due to deterioration in domestic and global economic conditions, commodity price fluctuations or other conditions specific to certain borrowers, we may incur significant credit losses.

Also, the regulatory standards or guidance on establishing allowances may also change, causing us to change some of the evaluations used in determining the allowances. As a result, we may need to provide for additional allowance for credit losses.

Our efforts to diversify our portfolio to avoid any concentration of credit risk exposures to particular industries or counterparties may prove insufficient. For example, our credit exposures to the real estate industry are relatively high in comparison to other industries. The credit quality of borrowers in such industry does not necessarily correspond to general economic conditions in Japan or other parts of the world, and adverse developments in the real estate market may disproportionately increase our credit losses.

***We may incur further losses as a result of financial difficulties relating to other financial institutions, both directly and through the effect they may have on the overall banking environment and on their borrowers.***

Declining asset quality and other financial problems may exist, arise or worsen at some domestic and foreign financial institutions, including banks, non-bank lending and credit institutions, securities companies and insurance companies. Such problems recently manifested in a series of high-profile failures of financial institutions in the United States and Europe. Financial difficulties relating to financial institutions may not only lead to liquidity and insolvency problems for such financial institutions but also result in systemic problems adversely affecting the financial market and the wider economy. Financial difficulties relating to financial institutions could adversely affect us because we have extended loans, some of which may need to be classified as impaired loans, to banks, securities companies, insurance companies and other financial institutions that are not our consolidated subsidiaries. Our loans to banks and other financial institutions have been more than 10% of our total loans as of each year-end in the three fiscal years ended March 31, 2024, with the percentage being 20.4% as of March 31, 2024. We may also be adversely affected because we enter into transactions, such as derivative transactions, in the ordinary course of business, with other banks and financial institutions as counterparties. For example, we enter into credit derivatives with banks, broker-dealers, insurance companies and other financial institutions for managing credit risk exposures, for facilitating client transactions, and for proprietary trading purposes. In addition, we may be adversely affected because:

- we are shareholders of financial institutions;
- financial institutions that face difficulties may terminate or reduce financial support to borrowers, putting such borrowers under financial stress and causing our loans to such borrowers to be impaired;
- we may be requested to participate in providing support to distressed financial institutions;
- the government may elect to provide regulatory, tax, funding or other benefits to financial institutions under its supervision or control to strengthen their capital or increase their profitability or for other purposes, causing our competitiveness against such financial institutions to weaken;
- our deposit insurance premiums may rise if deposit insurance funds prove to be inadequate;
- bankruptcies or government control or other intervention of financial institutions may generally undermine the confidence of depositors and investors in, or adversely affect the overall business environment for, financial institutions; and
- negative media coverage of the financial industry or system, regardless of its accuracy and applicability to us, may harm our reputation as well as market confidence in the financial industry and system.

## **Risk Relating to Our Strategic Equity Portfolio**

*If the Japanese stock market or other global markets decline in the future, we may incur losses on our securities portfolio and our capital ratios will be adversely affected.*

Our strategic equity investments in Japan, which account for a vast majority of our total domestic marketable equity securities, were approximately ¥5.0 trillion as of March 31, 2024. A decline in stock prices adversely affects the value of our equity portfolio and may also reduce our regulatory capital ratios because unrealized gains and losses on the equity securities we hold are reflected in the calculation of such ratios. Weakening or stagnant economic conditions in Japan, the United States, China, the Eurozone and Asian countries may have a significant negative impact on Japanese companies, which in turn will cause their stock prices to decline. Japanese stock prices may fluctuate significantly and negatively in future periods, as the global economy remains volatile and investors continue to observe the changes in economic, monetary and trade policies mainly in these countries and regions. Concerns over the impact of geopolitical tensions and conflicts in various parts of the world on Japanese companies may also adversely affect stock prices in Japan. In addition, the global trend towards further reduction in risk assets could result in lower stock prices.

### **Market Risk**

*Fluctuations in interest rates, foreign currency exchange rates and stock prices could adversely affect the value or the yield of our portfolio.*

We undertake extensive financial market operations involving a variety of financial instruments, including derivatives, and hold large volumes of such financial instruments. As a result, our financial condition and results of operations are subject to the risks relating to these operations and holdings. The primary risks are fluctuations in interest rates, foreign currency exchange rates and stock prices in and outside of Japan. As of March 31, 2024, approximately 22.4% of our total assets were financial instruments which we measure at fair value. The aggregate carrying amount of the Japanese government and corporate bonds and foreign bonds, including U.S. Treasury bonds, that we held as of March 31, 2024 was 10.8% of our total assets. In particular, the Japanese national government and Japanese government agency bonds accounted for 9.7% of our total assets as of March 31, 2024. If market interest rates decline due to such factors as changes in the monetary policies of central banks in various jurisdictions, the yield on the Japanese government bonds and foreign government bonds that we hold may also decline. Furthermore, if short-term interest rates rise to a larger extent than long-term interest rates, our net interest income may be adversely affected as banks, including us, generally pay interest on deposits based on short-term interest rates and earn income on loans based on long-term interest rates. In March 2024, the Bank of Japan ended its negative interest rate policy and set its policy rate around 0% to 0.1%, while the central banks in the United States and other major jurisdictions have maintained high interest rates in response to the ongoing inflation or have begun to reduce interest rates. If interest rates in and outside of Japan rise, we may incur significant losses on sales of, and valuation losses on, our bond portfolio, and our debt funding costs may also increase significantly.

Appreciation of the Japanese yen against the U.S. dollar and other major currencies causes the yen-converted value of our foreign currency-denominated investments to decline and may cause us to recognize significant losses on sales of, or valuation losses on, such investments in our financial statements. Furthermore, if stock prices decline, and the value of marketable equity securities and trading account securities that we hold also declines, we may incur significant losses on sales of, and valuation losses on, our equity securities and trading account securities portfolios. In addition, the derivative financial instruments in our trading portfolio may cause us to record significant gains or losses, when sold or marked to market, and may fluctuate from period to period due to numerous factors that are beyond our control, including interest rate levels, foreign currency exchange rates, stock price fluctuations, the credit risk of our counterparties, and general market volatility. Our assessment and management of market risks, including those related to fluctuations in interest rates, foreign currency exchange rates and securities prices, may prove insufficient and, as a result, our actual losses in the future may exceed our estimated market risk exposure.

### **Funding Liquidity Risk**

*Deterioration in market liquidity or other external circumstances or an actual or perceived decline in our creditworthiness could negatively affect our ability to access and maintain liquidity.*

Our liquidity may be impaired by factors such as an inability to raise funding in financial markets, an increase in our funding costs, unexpected increases in cash or collateral requirements, an inability to sell assets or enter into or settle other transactions as planned or needed, and an inability to attract or retain deposits. These situations may arise due to circumstances which we may be unable to control but which have occurred in the past, including market or economic disruptions, financial system instability, and a downgrade in our credit ratings, or circumstances specific to us, including an actual or perceived decline in our creditworthiness. Insufficient liquidity may have a material adverse impact on our business, operating results and financial condition.

Assuming all of the relevant credit rating agencies downgraded the credit ratings of MUFG, MUFG Bank, Mitsubishi UFJ Trust and Banking and Mitsubishi UFJ Securities Holdings as of March 31, 2024 by one-notch on the same date, we estimate that MUFG and its three main subsidiaries would have been required to provide approximately ¥47.2 billion of additional collateral postings under



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their derivative contracts. Assuming a two-notch downgrade by all of the same credit rating agencies occurring on the same date, we estimate that the additional collateral postings for the same MUFG group companies under their derivative contracts would have been approximately ¥97.4 billion.

Rating agencies regularly evaluate us and our major subsidiaries as well as our and their respective debt securities. Their ratings are based on a number of factors, including their assessment of the relative financial strength of MUFG or of the relevant subsidiary, as well as conditions generally affecting the financial services industry in Japan or on a global basis, some of which are not entirely within our control. As a result of changes in their evaluation of these factors or in their rating methodologies, rating agencies may downgrade our ratings or our subsidiaries' ratings.

### **Operational Risk**

***We have identified a material weakness in our internal control over financial reporting and our CEO and CFO concluded that our disclosure controls and procedures were not effective, in each case as of the end of the reporting period covered by this report. We may not be able to effectively remediate the material weakness or otherwise maintain effective internal controls or disclosure controls in the future.***

This annual report includes a restatement of our consolidated financial statements for the fiscal year ended March 31, 2023 to correct an error related to the accounting of the elimination of the three-month reporting lag applied to MUFG Union Bank, N.A. in connection with our sale of MUFG Union Bank. In connection with this restatement, our management concluded that our internal control over financial reporting was not effective as of March 31, 2024, due to a material weakness which management identified relating to a deficiency in the design of an existing internal control over the review and approval of non-routine U.S. GAAP accounting treatment considerations, which led to the restatement. The error resulting in the restatement of our March 31, 2023 financial statements was identified after March 31, 2024 and, therefore, management concluded that our internal control over financial reporting was also not effective as of March 31, 2023 and that the material weakness remained unremediated as of March 31, 2024. In addition, due to the material weakness, our CEO and CFO concluded that our disclosure controls and procedures were not effective as of March 31, 2024 and 2023.

Although we are in the process of developing and implementing remediation measures to address our material weakness, these measures may not be sufficient to remediate the control deficiencies that led to the material weakness in our internal control over financial reporting or prevent future control deficiencies or material weaknesses from occurring. Moreover, additional deficiencies and material weaknesses in our internal control over financial reporting may arise in the future. We may also not be able to identify all deficiencies and material weaknesses in our internal control over financial reporting. As a consequence, we may be unable to provide financial information in our consolidated financial statements and elsewhere in an accurate, timely and reliable manner and may need to restate our consolidated financial statements or other aspects of our periodic reporting. These consequences may undermine the confidence placed in our published financial information and other reported information by users of our consolidated financial statements, including holders of our securities, resulting in reductions in the price of our securities, and may also limit our access to financial markets, weaken client or counterparty appetite to enter into transactions with us and subject us to potential regulatory or legal actions. Any of these impacts may materially and adversely affect our business, corporate value, results of operations and financial condition.

See Note 1A to our consolidated financial statements included in this annual report for details of the nature of the identified accounting error and "Item 15 Controls and Procedures" for the identified material weakness and our remediation measures to address the material weakness.

***We may become subject to regulatory actions or other legal proceedings relating to our transactions or other aspects of our operations, which could result in significant financial losses, restrictions on our operations and damage to our reputation.***

We conduct our business subject to ongoing regulation and associated regulatory and legal risks. Global financial institutions, including us, currently face heightened regulatory scrutiny as a result of the concerns developing in the global financial sector, and growing public pressure to demand even greater regulatory surveillance following several high-profile scandals and risk management failures in the financial industry. In the current regulatory environment, we are subject to various regulatory inquiries or investigations from time to time in connection with various aspects of our business and operations. In addition, multiple government authorities with overlapping jurisdiction more frequently conduct investigations and take other regulatory actions in coordination with one another or separately on the same or related matters. Our controls may be found insufficient in addressing regulatory or public concerns relating to money laundering, economic sanctions, bribery, corruption, financial crimes, or unfair or inappropriate business practices, or in meeting market or industry rules or standards, customer protection requirements, or corporate behavior expectations.

For example, we have received requests and subpoenas for information from government agencies in some jurisdictions in connection with their investigations into past submissions made by panel members, including us, to the bodies that set various interbank benchmark rates as well as investigations into foreign exchange related practices of global financial institutions. Some of the investigations into foreign exchange related practices resulted in our payment of monetary penalties to the relevant government

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agencies. We are cooperating with those investigations and have been conducting an internal investigation. In connection with these matters, we and other financial institutions are involved as defendants in a number of civil lawsuits.

These developments or other similar matters may result in additional regulatory actions against us or agreements to make significant additional settlement payments. These developments or other matters to which we are subject from time to time may also expose us to substantial monetary damages, legal defense costs, criminal and civil liability, and restrictions on our business operations as well as damage to our reputation. Our ability to obtain regulatory approvals for future strategic initiatives may also be adversely affected. The outcome of such matters, including the extent of the potential impact of any unfavorable outcome on our financial results, however, is inherently uncertain and difficult to predict. The extent of financial, human and other resources required to conduct any investigations or to implement any corrective or preventive measures is similarly uncertain and could be significant. Such resources may also be difficult for us to secure in a timely manner.

Additionally, on June 14, 2024, the Securities and Exchange Surveillance Commission of Japan (“SESC”) issued and announced a recommendation that the Prime Minister and the Commissioner of the Financial Services Agency (“FSA”) take administrative action against our subsidiaries MUFG Bank and Mitsubishi UFJ Morgan Stanley Securities and our securities affiliate. The recommendation was based on the SESC’s findings of, among other things, inappropriate sharing of customer information as well as improper solicitation of business in contravention of the prohibition on engagement by Registered Financial Institutions in securities-related business activities. The SESC’s findings concerned, among other things, the business collaboration among the bank and securities companies and the management of non-public corporate information by the bank and securities companies.

In response to the SESC’s recommendation, on June 24, 2024, the FSA issued business improvement orders to MUFG Bank, Mitsubishi UFJ Morgan Stanley Securities and our securities affiliate under Articles 51-2 and 51 of the Financial Instruments and Exchange Act of Japan. Additionally, the FSA has required MUFG and MUFG Bank to submit reports under Articles 52-31 and 24 of the Banking Act of Japan. In response, on July 19, 2024, MUFG, MUFG Bank, Mitsubishi UFJ Morgan Stanley Securities and our securities affiliate submitted documents including business improvement plans to the FSA.

***Failure to safeguard personal and other confidential information may result in liability, reputational damage or financial losses.***

As our operations expand in volume, complexity and geographic scope, we are exposed to increased risk of confidential information in our possession being lost, leaked, altered or falsified as a result of human or system error, misconduct, unlawful behavior or scheme, unauthorized access or natural or human-caused disasters. Our information systems and information management policies and procedures may not be sufficient to safeguard confidential information against such risks. As a financial institution in possession of customer information, we are obligated to treat personal and other confidential information as required by the Act on the Protection of Personal Information, the Act on the Use of Personal Identification Numbers in the Administration of Government Affairs, the Banking Act and the Financial Instruments and Exchange Act of Japan, as well as other similar laws and regulations of other jurisdictions in which we operate. In the event that personal information in our possession about our customers or employees is leaked or improperly accessed and subsequently misused, we may be subject to liability and regulatory action. We may have to provide compensation for economic loss and emotional distress arising out of a failure to protect such information. In addition, such incidents could create a negative public perception of our operations, systems or brand, which may in turn decrease customer and market confidence and materially and adversely affect our business, operating results and financial condition. Moreover, any loss, leakage, alteration or falsification of confidential information, or any malfunction or failure of our information systems, may result in significant disruptions to our business operations or plans or may require us to incur significant financial, human and other resources to implement corrective measures or enhance our information systems and information management policies and procedures.

***Our operations are highly dependent on our information, communications and transaction management systems and are subject to an increasing risk of cyber-attacks and other information security threats and to changes in the business and regulatory environment.***

Our information, communications and transaction management systems, which include not only our own proprietary systems but also those third-party systems that are provided for our use or to which our systems are connected, constitute a core infrastructure for our operations. The proper functioning of our information, communications and transaction management systems is critical to our ability to efficiently and accurately process a large volume of transactions, ensure adequate internal controls, appropriately manage various risks, and otherwise service our clients and customers, particularly in the current business environment with increasing dependence on remote or online networks and our strategy to promote digitization.

Cyber-attacks, unauthorized access and computer viruses are becoming increasingly more sophisticated and more difficult to predict, detect and prevent. For instance, bank internal financial transaction systems or automatic teller machines may become the target of cyber-attacks for monetary gain, and bank internal information systems may become the target of confidential information theft. In addition, banks’ websites or customer internet banking systems may become the target of cyber-attacks for political, geopolitical and other purposes. These cyber threats, as well as our failure to appropriately and timely anticipate and deal with changes

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associated with technological advances and new systems and tools introduced in response to industry, regulatory and other developments, could cause disruptions to, and malfunctions of, information, communications and transaction management systems and result in fraud or other misconduct, unintended releases of confidential and proprietary information stored in or transmitted through the systems, interruptions in the operations of our clients, customers, counterparties and service providers, and deterioration in our ability to service our clients and customers. In addition, our banking and other transaction management systems may not meet all applicable business and regulatory requirements in an environment where such requirements are becoming increasingly sophisticated and complicated. Furthermore, our system development or improvement projects, many of which are critical to our ability to operate in accordance with market and regulatory standards, may not be completed as planned due to the complexity and other difficulty relating to such projects. Moreover, our cybersecurity risk management framework and practices may be found inadequate, particularly in light of expanding regulatory requirements and growing market expectations, including those relating to incident reporting and risks associated with our use of third-party services and systems. These consequences could result in financial losses, including costs and expenses incurred in connection with countermeasures and improvements as well as compensation to affected parties, lead to regulatory actions, diminish our clients' and customers' satisfaction with and confidence in us, and harm our reputation in the market, which could in turn adversely affect our business, financial condition and results of operations. Moreover, significant financial, human and other resources may be required to design, implement and enhance measures to manage cyber and information security risks and comply with regulatory requirements.

***Transactions with counterparties in countries designated by the U.S. Department of State as state sponsors of terrorism may lead some potential customers and investors in the United States and other countries to avoid doing business with us or investing in our shares.***

We, through our subsidiaries, engage in limited business activities with entities in or affiliated with Iran, including transactions with counterparties owned or controlled by the Iranian government, and our commercial banking subsidiary has a representative office in Iran for information gathering purposes only. The U.S. Department of State has designated Iran and other countries as “state sponsors of terrorism,” and U.S. law generally prohibits U.S. persons from doing business with such countries. We currently have limited business activities conducted with entities in or affiliated with such countries. Such business activities are conducted in accordance with our policies and procedures designed to ensure compliance with regulations applicable in the jurisdictions in which we operate and with exemptions and general licenses available under U.S. law. We have transactions with counterparties in or affiliated with countries designated as state sponsors of terrorism which consist of receiving deposits or holding assets on behalf of individuals residing in Japan who are citizens of countries designated as state sponsors of terrorism and processing payments to or from entities in or affiliated with these countries on behalf of our customers. These transactions do not have a material impact on our business or financial condition. For a further discussion of transactions required to be disclosed under the U.S. Iran Threat Reduction and Syria Human Rights Act of 2012, see “Item 4.B. Information on the Company—Business Overview—Supervision and Regulation—United States—Disclosure pursuant to Section 13(r) of the Securities Exchange Act of 1934.”

We are aware of initiatives by U.S. governmental entities and non-governmental entities, including institutional investors such as pension funds, to adopt or consider adopting laws, regulations or policies prohibiting transactions with or investment in, or requiring divestment from, entities doing business with Iran and other countries identified as state sponsors of terrorism. It is possible that such initiatives may result in our being unable to gain or retain entities subject to such prohibitions as customers, counter-parties or investors in our shares. In addition, depending on socio-political developments, our reputation may suffer due to our transactions with counterparties in or affiliated with these countries. The above circumstances could have an adverse effect on our business and financial condition.

Global financial institutions, including us, have become subject to an increasingly complex set of sanctions laws and regulations in recent years, and this regulatory environment is expected to continue. Moreover, the measures proposed or adopted vary across the major jurisdictions, increasing the cost and resources necessary to design and implement an appropriate global compliance program. The U.S. federal government and some state governments in the United States have enacted legislation designed to limit economic and financial transactions with Iran by limiting the ability of financial institutions that may have engaged in any one of a broad range of activities related to Iran to conduct various transactions in the relevant jurisdictions. In addition, in May 2018, the United States withdrew from participation in the Joint Comprehensive Plan of Action. Under subsequently issued executive orders, the United States may impose secondary sanctions against non-U.S. persons who engage in or facilitate a broad range of transactions and activities involving Iran. The Japanese government has also implemented a series of measures under the Foreign Exchange and Foreign Trade Act, such as freezing the assets of persons involved in Iran's sensitive nuclear activities and development of nuclear weapon delivery systems, and our most recently modified policies and procedures take into account the current Japanese regulatory requirements. We continue to implement measures to enhance our policies and procedures to comply with such legislative and regulatory requirements. There remains a risk of potential regulatory action against us, however, if regulators perceive the modified policies and procedures not to be in compliance with applicable legislation and regulations.

***Legal and regulatory changes could have a negative impact on our business, financial condition and results of operations.***



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As a global financial services provider, our business is subject to ongoing changes in laws, regulations, rules, policies, accounting standards or methods, voluntary codes of practice and interpretations in Japan and other markets where we operate. Major global financial institutions currently face an increasingly stricter set of laws, regulations and standards as a result of emerging or new technologies, political and geopolitical developments, environmental, social and governance concerns, efforts to combat increasingly sophisticated criminal activity, and other concerns enveloping the global financial sector. There is also growing political pressure to demand even greater capital and liquidity requirements and internal compliance and risk management systems following several high-profile scandals and risk management failures in the financial industry. See “Item 4.B. Information on the Company—Business Overview—Supervision and Regulation.” The laws, regulations and standards that apply to us are often complex and, in many cases, we must make interpretive decisions regarding the application of such laws, regulations and standards to our business activities. Future developments or changes in laws, regulations, rules, policies, accounting standards or methods, voluntary codes of practice, interpretations and their effects are expected to require greater capital, human and technological resources as well as significant management attention, and may require us to modify our business strategies and plans. We may be unable to enhance our compliance management programs and systems, which, in some cases, are supported by third-party service providers, as required or planned. Our failure or inability to comply fully with applicable laws and regulations may lead to penalties, fines, public reprimands, damage to reputation, issuance of business improvement and other administrative orders, enforced suspension of operations, our inability to obtain regulatory approvals for future strategic initiatives or, in extreme cases, withdrawal of authorization to operate, adversely affecting our business and results of operations.

***Because of our loans to consumers and our shareholdings in companies engaged in consumer lending, changes in the business or regulatory environment for consumer finance companies in Japan may further adversely affect our financial results.***

We have a large loan portfolio in the consumer lending industry as well as large shareholdings in subsidiaries and equity method investees in the consumer finance industry. Our domestic loans to consumers amount to approximately one-ninth of our total outstanding loans. Of this amount, the consumer loans provided by Mitsubishi UFJ NICOS, Co., Ltd., which is our primary consumer financing subsidiary, were ¥484.9 billion as of March 31, 2024, compared to ¥472.8 billion as of March 31, 2023.

Mitsubishi UFJ NICOS’s consumer loan portfolio has been adversely affected by a series of legislative reforms and judicial decisions that were put in place in Japan through 2010, which have negatively affected the domestic consumer lending industry. These legal developments effectively reduced the maximum rate of interest that may be charged on consumer loans from 29.2% per annum to 15 to 20% per annum depending on the amount of loan principal, while leaving interest payments previously made in excess of the reduced maximum permissible interest rate, which is commonly referred to as “gray-zone interest,” generally recoverable. Following these legal developments and other industry developments, Mitsubishi UFJ NICOS revises its estimate of allowance for repayment of excess interest by updating management’s future forecast semi-annually to reflect updated reimbursement claims information and other data. As of March 31, 2022, 2023 and 2024, we had ¥21.1 billion, ¥12.1 billion and ¥7.1 billion of allowance for repayment of excess interest, respectively.

These developments have adversely affected, and these and any future developments may further adversely affect, the operations and financial condition of our subsidiaries, equity method investees and borrowers which are engaged in consumer lending, which in turn may affect the value of our related shareholdings and loan portfolio. For further information, See “Item 4.B. Information on the Company—Business Overview—Supervision and Regulation—Japan.”

***Damage to our reputation could harm our businesses.***

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

### **Risks Related to Owning Our Shares**

***It may not be possible for investors to effect service of process within the United States upon us or our directors or management members, or to enforce against us or those persons judgments obtained in U.S. courts predicated upon the civil liability provisions of the U.S. federal or state securities laws.***

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We are a joint stock company incorporated under the laws of Japan. Almost all of our directors or management members reside outside the United States. Many of our assets and the assets of these persons are located in Japan and elsewhere outside the United States. It may not be possible, therefore, for U.S. investors to effect service of process within the United States upon us or these persons or to enforce, against us or these persons, judgments obtained in the U.S. courts predicated upon the civil liability provisions of the U.S. federal or state securities laws. We believe there is doubt as to the enforceability in Japan, in original actions or in actions brought in Japanese courts to enforce judgments of U.S. courts, of claims predicated solely upon the U.S. federal or state securities laws mainly because the Civil Execution Act of Japan requires Japanese courts to deny requests for the enforcement of judgments of foreign courts if foreign judgments fail to satisfy the requirements prescribed by the Civil Execution Act, including:

- the jurisdiction of the foreign court be recognized under laws, regulations, treaties or conventions;
- proper service of process be made on relevant defendants, or relevant defendants be given appropriate protection if such service is not received;
- the judgment and proceedings of the foreign court not be repugnant to public policy as applied in Japan; and
- there exist reciprocity as to the recognition by a court of the relevant foreign jurisdiction of a final judgment of a Japanese court.

Judgments obtained in the U.S. courts predicated upon the civil liability provisions of the U.S. federal or state securities laws may not satisfy these requirements.

### **Risks Related to Owning Our American Depositary Shares**

***As a holder of American Depositary Shares, you have fewer rights than a shareholder of record in our shareholder register since you must act through the depositary to exercise these rights.***

The rights of our shareholders under Japanese law to take actions such as voting, receiving dividends and distributions, bringing derivative actions, examining our accounting books and records and exercising appraisal rights are available only to shareholders of record. Because the depositary, through its custodian, is the record holder of the shares underlying the American Depositary Shares, or ADSs, only the depositary can exercise shareholder rights relating to the deposited shares. ADS holders, in their capacity, will not be able to directly bring a derivative action, examine our accounting books and records and exercise appraisal rights. We have appointed The Bank of New York Mellon as depositary, and we have the authority to replace the depositary.

Pursuant to the deposit agreement among us, the depositary and a holder of ADSs, the depositary will make efforts to exercise voting or any other rights associated with shares underlying ADSs in accordance with the instructions given by ADS holders, and to pay to ADS holders dividends and distributions collected from us. However, the depositary can exercise reasonable discretion in carrying out the instructions or making distributions, and is not liable for failure to do so as long as it has acted in good faith. Therefore, ADS holders may not be able to exercise voting or any other rights in the manner that they had intended, or may lose some or all of the value of the dividends or the distributions. Moreover, the depositary agreement that governs the obligations of the depositary may be amended or terminated by us and the depositary without ADS holders' consent, notice, or any reason. As a result, ADS holders may be prevented from having the rights in connection with the deposited shares exercised in the way ADS holders had wished or at all.

ADS holders are dependent on the depositary to receive our communications. We send to the depositary all of our communications to ADS holders, including annual reports, notices and voting materials, in Japanese. ADS holders may not receive all of our communications with shareholders of record in our shareholder register in the same manner or on an equal basis. In addition, ADS holders may not be able to exercise their rights as ADS holders due to delays in the depositary transmitting our shareholder communications to ADS holders. For a detailed discussion of the rights of ADS holders and the terms of the deposit agreement, see Exhibit 2(c) to this Annual Report.

**Item 4. Information on the Company.**

**A. History and Development of the Company**

MUFG is a bank holding company incorporated as a joint stock company (*kabushiki kaisha*) under the Companies Act of Japan. We are the holding company for MUFG Bank, Ltd. (formerly, The Bank of Tokyo-Mitsubishi UFJ, Ltd.), Mitsubishi UFJ Trust and Banking Corporation, Mitsubishi UFJ Securities Holdings Co., Ltd., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Mitsubishi UFJ NICOS Co., Ltd., Mitsubishi UFJ Asset Management Co., Ltd., and other companies engaged in a wide range of financial businesses.

On April 2, 2001, The Bank of Tokyo-Mitsubishi, Ltd., Mitsubishi Trust and Banking Corporation, or Mitsubishi Trust Bank, and Nippon Trust and Banking Co., Ltd. established Mitsubishi Tokyo Financial Group, Inc., or MTFG, to be a holding company for the three entities. Before that, each of the banks had been a publicly traded company. On April 2, 2001, through a stock-for-stock exchange, they became wholly-owned subsidiaries of MTFG, and the former shareholders of the three banks became shareholders of MTFG. Nippon Trust and Banking was later merged into Mitsubishi Trust Bank.

On June 29, 2005, the merger agreement between MTFG and UFJ Holdings, Inc. was approved at the general shareholders meetings of MTFG and UFJ Holdings. As the surviving entity, MTFG was renamed “Mitsubishi UFJ Financial Group, Inc.” The merger of the two bank holding companies was completed on October 1, 2005.

On September 30, 2007, Mitsubishi UFJ Securities Holdings, which was then called “Mitsubishi UFJ Securities Co., Ltd.,” or MUS, became our wholly-owned subsidiary through a share exchange transaction.

On October 13, 2008, we formed a global strategic alliance with Morgan Stanley and, as part of the alliance, made an equity investment in Morgan Stanley in the form of convertible and non-convertible preferred stock, and subsequently appointed a representative to Morgan Stanley’s board of directors.

On October 21, 2008, we completed a tender offer for outstanding shares of ACOM CO., LTD. common stock, raising our ownership in ACOM to approximately 40%.

On November 4, 2008, Bank of Tokyo-Mitsubishi UFJ completed the acquisition of all of the shares of common stock of UnionBanCal Corporation, or UNBC, not previously owned by Bank of Tokyo-Mitsubishi UFJ and, as a result, UNBC became a wholly-owned indirect subsidiary of MUFG.

On May 1, 2010, we and Morgan Stanley integrated our securities and investment banking businesses in Japan into two joint venture securities companies, one of which is Mitsubishi UFJ Morgan Stanley Securities. Mitsubishi UFJ Morgan Stanley Securities was created by spinning off the wholesale and retail securities businesses conducted in Japan from Mitsubishi UFJ Securities Holdings and subsequently assuming certain operations in Japan from a subsidiary of Morgan Stanley.

On June 30, 2011, we converted all of our Morgan Stanley’s convertible preferred stock into Morgan Stanley’s common stock, resulting in our holding approximately 22.4% of the voting rights in Morgan Stanley. Further, we appointed a second representative to Morgan Stanley’s board of directors on July 20, 2011. Following the conversion on June 30, 2011, Morgan Stanley became our equity-method affiliate. As of March 31, 2024, we held approximately 23.2% of the voting rights in Morgan Stanley and had two representatives appointed to Morgan Stanley’s board of directors. We and Morgan Stanley continue to pursue a variety of business opportunities in Japan and abroad in accordance with the global strategic alliance.

On December 18, 2013, we acquired approximately 72.0% of the total outstanding shares of Krungsri through Bank of Tokyo-Mitsubishi UFJ. As a result of the transaction, Krungsri has become a consolidated subsidiary of Bank of Tokyo-Mitsubishi UFJ.

On July 1, 2014, we integrated Bank of Tokyo-Mitsubishi UFJ’s operations in the Americas region with UNBC’s operations and changed UNBC’s corporate name to “MUFG Americas Holdings Corporation.” On the same day, Union Bank, N.A., which was MUFG Americas Holdings’ principal subsidiary and our primary operating subsidiary in the United States, was also renamed “MUFG Union Bank, N.A.” On July 1, 2016, MUFG Americas Holdings was designated as our U.S. intermediate holding company to comply with the FRB’s enhanced prudential standards.

On January 5, 2015, Bank of Tokyo-Mitsubishi UFJ integrated its Bangkok branch with Krungsri through a contribution in kind of the Bank of Tokyo-Mitsubishi UFJ Bangkok branch business to Krungsri, and Bank of Tokyo-Mitsubishi UFJ received newly issued shares of Krungsri common stock. As a result of this transaction, Bank of Tokyo-Mitsubishi UFJ’s ownership interest in Krungsri increased to 76.9%.

On October 1, 2017, we acquired all of the shares of common stock of Mitsubishi UFJ NICOS which we did not previously own and, as a result, Mitsubishi UFJ NICOS became a wholly-owned subsidiary of MUFG.

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On December 29, 2017, Bank of Tokyo-Mitsubishi UFJ initially acquired 19.9% of the shares of common stock of PT Bank Danamon Indonesia, Tbk. On May 1, 2019, MUFG Bank, Ltd. completed a series of transactions to increase its ownership interest in Bank Danamon to 94.1%, as a result of which Bank Danamon became MUFG Bank's consolidated subsidiary.

On April 1, 2018, we changed Bank of Tokyo-Mitsubishi UFJ's corporate name to "MUFG Bank, Ltd."

On August 2, 2019, Mitsubishi UFJ Trust and Banking completed its acquisition of 100% of the shares in each of nine subsidiaries of Colonial First State Group Limited which collectively represent the global asset management business known as Colonial First State Global Asset Management, or CFSGAM, from Australian financial group Commonwealth Bank of Australia and its wholly-owned subsidiary Colonial First State Group Limited. As a result of the acquisition, the nine subsidiaries became our consolidated subsidiaries. In September 2019, CFSGAM was rebranded as First Sentier Investors.

On April 2, 2021, Mitsubishi UFJ NICOS announced a plan to integrate its credit card settlement systems that have been maintained separately for various credit card brands. Specifically, Mitsubishi UFJ NICOS plans to integrate the systems currently used for the DC credit card brand and the NICOS credit card brand into the system currently used for the MUFG card brand. The plan has an estimated budget of approximately ¥140 billion through the end of calendar year 2030. The plan may be modified to flexibly respond to changes in the business environment.

On December 1, 2022, MUFG Americas Holding completed the transfer of all of the shares in MUFG Union Bank to U.S. Bancorp.

On April 1, 2024, Mitsubishi UFJ Trust and Banking transferred 100% of the shares in Mitsubishi UFJ Asset Management Co., Ltd. to MUFG as a dividend. As a result of the transaction, Mitsubishi UFJ Asset Management has become a directly held, wholly owned subsidiary of MUFG. Mitsubishi UFJ Asset Management was formed through the merger between Mitsubishi UFJ Kokusai Asset Management Co., Ltd. and MU Investments Co., Ltd. on October 1, 2023.

Our registered address is 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8330, Japan, and our telephone number is 81-3-3240-8111. Our registered address was changed on July 16, 2024 from 7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-8330, Japan, in connection with our new headquarters building construction project.

## **B. Business Overview**

We are one of the world's largest and most diversified financial groups with total assets of ¥397.44 trillion as of March 31, 2024. The Group is comprised of MUFG Bank, Mitsubishi UFJ Trust and Banking, Mitsubishi UFJ Morgan Stanley Securities (through Mitsubishi UFJ Securities Holdings), Mitsubishi UFJ NICOS, Mitsubishi UFJ Asset Management Co., Ltd., and other subsidiaries and affiliates, for which we are the holding company. As a bank holding company, we are regulated under the Banking Act of Japan. Our services include commercial banking, trust banking, securities, credit cards, consumer finance, asset management, leasing and many more fields of financial services. As of March 31, 2024, the Group had the largest overseas network among Japanese banks, consisting of approximately 2,000 business locations in more than 40 countries, including Krungsri in Thailand and Bank Danamon in Indonesia. MUFG's role as the holding company is to strategically manage and coordinate the activities of our business groups. Group-wide strategies are determined by the holding company and executed by our subsidiaries.

### **Medium-Term Business Plan**

On April 1, 2024, we announced our new Medium-term Business Plan for the three-year period ending March 31, 2027 to respond to structural challenges in Japan as well as the changing global business environment.

Japan faces structural challenges such as a declining birth rate, an aging society and a shrinking population, while the global economy continues to be affected by changes in society. Through and after roughly three years of the COVID-19 pandemic, the business environment has been changing at an unforeseen pace. Artificial intelligence, or AI, and other digital technologies have been rapidly developing and penetrating our daily lives, the social and economic structures are shifting towards sustainable energy solutions, and work styles and values are becoming more diverse. Meanwhile, division and disconnect are becoming apparent through heightened geopolitical tensions and risks and reversing trends in globalization.

We seek to meet these changes through effective utilization of our ability to facilitate "connections," leveraging our extensive network and diverse solutions. By seizing the opportunity presented by changes surrounding MUFG's business through the new Medium-term Business Plan, we seek to pursue and achieve growth. Through this Plan, we will continue to strive to meet expectations of all of our stakeholders—including customers, shareholders and employees—by achieving higher profitability and improved return on equity, while remaining "committed to empowering a brighter future."

The descriptions of our Medium-term Business Plan below contain forward-looking statements reflecting our current intent, plans, targets, beliefs or expectations and are subject to risks, uncertainties and assumptions. See "Forward-Looking Statements" and "Item 3.D. Key Information—Risk Factors."

### ***Fundamental Direction***

In our new Medium-term Business Plan, building on the strategic initiatives launched in accordance with our previous Medium-term Business Plan, we intend to focus on both growth strategies and efforts to facilitate social and environmental solutions through transformation and innovation. Accordingly, the new Medium-term Business Plan is built on three strategic pillars—(1) expand and refine growth strategies, (2) accelerate transformation and innovation, and (3) drive social and environmental progress.

In this era of accelerating changes and increasing division and disconnect, we aspire to maximize our ability to innovate and connect, to produce economic and social value as we continue to strive to fulfill our commitment to empowering a brighter future. We consider this commitment to be the most fundamental purpose of our existence, defining our values and vision, to be shared among all of us as "MUFG Way."



## Fulfilling our Commitment to Empowering a Brighter Future.



### *Promoting Key Strategies*

In order to pursue and achieve growth under the new Medium-term Business Plan, we have formulated seven key strategies to “Expand & Refine Growth Strategies” and four key strategies to “Accelerate Transformation & Innovation.”

To “Expand & Refine Growth Strategies,” in Japan, we will aim to maximize customer life-time value by strengthening our retail customer base, while enhancing the succession business through a “corporate x wealth management” business model. Overseas, we will strive for higher profitability by evolving our Global Corporate & Investment Banking (GCIB) and Global Markets (GM) integrated business model, and seek to seize opportunities arising from Asia’s economic growth by strengthening our collaboration with subsidiary and partner banks. In addition, we will seek to produce both economic and social value through initiatives to contribute to making Japan a leading asset management center and through value chain support in green transformation, while also taking on the challenge of building a new business portfolio for medium- to long-term growth.

To “Accelerate Transformation & Innovation,” we will strive to accelerate transformation of our corporate culture, including increasing agility, expand our human capital investment, increase our system development capacity, and enhance our AI/data infrastructure.

For a description of the “Drive Social & Environmental Progress” pillar of the Medium-term Business Plan, see “—MUFG’s Approach to Sustainability—Strategy—(1) Sustainability.”

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### A. Expand & Refine Growth Strategies

Key strategies	Key initiatives
Strengthen domestic retail customer base	<ul style="list-style-type: none"> <li>Improve customer satisfaction by enhancing customer experience. By building long-term business relationships, maximize customer life-time value.</li> </ul>
Strengthen corporate x wealth management (WM) business	<ul style="list-style-type: none"> <li>Offer diverse solutions through both corporate and individual customer-based approaches.</li> </ul>
Evolve Global Corporate & Investment Banking-Global Markets integrated business model	<ul style="list-style-type: none"> <li>Pursue higher capital efficiency through GCIB-GM integrated business model through, e.g., collaboration between the primary market functions and the sales &amp; trading functions, cross-selling, and strengthening distribution.</li> </ul>
Strengthen APAC business and platform resilience	<ul style="list-style-type: none"> <li>Construct resilient platforms in Asia by strengthening collaboration with subsidiary and partner banks and expanding initiatives on “cultivate Asia x digital” aimed at seizing opportunities arising from Asia’s expanding financial needs through investment in digital financial business.</li> </ul>
Contribute to making Japan a leading asset management center	<ul style="list-style-type: none"> <li>Assist customers in building more prosperous lives by promoting investment and supporting asset formation throughout the investment chain, contributing to making Japan a leading asset management center.</li> </ul>
Support value chain in green transformation	<ul style="list-style-type: none"> <li>Promote green transformation, or GX, investment among customers by proposing solutions to customers’ issues that go beyond financing, such as co-creation of GX projects and support for transitions.</li> </ul>
Challenge to build a new business portfolio	<ul style="list-style-type: none"> <li>Cultivate a business portfolio characterized by both high growth and high profitability through the development of new business areas and innovative business models incorporating customer and societal issues and advances in new technologies.</li> </ul>

### B. Accelerate Transformation & Innovation

Key strategies	Key initiatives
Accelerate transformation to be more agile	<ul style="list-style-type: none"> <li>Facilitate transformation to instill a corporate culture in which people think, decide, and act independently, and do so swiftly.</li> </ul>
Expand human capital investment	<ul style="list-style-type: none"> <li>Accelerate synchronization of human capital strategies with business strategies, with each employee working actively and vigorously with a high degree of professionalism, to become a global financial group that contributes to customers and society.</li> </ul>
Increase system development capacity	<ul style="list-style-type: none"> <li>Strive to increase system development capacity in preparation for the planned increase in system investment, and aim to increase the amount and ratio of investment in strategic projects.</li> </ul>
Enhance AI/data infrastructure	<ul style="list-style-type: none"> <li>Promote data utilization by enhancing AI promotion functions and business intelligence.</li> <li>Enhance technological research capacity through the use of new technologies such as generative AI and improved intelligence.</li> </ul>

### ***Reorganization of the Business Groups***

Effective April 1, 2024, we reorganized the Digital Service Business Group and the Retail & Commercial Banking Business Group into the Retail & Digital Business Group, which is responsible for individual customers (excluding wealth management), and the Commercial Banking & Wealth Management Business Group, which is responsible for corporate and wealth management clients, while the group-wide digital transformation functions previously managed by the Digital Service Business Group have been transferred to the Corporate Center. We intend to implement our new Medium-term Business Plan under a seven-business-group structure consisting of the Japanese Corporate & Investment Banking Business Group, the Asset Management & Investor Services Business Group, the Global Corporate & Investment Banking Business Group, the Global Commercial Banking Business Group, and the Global Markets Business Group, in addition to the two newly reorganized business groups.

This reorganization took effect after the fiscal year ended March 31, 2024 and, accordingly, is not reflected in the business segment information in “Item 5.A. Operating and Financial Review and Prospects—Operating Results—Business Segment Analysis” and in Note 29 to our consolidated financial statements.



## *MUFG's Approach to Sustainability*

### *Governance*

#### *(1) Sustainability*

Sustainability-related issues are managed by the Executive Committee with various management sub-committees, subject to the oversight of the Board of Directors.

For more information on our governance structure, see “Item 6.C. Directors, Senior Management and Employees—Board Practices.”

The Sustainability Committee, which is a sub-committee formed under the Executive Committee and is chaired by the Chief Sustainability Officer, regularly deliberates policies on addressing sustainability-related matters, including risks and opportunities arising from such matters, and monitors the progress on the MUFG Group’s measures designed to address such matters. The committee reports to the Executive Committee and, as necessary, reports to the Board of Directors.

The Executive Committee is established as a decision-making body for business execution and discusses and decides on important matters related to management of the operations of the MUFG Group based on the basic policies determined by the Board of Directors. The Executive Committee reports to the Board of Directors from time to time as necessary.

The Board of Directors oversees management of sustainability-related matters in line with its business strategy, risk management and financial oversight. Such oversight is performed based on, among other things, a plan-do-check-act, or PDCA, cycle. The Board of Directors deems sustainability-related matters including climate change to be of high-priority importance and accordingly discusses and deliberates them regularly based on an annual schedule or as appropriate.

From the perspective of objectively evaluating the effectiveness of our wide-ranging sustainability initiatives, we have incorporated “ESG assessments” as a metric in the performance factor for determining stock compensation for qualified directors, corporate executives and others. This includes the degree of improvement in external evaluations by major ESG rating agencies. Other ESG-related performance evaluation metrics include the level of reduction in the global greenhouse gas, or GHG, emissions from the MUFG Group’s own operations, improvement in employee survey scores, and enhancement of gender representation in managerial positions.

#### *(2) Climate Change*

In order to contribute to the achievement of a sustainable society, we have identified contributing to the “achievement of a carbon neutral society” as one of our priority environmental and social issues. As an essential part of sustainability, climate change-related matters are managed by the Executive Committee with various management sub-groups, subject to the oversight of the Board of Directors.

We have established a Carbon Neutral Project Team, which is a project team on a group-wide and global basis and is tasked with ensuring progress on initiatives. Each initiative is reported to and discussed by the Steering Committee, which includes the Group CEO and other key management members, and by the Sustainability Committee. These committees report to the Executive Committee.

In addition, since we consider climate change-related risks to be our top risks requiring close attention, such risks are reviewed by the Credit & Investment Management Committee, the Credit Committee and the Risk Management Committee, which are also sub-committees formed under the Executive Committee, based on their respective expertise. The deliberations of these sub-committees are reported to the Executive Committee.

In addition, the Risk Committee, which is a sub-committee of the Board of Directors, deliberates and reports on matters regarding group-wide risk management, including climate change, and top risk matters.

#### *(3) Human Capital*

Basic policies and key strategies related to human resources are discussed at the Human Resources Management Conference and the Sustainability Committee, in which the Group CEO, Group Chief Human Resources Officer (CHRO), and other key management members participate, under the oversight of the Board of Directors. Each MUFG subsidiary considers specific personnel measures and initiatives under the oversight of the director in charge of human resources at each subsidiary based on the basic policies and key strategies determined by MUFG.

The progress on each strategy is reported to, and deliberated and evaluated by, the Personnel Management Committee, the Sustainability Committee, and the Executive Committee, and shared with the Board of Directors as appropriate.

*Strategy*

*(1) Sustainability*

We seek to integrate our efforts to contribute to solving social issues into our business strategy where and to the extent appropriate. This integrated approach to solving social issues constitutes one of the three strategic pillars of our Medium-term Business Plan based on which we aim to further strengthen our efforts. In pursuit of a sustainable environment and society, we intend to work on addressing the following priority issues:

	Priority issues	Main initiatives
Sustainable society	Achievement of carbon neutral society	Accelerating engagement and support for energy transition
	Natural capital and biodiversity restoration	Providing solutions for reducing dependency and impact on nature
	Promoting of circular economy	Supporting technology and investment for transition to circular economy
Vibrant society	Industry development and innovation support	Providing funding for growth and expand scope of asset management
	Response to aging population and low birthrate	Supporting asset and business succession, promoting investment and asset building
	Increasing access to financial services	Providing services to linked to everyday needs and contributing to financial inclusion
	Management focusing on human capital	Creating a workplace focused on holistic well-being where employees are empowered to thrive
Resilient society	Respect for human rights	Strengthening human rights due diligence throughout supply chain
	Ensuring secure and safe services	Strengthening cybersecurity measures and operational resilience
	Demonstration of robust corporate governance	Business operations that make every effort to serve customers' best interests

These priority issues have been identified based on our consideration of what we believe to be highly relevant to our stakeholders, including sustainability disclosure standards and investor expectations, as well as priorities for our business in terms of opportunities and risks, while incorporating opinions from external advisors, investors, employees, and others. The main initiatives are monitored by the Sustainability Committee.

*(2) Climate Change*

MUFG recognizes that contributing to the “achievement of a carbon neutral society” is one of the most important management issues. We seek to address it by regarding it as presenting business opportunities and requiring careful risk management.

We participate in various initiatives to address climate change, including the Partnership for Carbon Accounting Financials, the Net-Zero Banking Alliance and the Glasgow Financial Alliance for Net Zero, and support the recommendations formulated by the TCFD, a special taskforce established by the Financial Stability Board.

Based on the TCFD recommendations, we have identified, and are working to address, two categories of climate change-related risks for financial institution. The first category includes risks arising from physical damage due to increased severity and frequency of adverse weather events, such as extreme storms and flooding, and longer-term shifts in climate patterns, such as rising temperatures and sea levels and changes in precipitation amount and distribution, and is often referred to as “physical risks.” The second category includes risks associated with the transition to a decarbonized society arising from changes in regulations, market preferences, and technology, and is often referred to as “transition risks.”

Cognizant of our share of responsibilities as a global financial institution in combatting climate change, we are committed to supporting efforts to transition to a decarbonized society through products and services we provide to clients and measures designed to reduce the adverse impact of our operational activities on the environment.

*(3) Human Capital*

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We believe it is necessary to strengthen our human capital, one of our most important capital and sources of value creation, in order to realize our vision of becoming a global financial group in which each and every employee can be active and better positioned to contribute to society and customers. We are committed to human capital management with a goal to foster professional development and enhance the well-being of our employees in order to support their individual and organizational sustainable growth and better enable them to contribute to our effort to become the world's most trusted financial group.

### *(a) Human Resource Development*

MUFG has formulated MUFG Human Resources Principles as its basic approach to realizing human-capital management based on MUFG Way. Our basic philosophy regarding human resource development is “to provide educational opportunities where each employee can enhance his or her insight and ethical standards as well as his or her knowledge and expertise, and to support the autonomous career development of employees while at the same time developing diverse professional human resources who can embody MUFG Way.” In order to provide value that exceeds the expectations of society and customers, we intend to accelerate our effort to further synchronize business strategies with human capital management and promote the enhancement of skills and expertise of each employee.

### *(b) Internal Environmental Improvement*

In order to realize MUFG Way, we are promoting “human capital-oriented management” as a priority issue in our sustainability management. As one of the largest and most diversified global financial groups, we aim to foster our diverse talents and provide a work environment in which each and every employee can thrive. We also seek to help our employees demonstrate their full potential through implementation of measures designed to promote mental and physical health and DEI (diversity, equity and inclusion). At the same time, we seek to provide a work environment in which employees worldwide can grow and thrive as professionals. In this way, we endeavor to assist our employees in realizing and sustaining their well-being in the medium- and long-term.

We have established a personnel system designed to attract and retain necessary human resources and maximize the abilities of our employees. At the same time, we aim to provide compensation that is competitive compared to other companies. For example, in July 2024, we introduced a share-based compensation plan for qualified domestic employees holding managerial positions at Mitsubishi UFJ Bank, Mitsubishi UFJ Trust and Banking, and Mitsubishi UFJ Morgan Stanley Securities. Our personnel system is also designed to ensure compliance with laws and regulations in each country and region in which we operate through, for example, regular monitoring and measures to improve working hours. We provide various employee benefits, including asset-building savings schemes, corporate pensions, and stock ownership associations to help our employees with their asset building and financial wellness.

## *Risk Management*

### *(1) Sustainability*

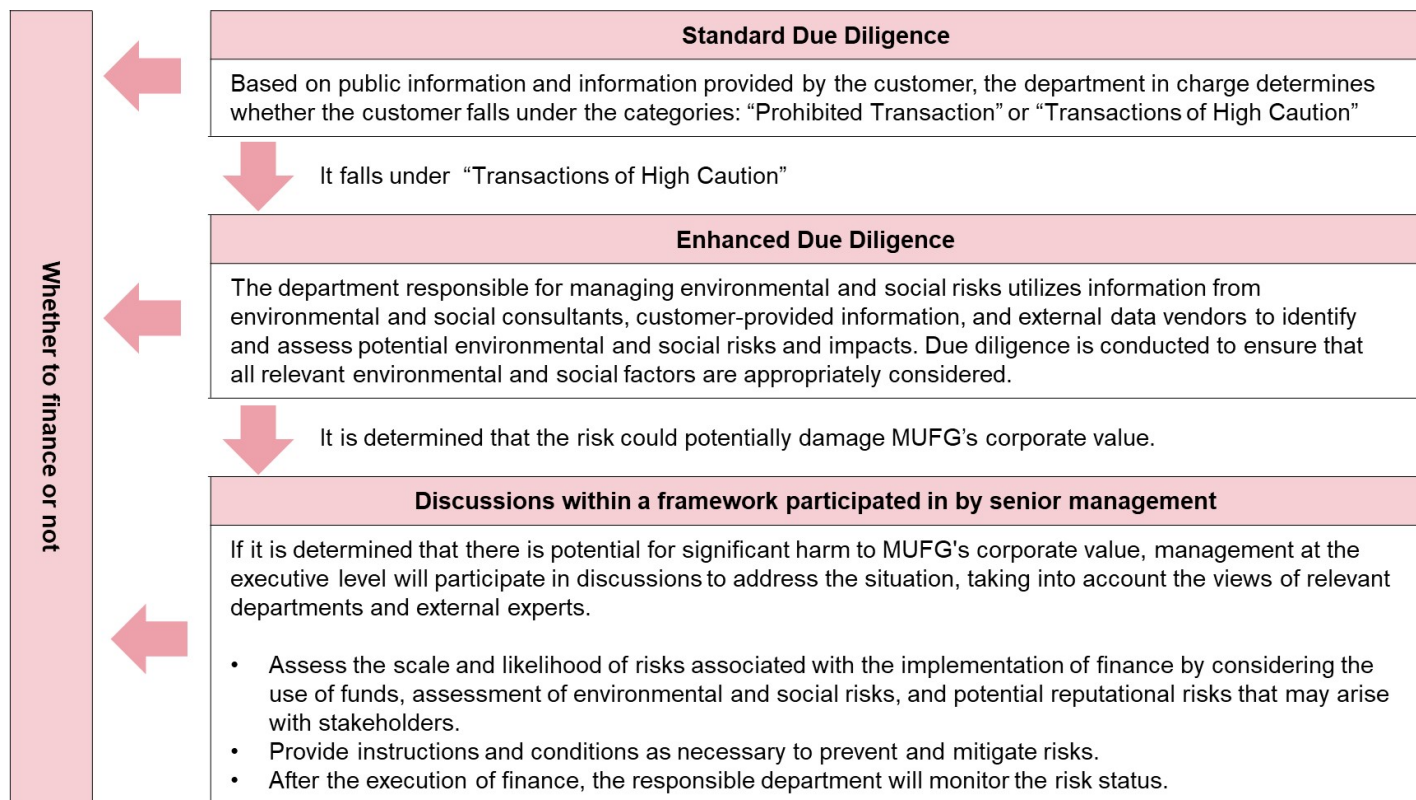
Based on the MUFG Environmental Policy Statement and the MUFG Human Rights Policy Statement, in an effort to promote environmentally and socially responsible financing, we have implemented the MUFG Environmental and Social Policy Framework to manage environmental and social risks associated with finance operations (which mainly consist of credit, bond and equity underwriting for corporate clients of MUFG Bank, Mitsubishi UFJ Trust and Banking, and Mitsubishi UFJ Securities Holdings). We have established a finance policy and introduced a due diligence process to identify and assess the environmental and social risks or impacts associated with such transactions.

Standard due diligence is conducted by departments that have a direct contact with customers to identify and assess the environmental and social risks of the business that is to be financed by us. If it is determined that the business needs to be examined more carefully, we conduct enhanced due diligence and decide whether or not to finance the business.

As for businesses that are considered to have significant environmental and social risks and could potentially damage our corporate value or develop into a reputational risk, we hold discussions on how to handle it within a framework participated in by senior management. In addition, MUFG Bank adopted the Equator Principles, a framework for identifying, assessing and controlling the environmental and social risks of large-scale projects, and conducts risk assessments in accordance with its Guidelines.

The status of policies and initiatives relating to environmental and social risks are reviewed and discussed by the Credit & Investment Management Committee, the Credit Committee and the Risk Management Committee depending on the areas of their respective expertise. Conclusions reached by these committees are reported to the Executive Committee, and important matters discussed by the Executive Committee are reported to and, in turn, discussed by the Board of Directors, which oversees the management of risks related to environmental and social issues.

Process for identifying and assessing the environmental and social risks or impacts of a business to be financed



*(2) Climate Change*

In order to strengthen our response to risks related to climate change, climate change-related risk management is currently being integrated into our overall risk management framework based on our governance structure described above with an aim to better enable identification, measurement and reduction of climate change-related risks and their potential portfolio, business and financial impact from a comprehensive group-wide perspective. Our risk management framework is intended to address physical risks and transition risks.

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

For a discussion of our climate change-related risks, see "Item 3.D. Key Information—Risk Factors—Risks Related to Our Business Environment—Climate change could have a material adverse impact on us and our clients." For more information on our risk management framework, see "Item 11. Quantitative and Qualitative Disclosures about Credit, Market and Other Risk."

*(3) Human Capital*

MUFG manages human resource risk by defining it as one of the operational risks. Human resource risk includes, among other things, human capital retention risk and employee morale deterioration risk. These risks are reported to, and evaluated and deliberated by, the Risk Committee, the Risk Management Committee, and the Executive Committee, and shared with the Board of Directors as appropriate.

*Metrics & Targets*

*(1) Sustainability*

MUFG sets and monitors specific metrics and targets aimed at solving environmental and social issues. In light of the progress made so far and the increasing demand for funds, we have raised our cumulative sustainable finance target for the fiscal year ending March 31, 2031 from ¥35 trillion to ¥100 trillion. Our sustainable finance currently consists of the provision of financing, including loans, equity investments in funds, arrangements of project finance and syndicated loans, underwriting of equities and bonds, and financial advisory service, with reference to the relevant external standards, such as the Green Loan Principles, the Green Bond Principles and the Social Bond Principles, to businesses that are considered to contribute to the adaptation to and moderation of climate change, to the development of startups, job creation, and poverty alleviation and to the energization of local communities and

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regional revitalization, as well as fundamental service businesses including those involved in basic infrastructure and essential public services.

### *(2) Climate Change*

In May 2021, we announced our intent to achieve net zero greenhouse gas, or GHG, emissions from our financed portfolio by the end of 2050 and net zero GHG emissions from our operations by the end of the fiscal year ending March 31, 2031 in the MUFG Carbon Neutrality Declaration. These goals demonstrate our support for the goals of the Paris Agreement on Climate Change and our recognition of climate change-related risks and opportunities as a top strategic priority for the MUFG Group.

In order to achieve net zero GHG emissions from our financed portfolio, so far we have set an interim target for the fiscal year ending March 31, 2031 for each of the power, oil and gas, real estate, steel, shipping, automotive, aviation and coal sectors. For each interim target, we have considered and reflected, among other factors, the relevant characteristics of decarbonization pathways as well as the uniqueness of our financed portfolio for each sector.

### *(3) Human Capital*

#### *(a) Diversity, Equity & Inclusion*

We are working to create a workplace where diverse employees can make the most of their abilities. For example, recognizing that raising gender representation in managerial, *i.e.*, line manager (*jicho* or *kacho*) or higher, positions in Japan is an urgent issue, we have set medium- to long-term targets and are working on the development and promotion of female representation. We had a joint target for our three major subsidiaries, Mitsubishi UFJ Bank, Mitsubishi UFJ Trust and Banking, and Mitsubishi UFJ Morgan Stanley Securities, set at 22.0% of such managerial positions in Japan represented by women by the end of the fiscal year ended March 31, 2024, and achieved the target with a result of 22.3%, including promotion decisions and transfer instructions finalized on or before March 31, 2024 and implemented thereafter. Under our Medium-term Business Plan, we aim to attain a target of 27.0% for female representation on the same basis by the end of the fiscal year ending March 31, 2027.

#### *(b) Employee Well Being*

Recognizing that enhancing engagement is essential for sustained increases in corporate value, we take annual employee surveys as a means to gauge employee engagement (engagement score) and utilize the results to consider and implement various measures. Under our new Medium-term Business Plan, we have set a target engagement score on a group-wide basis and intend to make a concerted effort to improve engagement.

### *(4) Uncertainties and Risks*

Our ability to achieve any one or more of the foregoing targets is subject to various uncertainties and risks, which may be beyond our control. If any such uncertainty or risk materializes, we may be unable to achieve our targets. See “Item 3.D. Key Information—Risk Factors—Risks Related to Our Business Environment—Climate change could have a material adverse impact on us and our clients.” and “Item 3.D. Key Information—Risk Factors—Operational Risk—Damage to our reputation could harm our businesses.”

## **Business Groups**

Under the new Medium-term Business Plan for the three-year period beginning on April 1, 2024, our business groups have been reorganized as follows in an effort to further integrate the expertise and capabilities of our subsidiaries to respond to the needs of our customers more effectively and efficiently. For information on the previous business groups, see “Item 5.A. Operating and Financial Review and Prospects—Operating Results—Business Segment Analysis.”

### ***Retail & Digital Business Group***

The Retail & Digital Business Group focuses on serving retail customers, excluding wealth management customers, in Japan. This business group was formed on April 1, 2024 through the strategic reorganization of the Digital Service Business Group and the Retail & Commercial Banking Business Group. This reorganization is a response to the evolving and diversifying retail customer needs, including the demand for asset management solutions, driven by shifts in the economic and financial landscape. This business group seeks to enable a wider range of retail customers to flexibly utilize MUFG’s diverse service channels.

One of the strategic missions of this business group is to expand its touchpoints by optimally mixing the three service channels under the concept of “Real (Face-to-Face) × Remote × Digital” and deliver customer experience that makes its customers think “I’m glad I chose MUFG.” We aim to further strengthen our retail business by maximizing customer life-time value (LTV).



### ***Commercial Banking & Wealth Management Business Group***

The Commercial Banking & Wealth Management Business Group was established on April 1, 2024 as part of the strategic reorganization of the Digital Service Business Group and the Retail & Commercial Banking Business Group in order to enhance the ability of our employees to provide financial solutions and further strengthen business models that contribute to social solutions. This business group provides solutions to small and medium-sized enterprise clients and wealth management clients in Japan.

In addition to strategies designed to capture opportunities arising from changes in the business environment in the small and medium sized enterprise segment and in the wealth management segment, we seek to strengthen our business models by expanding our business succession and asset succession businesses by targeting both corporate clients and wealth management clients.

### ***Japanese Corporate & Investment Banking Business Group***

The Japanese Corporate & Investment Banking Business Group provides services to help large Japanese corporate customers seeking global expansion achieve growth in their corporate value. We are engaged in the lending, fund settlement, and foreign exchange businesses and also provide comprehensive investment banking solutions and real estate-related services, fully employing the expertise of each group entity.

We seek to improve profitability and balance sheet soundness through strategic pricing focused on achieving appropriate returns and fine-tuning our balance sheet management policy in response to changes in the interest rate environment. Furthermore, we continue with our effort to reduce our equity holdings for portfolio risk management purposes.

Our customers are expanding their business domains to address social issues. Through engagement with customers, we intend to collaborate to cultivate new industries and businesses. In this process, we seek to create new financing opportunities and provide financing to our customers, thereby contributing to the resolution of social issues.

### ***Asset Management & Investor Services Business Group***

The Asset Management & Investor Services Business Group covers the asset management and investor services businesses of Mitsubishi UFJ Trust and Banking, MUFG Bank and Mitsubishi UFJ Asset Management. The business group offers a full range of asset management and investor services for corporations and pension funds, including pension fund management and administration, advice on pension structures, and payments to beneficiaries, and also offers investment trusts for retail customers.

We aim to expand our asset management and investor services business by enhancing the quality of our products and services, effectively utilizing the broad customer base of the MUFG Group and improving our operational efficiency through IT technology.

### ***Global Corporate & Investment Banking Business Group***

The Global Corporate & Investment Banking Business Group covers the corporate, investment and transaction banking businesses of MUFG Bank and Mitsubishi UFJ Securities Holdings. Through a global network of offices and branches, we provide non-Japanese large corporate and financial institution customers with a comprehensive set of solutions that meet their increasingly diverse and sophisticated financing needs.

Through the integrated business management structure between the Global Corporate & Investment Banking Business Group and the Global Markets Business Group, we aim to offer a wide range of financial services to meet the diverse needs of both corporate and institutional investor customers.

The expansion of the global corporate and investment banking and global markets businesses has been an important pillar of the MUFG Group's growth strategy. We continue to work to strengthen the strategic alignment and collaboration among our group companies and across global geographies in order to best deploy our comprehensive expertise to provide our customers with value-added solutions and services.

### ***Corporate Banking***

Through our global network of offices and branches, we provide a full range of corporate banking solutions, such as project finance, export credit agency finance, and financing through asset-backed commercial paper. Our primary customers include large corporations, financial institutions, sovereign and multinational organizations, and institutional investors that are headquartered outside of Japan.

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### *Investment Banking*

We provide investment banking services such as debt and equity issuance and M&A-related services to help our customers develop their financial strategies and realize their business goals. In order to meet customers' various financing needs, we have established a customer-oriented coverage model through which our product experts coordinate with one another to offer innovative financing services globally. We have further integrated the management of the operations of our commercial banking and securities subsidiaries to enhance collaboration. We are one of the world's top providers of project finance, one of the core businesses of the Global Corporate & Investment Banking Business Group. We provide sophisticated professional services in arranging limited-recourse finance and secured finance, and offering financial advice in various sectors, including natural resources, power, and infrastructure, backed by our experience, expertise, knowledge, and global network.

### *Transaction Banking*

We provide commercial banking products and services for large corporations and financial institutions in managing and processing domestic and cross-border payments, mitigating risks in international trade, and providing working capital optimization. We provide customers with support for their domestic, regional and global trade finance and cash management programs through our extensive global network.

### ***Global Commercial Banking Business Group***

The Global Commercial Banking Business Group provides a comprehensive array of financial products and services such as loans, deposits, fund transfers, investments and asset management services for local retail customers, small and medium-sized enterprises, and corporate customers across the Asia-Pacific region through our major local commercial banking subsidiaries and affiliates outside of Japan referred to as "Partner Banks." Our Partner Banks include Krungsri in Thailand, Bank Danamon in Indonesia, VietinBank in Vietnam and Security Bank in the Philippines.

The network among the Partner Banks covers a vast market, consisting of four countries with population totaling approximately 566 million. The market is expected to expand further in the medium to long term as the GDP growth rates are relatively high in these countries and financial needs are expected to increase as average income rise in the ASEAN countries. We believe that our network, which combines the global reach of the MUFG Group companies with strong regional presence of the Partner Banks each carrying an established brand, provides us with unique competitive advantages. We aim to further strengthen the network by promoting business collaboration and enhancing governance. In addition, through continuous strategic investments in business areas such as digital financial services, we seek to contribute to financial inclusion in Asia and capture the business opportunities arising from the economic growth of the region.

#### *Bank of Ayudhya Public Company Limited (Krungsri)*

Krungsri is a strategic subsidiary of MUFG Bank in Thailand. Krungsri provides a comprehensive range of banking, consumer finance, investment, asset management, and other financial products and services to retail consumers, small and medium-sized enterprises, and large corporations mainly in Thailand through 591 branches (consisting of 550 banking branches, 40 automobile finance business branches and one overseas branch) and other service outlets nationwide. In addition, Krungsri's consolidated subsidiaries include the largest credit card issuer in Thailand with a market share of 18%, sales finance and personal loan accounts in its portfolio, a major auto finance provider, a fast-growing asset management company and a leading microfinance service provider in Thailand.

MUFG owns a 76.88% ownership interest in Krungsri through MUFG Bank as of March 31, 2024. By combining Krungsri's local franchise with competitive presence in the retail and small and medium-sized enterprise banking markets in Thailand with MUFG Bank's global financial expertise, we seek to offer a wider range of high-value financial products and services to a more diverse and larger customer base.

#### *PT Bank Danamon Indonesia, Tbk. (Bank Danamon)*

Bank Danamon is a strategic subsidiary of MUFG Bank in Indonesia. Bank Danamon provides a comprehensive range of banking and other financial products and services to retail consumers, small and medium-sized enterprises, and large corporations in Indonesia. It operates an extensive distribution network spread out from Aceh to Papua, with more than 863 branches and service outlets.

In addition, Bank Danamon provides financing for automotive and consumer goods through PT Adira Dinamika Multi Finance Tbk (ADMF), a subsidiary of Bank Danamon. In March 2024, we completed the acquisition of 80.6% of the shares of PT Mandala



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Multifinance Tbk, a multi-finance company in Indonesia, through MUFG Bank and ADMF. We intend to further reinforce and expand our auto loan business in Indonesia.

MUFG made an initial investment in December 2017 and owns a 92.47% ownership interest in Bank Danamon through MUFG Bank as of March 31, 2024. This investment in Bank Danamon represents another milestone for our growth strategy in Indonesia and Southeast Asia. We aim to offer a unique and unparalleled retail and small and medium-sized enterprise banking business model based on the established local networks of our Partner Banks and MUFG's global network to provide holistic financial services to a wider range of customers.

### *Other Activities in Southeast Asia*

We have been expanding our operations in Southeast Asia with an effort to further develop our businesses abroad. In addition to Krungsri and Bank Danamon, we have strategic business and capital alliances with other banks in Southeast Asia, including VietinBank in Vietnam and Security Bank in the Philippines, as our Partner Banks.

VietinBank provides a wide range of financial services to consumers, small businesses, middle-market and large companies through its branch network predominantly in Vietnam. We own a 19.73% equity interest in VietinBank.

Security Bank provides a wide range of financial services to consumers, small businesses, middle-market and large companies through its branch network in the Philippines. We own a 20% equity interest in Security Bank.

As part of our strategic investments to capture growth opportunities in the digital finance area, following the investments in Silvr Technology Co., Ltd. (known as "Akulaku"), a fintech company providing digital financial services primarily in Indonesia, and in DMI Finance Private Ltd., a fintech company providing digital financial services primarily in India, we completed the acquisition of HC Consumer Finance Philippines, Inc. and PT Home Credit Indonesia, both of which were subsidiaries of a consumer finance company headquartered in the Netherlands, in 2023. Further, we completed an investment in Ascend Money Company Limited, a provider of digital financial services in Thailand, in June 2024.

Through strategic acquisitions and investments in Asia, we aim to further strengthen and enhance our business platform and will continue striving to contribute to the economic growth of the region.

See "Item 3.D. Key Information—Risk Factors—Risks Related to Our Strategies and Our Major Investees—Our strategy to expand the range of our financial products and services and the geographic scope of our business globally may fail if we are unable to anticipate or manage new or expanded risks that entail such global expansion."

### ***Global Markets Business Group***

The Global Markets Business Group covers the customer business and the treasury operations of MUFG Bank, Mitsubishi UFJ Trust and Banking and Mitsubishi UFJ Securities Holdings. The customer business includes sales and trading in fixed income instruments, currencies and equities as well as other investment products, and origination and distribution of financial products. The treasury operations include asset and liability management as well as global investments for the MUFG Group. In the fiscal year ended March 31, 2022, we started a new investment business in the Global Markets Business Group involving long-term diversified investments as a new sustainable revenue source.

#### *Customer Business*

*Sales and Trading in Fixed Income Instruments, Currencies and Equities.* We provide financing, hedging, and investment solutions to our retail, corporate, institutional, and governmental customers through sales and trading in financial market products such as fixed income instruments, currencies, and equities.

*Investment Products for Non-Institutional Customers in Japan.* We provide investment products such as mutual funds, and structured bonds, notes and deposits to non-institutional customers in Japan. We offer solutions using these investment products to help customers better manage their assets and liabilities. This business is conducted through the integrated operations management structure among the Global Markets Business Group, the Asset Management & Investor Service Business Group, the Commercial Banking & Wealth Management Business Group, and the Japanese Corporate & Investment Banking Business Group.

*Origination and Distribution.* We provide financing solutions to institutional customers through origination and distribution of financial products such as syndicated loans and securities issuances. This business is conducted through the integrated operations management structure between the Global Markets Business Group and the Global Corporate & Investment Banking Business Group.

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### *Treasury Operations*

*Asset and Liability Management.* We seek to manage interest rate and liquidity risks residing in our balance sheets through, among other things, transactions designed to manage the profit and loss impact attributable to market movements based on our balance sheet analyses and forecasts. Such transactions include investments in high quality liquid securities such as Japanese government bonds and U.S. Treasury bonds and trading in other financial products such as interest rate swaps and cross currency swaps.

*Global Investment.* Through our treasury operations, we also seek to enhance our profitability by diversifying our portfolio and strategically investing in financial products including corporate bonds and funds.

### **Global Strategic Alliance with Morgan Stanley**

As of March 31, 2024, we held approximately 377 million shares of Morgan Stanley's common stock representing approximately 23.2% of the voting rights in Morgan Stanley and Series C Preferred Stock with a face value of approximately \$521.4 million and 10% dividend. As of the same date, we had two representatives appointed to Morgan Stanley's board of directors. We adopted the equity method of accounting for our investment in Morgan Stanley beginning with the fiscal year ended March 31, 2012.

In conjunction with Morgan Stanley, we formed two securities joint venture companies in May 2010 to integrate our respective Japanese securities companies. We converted the wholesale and retail securities businesses conducted in Japan by Mitsubishi UFJ Securities into Mitsubishi UFJ Morgan Stanley Securities. Morgan Stanley contributed the investment banking operations conducted in Japan by its former wholly-owned subsidiary, Morgan Stanley Japan, to Mitsubishi UFJ Morgan Stanley Securities, and converted the sales and trading and capital markets businesses conducted in Japan by Morgan Stanley Japan into an entity called Morgan Stanley MUFG Securities, Co., Ltd. We hold a 60% economic interest in Mitsubishi UFJ Morgan Stanley Securities and Morgan Stanley MUFG Securities, and Morgan Stanley holds a 40% economic interest in Mitsubishi UFJ Morgan Stanley Securities and Morgan Stanley MUFG Securities. We hold a 60% voting interest and Morgan Stanley holds a 40% voting interest in Mitsubishi UFJ Morgan Stanley Securities, and we hold a 49% voting interest and Morgan Stanley holds a 51% voting interest in Morgan Stanley MUFG Securities. Morgan Stanley's and our economic and voting interests in the securities joint venture companies are held through intermediate holding companies. We have retained control of Mitsubishi UFJ Morgan Stanley Securities and we account for our interest in Morgan Stanley MUFG Securities under the equity method due to our significant influence over Morgan Stanley MUFG Securities. The board of directors of Mitsubishi UFJ Morgan Stanley Securities has fifteen members, nine of whom are designated by us and six of whom are designated by Morgan Stanley. The board of directors of Morgan Stanley MUFG Securities has ten members, six of whom are designated by Morgan Stanley and four of whom are designated by us. The CEO of Mitsubishi UFJ Morgan Stanley Securities is designated by us and the CEO of Morgan Stanley MUFG Securities is designated by Morgan Stanley.

We have also expanded the scope of our global strategic alliance with Morgan Stanley into other geographies and businesses, including (1) a loan marketing joint venture that provides clients in the United States with access to the world-class lending and capital markets services from both companies, (2) business referral arrangements in Asia, Europe, the Middle East and Africa, covering capital markets, loans, fixed income sales and other businesses, (3) global commodities referral arrangements whereby MUFG Bank and its affiliates refer clients in need of commodities-related hedging solutions to certain affiliates of Morgan Stanley, and (4) an employee secondment program to share best practices and expertise in a wide range of business areas.

In July 2023, we jointly announced with Morgan Stanley the launch of "Alliance 2.0", an enhanced Global Strategic Alliance for further collaboration between both companies for the next decade and beyond. As part of this alliance, we and Morgan Stanley began to collaborate in the Japanese stock market research and equity businesses for institutional clients in January 2024 and to collaborate in foreign currency exchange trading in April 2024.

See "Item 3.D. Key Information—Risk Factors—Risks Related to Our Strategies and Our Major Investees—If our strategic alliance with Morgan Stanley fails, we could suffer financial or reputational loss."

### **Competition**

We face strong competition in all of our principal areas of operation. The structural reforms in financial industry regulations and recent developments in financial markets have resulted in some significant changes in the Japanese financial system and prompted banks to merge or reorganize their operations. In addition, development of new technologies such as artificial intelligence and blockchain has also allowed non-financial institutions to enter the financial services industry with alternative services, thus changing the nature of competition from other financial institutions as well as from other types of businesses. See "Item 3.D. Key Information—Risk Factors—Risks Related to Our Strategies and Our Major Investees—Our business may be adversely affected by competitive pressures, which have partly increased due to regulatory changes and recent market changes in the financial industry domestically and globally."

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### ***Japan***

Our major competitors in Japan include:

- Japan's other major banking groups: Mizuho Financial Group and Sumitomo Mitsui Financial Group;
- Government financial institutions: Japan Finance Corporation, Japan Post Bank, Development Bank of Japan and Japan Bank for International Cooperation;
- Other commercial banking institutions: Resona Bank, SBI Shinsei Bank, regional banks, and credit associations (*shinkin banks*);
- Securities companies and investment banks: Nomura group and Daiwa group; and
- Asset management companies.

### ***Foreign***

In foreign markets, we face competition from local and global commercial banks, money center banks, regional banks, thrift institutions, asset management companies, investment advisory companies, credit unions, fintech companies and other similar financial institutions.

### **The Japanese Financial System**

Japanese financial institutions may be categorized into three types:

- the central bank, namely the Bank of Japan;
- private banking institutions; and
- government financial institutions.

### ***The Bank of Japan***

The Bank of Japan's role is to maintain price stability and the stability of the financial system to ensure a solid foundation for sound economic development.

### ***Private Banking Institutions***

Private banking institutions in Japan are commonly classified into two categories (the following numbers are based on information published by the FSA available as of June 1, 2024):

- ordinary banks (121 ordinary banks and 54 foreign commercial banks with ordinary banking operations); and
- trust banks (13 trust banks, including two Japanese subsidiaries of foreign financial institutions).

Ordinary banks in turn are classified as city banks, of which there are four, including MUFG Bank, and regional banks, of which there are 99 and other banks, of which there are 18. In general, the operations of ordinary banks correspond to commercial banking operations in the United States. City banks and regional banks are distinguished based on head office location as well as the size and scope of their operations.

The city banks are generally considered to constitute the largest and most influential group of banks in Japan. Generally, these banks are based in large cities, such as Tokyo and Osaka, and operate nationally through networks of branch offices. The city banks provide a wide variety of banking and other financial products and services to large corporate customers, including the major industrial companies in Japan, as well as small and medium-sized companies and retail customers.

With some exceptions, the regional banks tend to be much smaller in terms of total assets than the city banks. Historically, each of the regional banks has been based in one of the Japanese prefectures and has extended its operations into neighboring prefectures. Their customers are mostly regional enterprises and local public utilities. Trust banks, including Mitsubishi UFJ Trust and Banking, provide various trust services relating to money trusts, pension trusts and investment trusts and offer other services relating to real estate, stock transfer agency and testamentary services, as well as banking services.

### ***Government Financial Institutions***

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There are a number of government financial institutions in Japan, which are corporations wholly owned or majority-owned by the government and operate under the government's supervision. Their funds are provided mainly from government sources. Certain types of operations undertaken by these institutions have been or are planned to be assumed by, or integrated with the operations of, private corporations through privatizations and other measures.

Among them are the following:

- The Development Bank of Japan, which was established for the purpose of contributing to the economic development of Japan by extending long-term loans, mainly to primary and secondary sector industries, and which was reorganized as a joint stock company in October 2008 as part of its ongoing privatization process, with the government being required by law to continue to hold 50% or more of the shares in the bank until the completion of certain specified investment operations, which the bank is required to endeavor to achieve by March 2026, and more than one-third for an unspecified period thereafter;
- Japan Finance Corporation, which was formed in October 2008, through the merger of the international financial operations of the former Japan Bank for International Cooperation, National Life Finance Corporation, Agriculture, Forestry and Fisheries Finance Corporation, and Japan Finance Corporation for Small and Medium Enterprise, for the primary purposes of supplementing and encouraging the private financing of exports, imports, overseas investments and overseas economic cooperation, and supplementing private financing to the general public, small and medium-sized enterprises and those engaged in agriculture, forestry and fishery. In April 2012, Japan Finance Corporation spun off its international operations to create Japan Bank for International Cooperation as a separate government-owned entity;
- Japan Housing Finance Agency, which was originally established in June 1950 as the Government Housing Loan Corporation for the purpose of providing housing loans to the general public, and which was reorganized as an incorporated administrative agency and started to specialize in securitization of housing loans in April 2007; and
- The Japan Post Group companies, a group of joint stock companies including Japan Post Bank, which were formed in October 2007 as part of the Japanese government's privatization plan for the former Japan Post, a government-run public services corporation, which had been the Postal Service Agency until March 2003. In November 2015, approximately 11% of the outstanding shares of each of Japan Post Bank, Japan Post Insurance and Japan Post Holdings were sold to the public, and these companies are currently listed on the Tokyo Stock Exchange. As of March 31, 2024, Japan Post Holdings held 61.50% of the outstanding shares of Japan Post Bank, with a publicly announced target to reduce its shareholding in Japan Post Bank to 50% or below by the end of March 2026. As of March 31, 2024, Japan Post Holdings held 49.84% of the outstanding shares of Japan Post Insurance.

## **Supervision and Regulation**

### *Japan*

*Supervision.* The FSA is responsible for supervising and overseeing financial institutions, making policy for the overall Japanese financial system and conducting insolvency proceedings with respect to financial institutions. The Bank of Japan, as the central bank for financial institutions, also has supervisory authority over banks in Japan, based primarily on its contractual agreements and transactions with the banks.

*The Banking Act.* Among the various laws that regulate financial institutions, the Banking Act and its subordinated orders and ordinances are regarded as the fundamental law for ordinary banks and other private financial institutions. The Banking Act addresses capital adequacy, inspections and reporting of banks and bank holding companies, as well as the scope of business activities, disclosure, accounting, limitation on granting credit and standards for arm's length transactions for them. Bank holding companies, banks and other financial institutions are required to establish an appropriate system to cope with conflicts of interest that may arise from their business operations.

The Banking Act and various other financial regulation related laws have recently been amended, including certain deregulations on restrictions for shareholdings by banks. For example, although a bank is generally prohibited from holding more than 5% of the outstanding shares of another domestic company (other than certain financial businesses) under the Banking Act, an amendment to the Banking Act which took effect in April 2017 allows banks to acquire and hold more than 5% of the voting rights in certain financial technology companies if approved by the FSA. An additional amendment to the Banking Act which took effect in June 2018 introduced a framework for affiliation and cooperation between financial institutions and financial technology companies while adding measures designed to ensure customer protection. A further amendment to the Banking Act which took effect in May 2020 allows banks to engage in certain information provision services relating to customer and other information. In addition, an amendment to the Banking Act which took effect in November 2021 allows banks to engage in certain services contributory to the construction of a sustainable society such as regional revitalization or productivity enhancement and allows banks, with the FSA's approval, to acquire and hold more than 5% of the voting rights in companies which engage in certain services contributory to the construction of a sustainable society such as regional revitalization or productivity enhancement.

*Bank holding company regulations.* A bank holding company is prohibited from carrying out any business other than the management of its subsidiaries and other incidental businesses. A bank holding company may have any of the following as a

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subsidiary: a bank, a securities company, an insurance company, a foreign subsidiary that is engaged in the banking, securities or insurance business and any company that is engaged in a finance-related business, such as a credit card company, a leasing company, investment advisory company, or financial technology company as permitted by the April 1, 2017 amendments to the Banking Act. Certain companies that are designated by a ministerial ordinance as those that cultivate new business fields may also become the subsidiaries of a bank holding company.

In addition, under the April 1, 2017 amendments to the Banking Act, a bank holding company (i) is required to perform certain specified functions as a bank holding company to ensure effective management of its subsidiaries and (ii) is allowed to engage in certain specified common operations of its subsidiaries so as to improve the efficiency of the operations of its group companies.

*Capital adequacy.* The capital adequacy guidelines adopted by the FSA that are applicable to Japanese bank holding companies and banks with international operations closely follow the risk-weighted approach introduced by the Basel Committee on Banking Supervision of the Bank for International Settlements.

Basel II, as adopted by the FSA, has been applied to Japanese banks since March 31, 2007. Basel III, as adopted by the FSA, has been applied to Japanese banking institutions with international operations conducted through their foreign offices since March 31, 2013. Basel III is built on “three pillars”: (1) minimum capital requirements, (2) the self-regulation of financial institutions based on supervisory review process, and (3) market discipline through the disclosure of information.

The Group of Central Bank Governors and Heads of Supervision reached an agreement on the new global regulatory framework, which has been referred to as “Basel III,” in July and September 2010. In December 2010, the Basel Committee agreed on the details of the Basel III rules. The agreement on Basel III includes the following: (1) raising the quality of capital to ensure banks are able to better absorb losses both on a going concern basis and on a gone concern basis, (2) increasing the risk coverage of the capital framework, in particular for trading activities, securitizations, exposures to off-balance sheet vehicles and counterparty credit exposures arising from derivatives, (3) raising the level of minimum capital requirements, including an increase in the minimum common equity requirement from 2% to 4.5%, which was phased in between January 1, 2013 and the end of the calendar year 2014, and a capital conservation buffer of 2.5%, which was phased in between January 1, 2016 and the end of the calendar year 2018, bringing the total common equity requirement to 7%, (4) introducing an internationally harmonized leverage ratio to serve as a backstop to the risk-based capital measure and to contain the build-up of excessive leverage in the system, (5) raising standards for the supervisory review process (Pillar 2) and public disclosures (Pillar 3), together with additional guidance in the areas of valuation practices, stress testing, liquidity risk management, corporate governance and compensation, (6) introducing minimum global liquidity standards consisting of both a short term liquidity coverage ratio, or LCR, and a longer term structural net stable funding ratio, or NSFR, and (7) promoting the build-up of capital buffers that can be drawn down in periods of stress, including both a capital conservation buffer and a countercyclical buffer to protect the banking sector from periods of excess credit growth.

Under Basel III, Common Equity Tier 1, Tier 1 and total capital ratios are used to assess capital adequacy, which ratios are determined by dividing applicable capital components by risk-weighted assets. Total capital is defined as the sum of Tier 1 and Tier 2 capital.

Under Basel III, Tier 1 capital is defined to include Common Equity Tier 1 and Additional Tier 1 capital. Common Equity Tier 1 capital is a new category of capital primarily consisting of:

- common stock,
- capital surplus,
- retained earnings, and
- accumulated other comprehensive income.

Regulatory adjustments including certain intangible fixed assets, such as goodwill, and defined benefit pension fund net assets (prepaid pension costs) will be deducted from Common Equity Tier 1 capital.

Additional Tier 1 capital generally consists of Basel III compliant preferred shares and perpetual subordinated obligations, net of regulatory adjustments.

Tier 2 capital generally consists of:

- Basel III compliant subordinated obligations,
- allowances for credit losses, and
- non-controlling interests in subsidiaries’ Tier 2 capital instruments.



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In order to qualify as Tier 1 or Tier 2 capital under Basel III, applicable instruments such as preferred shares and subordinated debt must have a clause in their terms and conditions that requires them to be written-off or forced to be converted into common stock upon the occurrence of certain trigger events.

Risk-weighted assets are the sum of risk-weighted assets compiled for credit risk purposes, quotient of dividing the amount equivalent to market risk by 8%, and quotient of dividing the amount equivalent to operational risk by 8%, and also include any amount to be added due to transitional measures as well as floor adjustments, if necessary. Risk-weighted assets include the capital charge of the credit valuation adjustment, or CVA, the credit risk related to asset value correlation multiplier for large financial institutions, the 250% risk-weighted threshold items not deducted from Common Equity Tier 1 capital, and certain Basel II capital deductions that were converted to risk-weighted assets under Basel III, such as securitizations and significant investments in commercial entities. Certain Basel III provisions were adopted by the FSA with transitional measures and became effective March 31, 2013.

The capital ratio standards applicable to us are as follows:

- a minimum total capital ratio of 8.0%,
- a minimum Tier 1 capital ratio of 6.0%, and
- a minimum Common Equity Tier 1 capital ratio of 4.5%.

These minimum capital ratios are applicable to MUFG on a consolidated basis and to MUFG Bank and Mitsubishi UFJ Trust and Banking on a consolidated as well as stand-alone basis.

The approval granted to us by the FSA to exclude the majority of our investment in Morgan Stanley from being subject to double gearing adjustments, which had been phased out over a ten-year period, expired on March 30, 2023.

The Financial Stability Board identified us as a global systemically important bank, or G-SIB, in its most recent annual report published in November 2023, and is expected to update the list of G-SIB annually. In December 2015, the FSA also designated us as a G-SIB as well as a domestic systemically important bank generally referred to as a “D-SIB.”

Effective March 31, 2016, the FSA’s capital conservation buffer, countercyclical buffer and G-SIB surcharge requirements became applicable to Japanese banking institutions with international operations conducted through foreign offices, including us. The requirements as of March 31, 2024 consist of a capital conservation buffer of 2.5%, a G-SIB surcharge of 1.5% and a countercyclical buffer of 0.16% in addition to the 4.5% minimum Common Equity Tier 1 capital ratio.

In December 2017, the Group of Central Bank Governors and Heads of Supervision released final Basel III reforms. The reforms are designed, among other things, to help reduce excessive variability in risk-weighted assets among banks and improve the comparability and transparency of banks’ risk-based capital ratios. The reforms endorsed by the Group of Central Bank Governors and Heads of Supervision include the following elements:

- a revised standardized approach for credit risk, which is designed to improve the robustness and risk sensitivity of the existing approach;
- revisions to the internal ratings-based approach for credit risk, where the use of the most advanced internally modelled approaches for low-default portfolios are limited;
- revisions to CVA framework, including the removal of the internally modelled approach and the introduction of a revised standardized approach;
- a revised standardized approach for operational risk, which replaces the previous standardized approaches and the advanced measurement approaches;
- revisions to the measurement of the leverage ratio and a leverage ratio buffer for G-SIBs, which takes the form of a Tier 1 capital buffer set at 50% of a G-SIB’s risk-weighted capital buffer; and
- an aggregate output floor, which is designed to ensure that banks’ risk-weighted assets generated by internal models are no lower than 72.5% of risk-weighted assets as calculated by the Basel III framework’s standardized approaches. Banks will also be required to disclose their risk-weighted assets based on these standardized approaches.

These reforms, as adopted by the FSA, became generally applicable to Japanese banking institutions with international operations conducted through foreign offices, including us, on March 31, 2024. Transitional measures, including revisions to the aggregate output floor, are being phased in from March 31, 2024, with the initial capital floor of 50%, and are scheduled to be fully implemented at 72.5% from March 31, 2029.

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In January 2019, the Group of Central Bank Governors and Heads of Supervision approved the Basel Committee on Banking Supervision's finalized market risk capital framework. The approved market risk framework includes the revision of the standardized approach and the internal model approach and the introduction of simplified standardized approach. The framework became generally applicable to Japanese banking institutions with international operations conducted through foreign offices, including us, on March 31, 2024.

For a discussion on our capital ratios, see "Item 5.B. Operating and Financial Review and Prospects—Liquidity and Capital Resources—Capital Adequacy."

*Leverage ratio.* Japanese banks and bank holding companies with international operations, including us, are required to maintain a minimum leverage ratio and disclose their leverage ratios calculated in accordance with the methodology prescribed in the FSA guidelines that have been adopted to implement the relevant Basel III standard. The leverage ratio is designed for monitoring and preventing the build-up of excessive leverage in the banking sector and is expressed as the ratio of Tier 1 capital to total balance sheet assets adjusted in accordance with the FSA guidelines. In December 2017, the Group of Central Bank Governors and Heads of Supervision announced final Basel III reforms. The announced reforms include the revisions to the measurement of the leverage ratio and a 3.00% minimum leverage ratio requirement, plus a G-SIB leverage ratio buffer equal to 50% of the applicable G-SIB capital surcharge. In Japan, the FSA adopted a minimum leverage ratio requirement at 3.00%, effective March 31, 2019, and the minimum leverage ratio requirement applied to us as of March 31, 2024 was 3.75%, including a leverage ratio buffer set at 50% of a G-SIB surcharge which, as applied to us, equals 0.75%. From June 30, 2020 to March 31, 2024, deposits with the Bank of Japan were temporarily excluded from the calculation of the leverage ratio. On and after April 1, 2024, the applicable minimum leverage ratio requirement including the applicable minimum leverage ratio buffer requirement is raised from 3.00% plus a G-SIB leverage ratio buffer set at 50% of a G-SIB surcharge to 3.15% plus a G-SIB leverage ratio buffer set at 50% of a G-SIB surcharge plus 0.05%, while deposits with the Bank of Japan remain excluded from the leverage exposure for the purpose of the calculation of the leverage ratio in light of exceptional macroeconomic conditions and other circumstances.

*Total loss-absorbing capacity.* In November 2015, the Financial Stability Board issued the final Total Loss-Absorbing Capacity, or TLAC, standard for G-SIBs, including us. The Financial Stability Board's TLAC standard is designed to ensure that if a G-SIB fails, it has sufficient loss-absorbing and recapitalization capacity available in resolution to implement an orderly resolution that minimizes impacts on financial stability, ensures the continuity of critical functions, and avoids exposing public funds to loss. The Financial Stability Board's TLAC standard defines a minimum requirement for the instruments and liabilities that should be readily available to absorb losses in resolution.

The TLAC standard which was set forth in the regulatory notices and related materials for the implementation of the Financial Stability Board's TLAC standard in Japan published by the FSA in March 2019 and which became fully applicable to (i) G-SIBs in Japan on March 31, 2022, and (ii) a domestic systemically important bank designated by the FSA, or D-SIB, in Japan deemed to be in particular need for a cross-border resolution arrangement and of particular systemic significance to the Japanese financial system if it fails (such G-SIBs and D-SIB, collectively, "Covered SIBs") on March 31, 2024, respectively, or the Japanese TLAC Standard, requires entities designated by the FSA as Domestic Resolution Entities for Covered-SIBs to meet certain minimum external total loss-absorbing capacity, or External TLAC, requirements. The Japanese TLAC Standard and the Financial Stability Board's TLAC standard also require the Domestic Resolution Entities to cause any of their material subsidiaries in Japan designated as systemically important by the FSA or their foreign subsidiaries subject to TLAC or similar requirements in the relevant jurisdictions to maintain certain minimum level of capital and debt having internal total loss-absorbing and recapitalization capacity, or Internal TLAC.

In the Japanese TLAC Standard, the FSA has designated the relevant ultimate holding companies in Japan as Domestic Resolution Entities for the Covered SIBs and, in our case, MUFG as the Domestic Resolution Entity for our Group, making MUFG subject to the External TLAC requirements in Japan. The FSA has also designated MUFG Bank, Mitsubishi UFJ Trust and Banking and Mitsubishi UFJ Morgan Stanley Securities as MUFG's material subsidiaries in Japan, which are subject to the Internal TLAC requirements applicable to MUFG.

External TLAC debt generally consists of Basel III compliant regulatory capital and the Japanese TLAC Standard compliant obligations, net of regulatory adjustments. Internal TLAC debt generally consists of Basel III compliant regulatory capital and the Japanese TLAC Standard compliant subordinated obligations, net of regulatory adjustments. The Japanese TLAC Standard does not require that, in order for unsecured senior debt issued by the Domestic Resolution Entity of a Japanese G-SIB to qualify as External TLAC debt, such debt be subject to any contractual write-down, write-off or conversion provisions or to any subordination provisions so long as its creditors are recognized as structurally subordinated to the creditors of its subsidiaries and affiliates by the FSA on the ground that the amount of excluded liabilities of such Domestic Resolution Entity ranking *pari passu* with, or junior to, its unsecured senior liabilities does not, in principle, exceed 5% of the aggregate amount of its External TLAC. In contrast, Internal TLAC debt incurred by a material subsidiary of a Japanese G-SIB is required to be subject to contractual loss absorption provisions and to be subordinated to such subsidiary's excluded liabilities.

The Japanese TLAC Standard requires a Japanese G-SIB, such as us, to issue and maintain External TLAC debt in an amount not less than 18% of its consolidated risk-weighted assets and 7.10% (6.75% from March 31, 2022 until March 31, 2024) of the

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applicable Basel III leverage ratio denominator. In addition, under the Japanese TLAC Standard, Japanese G-SIBs are allowed to count as External TLAC the Japanese Deposit Insurance Fund Reserves in an amount equivalent to 3.5% of their consolidated risk-weighted assets.

Deposits with the Bank of Japan were temporarily excluded from the calculation of External TLAC ratio and Internal TLAC amounts on a total exposure basis (also referred to as a leverage exposure basis) as well as the leverage ratio from June 30, 2020 until March 31, 2024. On and after April 1, 2024, the applicable External TLAC ratio on a total exposure basis is raised from 6.75% to 7.10%, while deposits with the Bank of Japan remain excluded from the total exposure for the purpose of the calculation of External TLAC ratio and Internal TLAC amounts in light of exceptional macroeconomic conditions and other circumstances.

Under the Japanese TLAC Standard, the FSA may order the Domestic Resolution Entity of a Covered SIB to submit a report outlining an improvement plan if the External TLAC ratio of the Domestic Resolution Entity or the Internal TLAC of its material subsidiaries in Japan falls below the minimum requirements. If the FSA further deems it necessary to ensure improvement, the FSA may issue a business improvement order to such Domestic Resolution Entity.

The Domestic Resolution Entity may also be subject to a capital distribution constraints plan if the capital buffers are used and reduced below the required level to make up for its required External TLAC on a risk-weighted assets basis.

See “Item 3.D Key Information—Risk Factors—Risks Related to Our Ability to Meet Regulatory Capital Requirements—We may not be able to maintain our capital ratios and other regulatory ratios above minimum required levels, which could result in various regulatory actions, including the suspension of some or all of our operations.”

*Prompt corrective action system.* Under the prompt corrective action system, the FSA may take corrective action, if a bank or a bank holding company fails to meet the minimum capital adequacy ratio or leverage ratio. These actions include requiring such bank or bank holding company to formulate and implement capital improvement measures, requiring it to reduce assets or the bank’s business operations or take other specific actions, and issuing an order to dispose of shares of its subsidiaries or suspend all or part of the bank’s business operations.

*Capital distribution constraints system.* Under the capital distribution constraints system, the FSA may order a bank or a bank holding company to submit and carry out a capital distribution constraints plan, if the bank or the bank holding company fails to maintain Common Equity Tier 1 capital required as applicable capital buffers, or if the bank or the bank holding company is a Japanese G-SIB, such as us, and fails to maintain Tier 1 capital required as applicable leverage buffers. A capital distribution constraints plan must be determined to be reasonably designed to restore the required capital buffers or leverage buffers by restricting capital distributions, such as dividends, share buybacks, interest payments on, and redemption and repurchase of, Additional Tier 1 capital instruments, and bonus payments, up to a certain amount depending on the level of the deficit in the required capital buffers or leverage buffers of the bank or the bank holding company.

*Prompt warning system.* Under the prompt warning system, the FSA may take precautionary measures to maintain and promote the sound operations of financial institutions, even before those financial institutions become subject to prompt corrective actions. These measures require a financial institution to enhance profitability, credit risk management, stability and cash flows.

*Deposit insurance system and government measures for troubled financial institutions.* The Deposit Insurance Act is intended to protect depositors if a financial institution fails to meet its obligations. The Deposit Insurance Corporation was established in accordance with the Deposit Insurance Act.

City banks, including MUFG Bank, regional banks, trust banks, including Mitsubishi UFJ Trust and Banking, and various other credit institutions participate in the deposit insurance system on a compulsory basis.

Under the Deposit Insurance Act, the maximum amount of protection is ¥10 million per customer within one bank. The ¥10 million maximum applies to all deposits except for non-interest-bearing deposits, which are non-interest-bearing deposits redeemable on demand and maintained by depositors primarily in settlement accounts for payment and settlement purposes. Deposits in settlement accounts are fully protected without a maximum amount limitation. Certain types of deposits are not covered by the deposit insurance system, such as foreign currency deposits and negotiable certificates of deposit. As of April 1, 2024, the Deposit Insurance Corporation charged an insurance premium equal to 0.021% per year on the deposits in the settlement accounts, and a premium equal to 0.014% per year on the deposits in other accounts.

Under the Deposit Insurance Act, a Financial Reorganization Administrator can be appointed by the Prime Minister if a bank’s liabilities exceed its assets or a bank has suspended, or is likely to suspend, repayment of deposits. The Financial Reorganization Administrator will take control of the assets of the troubled bank, dispose of the assets and search for another institution willing to take over the troubled bank’s business. The troubled bank’s business may also be transferred to a “bridge bank” established by the Deposit Insurance Corporation to enable the troubled bank’s operations to be maintained and continue temporarily, and the bridge bank will seek to transfer the troubled bank’s assets to another financial institution or dissolve the troubled bank. The Deposit Insurance Corporation protects deposits, as described above, either by providing financial aid for costs incurred by the financial institution succeeding the insolvent bank or by paying insurance money directly to depositors. The financial aid provided by the Deposit

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Insurance Corporation may take the form of a monetary grant, loan or deposit of funds, purchase of assets, guarantee or assumption of debt, subscription for preferred stock, or loss sharing.

The Deposit Insurance Act also provides for exceptional measures to cope with systemic risk in the financial industry. Where the Prime Minister recognizes that the failure of a bank which falls into any of (i) through (iii) below may cause an extremely grave problem to the maintenance of the financial order in Japan or the region where such bank is operating, or systemic risk, if none of the measures described in (i) through (iii) below is implemented, the Prime Minister may, following deliberation by the Financial Crisis Response Council, confirm (*nintei*) the need to take any of the following measures: (i) if the bank does not fall into either of the categories described in (ii) or (iii) below, the Deposit Insurance Corporation may subscribe for shares or subordinated bonds of, or extend subordinated loans to the bank, or subscribe for shares of the bank holding company of the bank, in order to enhance the bank's regulatory capital ("Item 1 measures" (*dai ichigo sochi*)); (ii) if the bank has suspended, or is likely to suspend, repayment of deposits, or its liabilities exceed its assets, financial aid exceeding the pay-off cost may be made available to such bank ("Item 2 measures" (*dai nigo sochi*)); and (iii) if the bank has suspended, or is likely to suspend, repayment of deposits, and its liabilities exceed its assets, and the systemic risk cannot be avoided by the measures mentioned in (ii) above, the Deposit Insurance Corporation may acquire all of the bank's shares ("Item 3 measures" (*dai sango sochi*)). The expenses for the implementation of the above measures will be borne by the banking industry, with an exception under which the Japanese government may provide partial subsidies for such expenses.

Under the new orderly resolution regime established by amendments to the Deposit Insurance Act that were promulgated in June 2013 and became effective on March 6, 2014, financial institutions, including banks, insurance companies and securities companies and their holding companies, are subject to the regime. Further, where the Prime Minister recognizes that the failure of a financial institution which falls into either of (a) or (b) below may cause a significant disruption to the Japanese financial market or system in Japan if measures described in (a) or measures described in (b) are not taken, the Prime Minister may, following deliberation by the Financial Response Crisis Council, confirm (*nintei*) that any of the following measures need to be applied to the financial institution:

- (a) if the financial institution is not a financial institution whose liabilities exceed its assets, the financial institution shall be placed under the special supervision by the Deposit Insurance Corporation over the financial institution's business operations and management and the disposal of the financial institution's assets, and the Deposit Insurance Corporation may provide the financial institution with loans or guarantees necessary to avoid the risk of significant disruption to the financial system in Japan, or subscribe for shares or subordinated bonds of, or extend subordinated loans to, the financial institution, taking into consideration the financial condition of the financial institution ("Specified Item 1 measures" (*tokutei dai ichigo sochi*) under Article 126-2, Paragraph 1, Item 1 of the Deposit Insurance Act); or
- (b) if the financial institution is a financial institution whose liabilities exceed, or are likely to exceed, its assets or which has suspended, or is likely to suspend, payments on its obligations, the financial institution shall be placed under the special supervision by the Deposit Insurance Corporation over the financial institution's business operations and management and the disposal of the financial institution's assets, and the Deposit Insurance Corporation may provide financial aid necessary to assist a merger, business transfer, corporate split or other reorganization in respect of such failed financial institution ("Specified Item 2 measures" (*tokutei dai nigo sochi*) under Article 126-2, Paragraph 1, Item 2 of the Deposit Insurance Act).

If the Prime Minister confirms that any of the measures set out in (b) above needs to be applied to a failed financial institution, the Prime Minister may order that the failed financial institution's business operations and management and the disposal of the failed financial institution's assets be placed under the special control of the Deposit Insurance Corporation. The business or liabilities of the financial institution subject to the special supervision or the special control of the Deposit Insurance Corporation as set forth above may also be transferred to a "bridge financial institution" established by the Deposit Insurance Corporation to enable the financial institution's operations to be maintained and continue temporarily, or the financial institution's liabilities to be repaid, and the bridge financial institution will seek to transfer the financial institution's business or liabilities to another financial institution or dissolve the financial institution. The financial aid provided by the Deposit Insurance Corporation to assist a merger, business transfer, corporate split or other reorganization in respect of the failed financial institution set out in (b) above may take the form of a monetary grant, loan or deposit of funds, purchase of assets, guarantee or assumption of debts, subscription for preferred stock or subordinated bonds, subordinated loan, or loss sharing. If the Deposit Insurance Corporation has provided such financial assistance, the Prime Minister may designate the movable assets and claims of the failed financial institution as not subject to attachment, and such merger, business transfer, corporate split or other reorganization may be conducted outside of the court-administrated insolvency proceedings. If the financial institution subject to the special supervision or the special control by the Deposit Insurance Corporation as set forth above has liabilities that exceed, or are likely to exceed, its assets, or has suspended, or is likely to suspend, payments on its obligations, the financial institution may transfer all or a material portion of its business or all or a material portion of shares of its subsidiaries or implement corporate split or certain other corporate actions with court permission in lieu of any shareholder resolutions. In addition, the Deposit Insurance Corporation must request other financial institution creditors of the failed financial institution to refrain from exercising their rights against the failed financial institution until measures necessary to avoid the risk of significant disruption to the financial system in Japan have been taken, if it is recognized that such exercise of their rights is likely to make the orderly resolution of the failed financial institution difficult.



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The expenses for implementation of the measures under this regime will be borne by the financial industry, with an exception under which the Japanese government may provide partial subsidies for such expenses within the limit to be specified in the government budget in cases where it is likely to cause extremely serious hindrance to the maintenance of the credit system in Japan or significant turmoil in the Japanese financial market or system if such expenses are to be borne only by the financial industry.

According to the announcement made by the FSA in March 2014, (i) Additional Tier 1 instruments and Tier 2 instruments under Basel III issued by a bank must be written down or converted into common shares when the Prime Minister confirms (*nintei*) that Item 2 measures (*dai nigo sochi*), Item 3 measures (*dai sango sochi*), or Specified Item 2 measures (*tokutei dai nigo sochi*) need to be applied to the bank and (ii) Additional Tier 1 instruments and Tier 2 instruments under Basel III issued by a bank holding company must be written down or converted into common shares when the Prime Minister confirms (*nintei*) that Specified Item 2 measures (*tokutei dai nigo sochi*) need to be applied to the bank holding company.

Further, in an explanatory paper outlining the FSA's approach for the introduction of the TLAC framework in Japan published by the FSA in April 2016 and revisions to the paper published by the FSA in April 2018, collectively the FSA TLAC Approach, as well as in the Japanese TLAC Standard, the FSA expressed its view that single point of entry, or SPE, resolution, in which a single national resolution authority applies its resolution tools to the ultimate holding company in Japan of a financial group, would be the preferred strategy for resolution of the Covered SIBs. However, it is uncertain which measure is to be taken in a given case, including whether or not the SPE resolution strategy will actually be elected and implemented in a given case, and the actual measures to be taken will be determined on a case-by-case basis considering the actual condition of the relevant Japanese G-SIB in distress. Under a possible model of resolution of a Japanese G-SIB based on the SPE resolution strategy as described in the Japanese TLAC Standard, if the FSA determines that a material subsidiary in Japan of a financial institution that is a Japanese G-SIB is non-viable due to material deterioration in its financial condition and issues an order concerning restoration of financial soundness, including recapitalization and restoration of liquidity of such material subsidiary, to the ultimate holding company in Japan designated by the FSA as Domestic Resolution Entity for the financial institution under the Banking Act of Japan (Act No. 59 of 1981), the material subsidiary's Internal TLAC instruments will be written off or, if applicable, converted into equity in accordance with the applicable contractual loss absorption provisions of such Internal TLAC instruments. Following the write-off or conversion of Internal TLAC instruments, if the Prime Minister recognizes that the financial institution's liabilities exceed, or are likely to exceed, its assets, or that it has suspended, or is likely to suspend, payments on its obligations, as a result of the financial institution's loans to, or other investment in, the material subsidiary becoming subject to loss absorption or otherwise, and further recognizes that the failure of such financial institution is likely to cause a significant disruption to the Japanese financial market or system, the Prime Minister may, following deliberation by the Financial Crisis Response Council, confirm that Specified Item 2 Measures (*tokutei dai nigo sochi*) need to be applied to the financial institution for its orderly resolution. Any such confirmation by the Prime Minister also triggers the point of non-viability clauses of Additional Tier 1 and Tier 2 instruments issued by the financial institution, causing such instruments to be written off or, if applicable, converted into equity, as described above.

Upon the application of Specified Item 2 Measures (*tokutei dai nigo sochi*), a financial institution will be placed under the special supervision by, or if the Prime Minister so orders, under the special control of, the Deposit Insurance Corporation. In an orderly resolution, the Deposit Insurance Corporation would control the operation and management of a financial institution's business, assets and liabilities, including the potential transfer to a bridge financial institution established by the Deposit Insurance Corporation as its subsidiary, or such other financial institution as the Deposit Insurance Corporation may determine, of the financial institution's systemically important assets and liabilities, which we expect in the case of MUFG would include the shares of our material subsidiaries based on the Japanese TLAC Standard. The Prime Minister may prohibit creditors of the financial institution from attaching any of our assets and claims which are to be transferred to a bridge financial institution or another financial institution. Based on the Japanese TLAC Standard, it is currently expected that the External TLAC eligible senior notes issued by the financial institution will not be transferred to a bridge financial institution or other transferee in the orderly resolution process but will remain as such financial institution's liabilities subject to court-administered insolvency proceedings. On the other hand, in an orderly resolution process, the shares of material subsidiaries of such financial institution may be transferred to a bridge financial institution or other transferee, and such financial institution would only be entitled to receive consideration representing the fair value of such shares, which could be significantly less than the book value of such shares. Following such business transfer, the recoverable value of such financial institution's residual assets in court-administered insolvency proceedings may not be sufficient to fully satisfy any payment obligations that such financial institution may have under its liabilities, including the External TLAC eligible senior notes.

*Recovery and resolution plan.* In November 2023, the Financial Stability Board published the latest list of G-SIBs, which includes us. The list is annually updated by the Financial Stability Board. A recovery and resolution plan must be put in place for each G-SIB, and the plans must be regularly reviewed and updated. In Japan, under the Banking Act and the Comprehensive Guidelines for Supervision of Major Banks, etc., financial institutions identified as G-SIBs must, as part of their crisis management, prepare and submit a recovery plan, including triggers for the recovery plan and an analysis of recovery options, to the FSA. The Comprehensive Guidelines also provide that resolution plans for such financial institutions are prepared by the FSA. We have submitted our most recent recovery plan to the FSA in a timely manner.

*Liquidity Coverage Ratio.* Japanese banks and bank holding companies with international operations conducted through foreign offices are required to maintain a minimum LCR and disclose their LCRs calculated in accordance with the methodology prescribed in the FSA guidelines that have been adopted to implement the relevant Basel III standard. The LCR is a measure to determine whether a



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bank has a sufficient amount of high-quality liquid assets, which are assets that can be converted easily and immediately into cash in private markets in order to meet the bank's liquidity needs, to survive in a 30-day financial stress scenario, including sizable deposit outflows, inability to issue new bonds or access the interbank market, stoppage of the collateralized funding market, need for additional collateral in connection with derivative transactions, and significant outflows of cash under commitment lines to customers. Once a bank or bank holding company fails to meet the minimum LCR of 100%, it is required to immediately report such failure to the FSA. If the FSA deems the financial condition of the bank or bank holding company to be serious, the FSA may issue a business improvement order. A minimum LCR of 100% is currently required.

*Net Stable Funding Ratio.* Japanese banks and bank holding companies with international operations conducted through foreign offices are also required to maintain a minimum NSFR and disclose their NSFRs calculated in accordance with the methodology prescribed in the FSA guidelines that have been adopted to implement the relevant Basel III standard. The NSFR is a measure to determine whether a bank has sustainable and long-term liabilities and capital for its assets and activities. The Basel Committee on Banking Supervision issued the final standard of NSFR in October 2014. In Japan, the FSA promulgated its NSFR guidelines on March 31, 2021, and the NSFR requirements became applicable on September 30, 2021, requiring a minimum NSFR of 100%. Once a bank or bank holding company fails to meet the minimum NSFR of 100%, it is required to immediately report such failure to the FSA. If the FSA deems the financial condition of the bank or bank holding company to be serious, the FSA may issue a business improvement order.

*Inspection and reporting.* The FSA has the authority to order reporting from, and inspect, banks and banking holding companies in Japan. Based on its "Principles and Approaches of Inspection and Supervision," the FSA seeks to evaluate the effectiveness of the operations and functions of financial institutions, supervise financial institutions based on proactive and forward-looking analyses, facilitate best practices among financial institutions, focus monitoring on high-priority issues, and integrate on- and off-site monitoring.

Furthermore, the Securities and Exchange Surveillance Commission of Japan, or SESC, inspects banks in connection with their securities business as well as financial instruments business operators, such as securities firms. The Bank of Japan also conducts inspections of banks. The Bank of Japan Law provides that the Bank of Japan and financial institutions may agree as to the form of inspection to be conducted by the Bank of Japan.

*Laws limiting shareholdings of banks.* The provisions of the Antimonopoly Act that generally prohibit a bank from holding more than 5% of another domestic company's voting rights do not apply to a bank holding company.

However, the Banking Act prohibits a bank holding company and its subsidiaries from holding, on an aggregated basis, more than 15% of the voting rights of domestic companies other than those which can legally become subsidiaries of bank holding companies. There have recently been amendments to various financial regulation related laws, including the Banking Act, which include certain deregulations of restrictions on shareholdings by banks, as described in "— Bank holding company regulations" above.

In addition, a bank is prohibited from holding shares in other companies exceeding the aggregate of its Common Equity Tier 1 capital amount and Additional Tier 1 capital amount.

*Restrictions on exposures to single large counterparties.* The Banking Act prohibits banks and bank holding companies with international operations (on a consolidated basis with their subsidiaries and affiliates) from having large exposure exceeding 25% of their Tier 1 capital to a single counterparty and also prohibits a G-SIB's exposure to another G-SIB exceeding 15% of its Tier 1 capital.

*Financial Instruments and Exchange Act.* The Financial Instruments and Exchange Act provides protection for investors and also regulates sales of a wide range of financial instruments and services, requiring financial institutions to improve their sales rules and strengthen compliance frameworks and procedures. Among the instruments that the Japanese banks deal in, derivatives, foreign currency-denominated deposits, and variable insurance and annuity products are subject to regulations covered by the sales-related rules of conduct under the law.

Article 33 of the Financial Instruments and Exchange Act generally prohibits banks from engaging in securities transactions. However, bank holding companies and banks may, through a domestic or overseas securities subsidiary, conduct all types of securities businesses, with appropriate approval from the FSA. Similarly, registered banks are permitted to provide securities intermediation services and engage in certain other similar types of securities related transactions, including retail sales of investment funds and government and municipal bonds. In June 2021, certain amendments to the Cabinet Office Ordinance under the Act became effective, which allowed non-public and other information of foreign company customers to be shared within a financial group. In addition, on June 22, 2022, certain amendments to the Cabinet Office Ordinance under the Act became effective, which allowed non-public and other information of certain subject companies such as listed companies to be shared within a financial group without consent of such companies, but required financial institutions to establish measures to respond to a request from relevant companies for suspension of sharing of such information. At the same time, financial institutions are required to strengthen the effectiveness of measures to prevent market abuse.

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Subsidiaries of bank holding companies engaging in the securities business are subject to the supervision of the FSA as financial instruments business operators. The Prime Minister has the authority to regulate the securities industry and securities companies, which authority is delegated to the Commissioner of the FSA under the Financial Instruments and Exchange Act. In addition, the SESC, an external agency of the FSA, is independent from the FSA's other bureaus and is vested with the authority to conduct day-to-day monitoring of the securities markets and to investigate irregular activities that hinder fair trading of securities, including inspections of securities companies as well as banks in connection with their securities business. Furthermore, the Commissioner of the FSA delegates certain authority to the Director General of the Local Finance Bureau to inspect local securities companies and their branches. A violation of applicable laws and ordinances may result in various administrative sanctions, including revocation of registration, suspension of business, administrative monetary penalty or an order to discharge any director or executive officer who has failed to comply with applicable laws and ordinances. Securities companies are also subject to the rules and regulations of the Japanese stock exchanges and the Japan Securities Dealers Association, a self-regulatory organization of securities companies.

*Act on Provision of Financial Services and the Development of the Accessibility Environment Thereto.* Under the Act on Provision of Financial Services and the Development of the Accessibility Environment Thereto, sellers of financial instruments have a duty to their potential customers to explain important matters such as the nature and magnitude of risks involved regarding the financial instruments that they intend to sell. If a seller fails to comply with the duty, there is a rebuttable presumption that the loss suffered by the customer due to the seller's failure to explain is equal to the amount of decrease in the value of the purchased financial instruments.

In addition, under a single registration for financial services intermediary business, registrants are permitted to provide intermediary services of each of banking, securities and insurance. The Act does not require any provider of financial services intermediary business to belong to a specific financial institution, but imposes certain regulations on such provider to protect customers, including limitations on the type of services that they may provide, prohibitions on the acceptance of assets of customers and the lodging of a security deposit.

*Anti-money laundering laws.* Under the Act on Prevention of Transfer of Criminal Proceeds, specified business operators, including financial institutions, are required to verify customer identification data, preserve transaction records, and file suspicious transaction reports with the FSA or other regulatory authorities in cases where any asset received through their business operations is suspected of being criminal proceeds.

Based on "Guidelines on Anti-Money Laundering and Terrorist Financing", the FSA requires financial institutions to strengthen their management of anti-money laundering and terrorist financing functions and their risk-based approach used in such functions.

Recent amendments to the Enforcement Ordinance of the Act introduced requirements relating to online KYC processes in November 2018 and strengthened the requirements for KYC processes for customers residing in remote areas in April 2020.

*Acts concerning trust business conducted by financial institutions.* Under the Trust Business Act, joint stock companies that are licensed by the Prime Minister as trust companies, including non-financial companies, are allowed to conduct trust business. In addition, under the Act on Provision, etc. of Trust Business by Financial Institutions, banks and other financial institutions, as permitted by the Prime Minister, are able to conduct trust business. The Trust Business Act provides for a separate type of registration for trustees who conduct only administration type trust business. The Trust Business Act also provides for various duties imposed on the trustee in accordance with and in addition to the Trust Act.

*Act on the Protection of Personal Information.* With regard to protection of personal information, the Act on the Protection of Personal Information requires, among other things, Japanese banking institutions to limit the use of personal information to the stated purposes and to properly manage the personal information in their possession, and forbids them from providing personal information to third parties without consent. If a bank violates certain provisions of the Act, the Personal Information Protection Commission of Japan may advise or order the bank to take proper action. In addition, the Banking Act and the Financial Instruments and Exchange Act contain certain provisions with respect to appropriate handling of customer information.

*Act on the Use of Personal Identification Numbers in the Administration of Government Affairs.* Pursuant to the Act on the Use of Personal Identification Numbers in the Administration of Government Affairs, which became effective in October 2015, the Japanese government has adopted a Social Security and Tax Number System, which is designed to (1) improve social security services, (2) enhance public convenience in obtaining government services, and (3) increase the efficiency of the administration of government affairs. Under this system, a 12-digit unique number is assigned to each resident of Japan to identify and manage information relating to the resident for government service and tax purposes. Financial institutions are required to implement measures to ensure that such customer information will be protected from inappropriate disclosure and other unauthorized use.

*Act on the Promotion of Ensuring National Security through Integrated Implementation of Economic Measures.* Specified essential infrastructure service providers designated by the competent regulator are required to submit to the competent regulator a plan for review before they introduce specified critical facilities or outsource certain critical maintenance, management or control of specified critical facilities to third parties. Based on its review, the regulator may issue a recommendation or order to take necessary measures. MUFG Bank, Mitsubishi UFJ Trust and Banking and Mitsubishi UFJ Morgan Stanley Securities were designated as specified essential infrastructure service providers by the FSA on November 16, 2023.

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*Act Concerning Protection of Depositors from Illegal Withdrawals Made by Counterfeit or Stolen Cards.* The Act on Protection, etc. of Depositors and Postal Saving Holders from Unauthorized Automated Withdrawal, etc. Using Counterfeit Cards, etc. and Stolen Cards, etc. requires financial institutions to establish internal systems to prevent illegal withdrawals of deposits made using counterfeit or stolen bank cards. The Act also requires a financial institution to compensate depositors for any amount illegally withdrawn using stolen bank cards except in certain cases, including those where the financial institution can verify that it acted in good faith without negligence and there was gross negligence on the part of the relevant depositor. In addition, the Act provides that illegal withdrawals with counterfeit bank cards are invalid unless the financial institution acted in good faith without negligence and there was gross negligence on the part of the relevant account holder.

*Government reforms to restrict maximum interest rates on consumer lending business.* In December 2006, the Diet passed legislation to reform the regulations relating to the consumer lending business, including amendments to the Act Regulating the Receipt of Contributions, Receipt of Deposits and Interest Rates which, effective June 18, 2010, reduced the maximum permissible interest rate from 29.2% per annum to 20% per annum. The regulatory reforms also included amendments to the Money Lending Business Act which, effective June 18, 2010, abolished the so-called “gray-zone interest.” Gray-zone interest refers to interest rates exceeding the limits stipulated by the Interest Rate Restriction Act (between 15% per annum and 20% per annum depending on the amount of principal). Prior to June 18, 2010, gray-zone interests were permitted under certain conditions set forth in the Money Lending Business Act. As a result of the regulatory reforms, all interest rates are now subject to the lower limits imposed by the Interest Rate Restriction Act, compelling lending institutions, including our consumer finance subsidiaries and equity method investees, to lower the interest rates they charge borrowers. Furthermore, the new regulations, which became effective on June 18, 2010, require, among other things, consumer finance companies to limit their lending to a single customer to a maximum of one third of the customer’s annual income regardless of the customer’s repayment capability.

In addition, as a result of decisions made by the Supreme Court of Japan prior to June 18, 2010, imposing stringent requirements for charging such gray-zone interest rates, consumer finance companies have been responding to borrowers’ claims for reimbursement of previously collected interest payments in excess of the limits stipulated by the Interest Rate Restriction Act. See “Item 3.D. Key Information—Risk Factors—Operational Risk—Because of our loans to consumers and our shareholdings in companies engaged in consumer lending, changes in the business or regulatory environment for consumer finance companies in Japan may further adversely affect our financial results.”

*Act on Special Provisions of the Income Tax Act, the Corporation Tax Act and the Local Tax Act Incidental to Enforcement of Tax Treaties.* Pursuant to the Amendments to the Act on Special Provisions of the Income Tax Act, the Corporation Tax Act and the Local Tax Act Incidental to Enforcement of Tax Treaties, which became effective in January 2017, financial institutions are required to collect certain information from their accountholders, including jurisdictions of tax residence, and report such information to the National Tax Agency in accordance with the Common Reporting Standard as developed by the Organization for Economic Co-operation and Development.

### **United States**

As a result of our operations in the United States, we are subject to extensive U.S. federal and state supervision and regulation.

*Overall supervision and regulation.* The MUFG Group is subject to supervision, regulation and examination with respect to our U.S. operations by the Board of Governors of the Federal Reserve System (“FRB”) pursuant to the U.S. Bank Holding Company Act of 1956, as amended, or the BHCA, and the International Banking Act of 1978, as amended, or the IBA, because we and MUFG Bank are bank holding companies and foreign banking organizations, as defined pursuant to those statutes. The FRB functions as our “umbrella” supervisor under amendments to the BHCA effected by the Gramm-Leach-Bliley Act of 1999, which among other things:

- authorized qualifying bank holding companies to opt to become “financial holding companies,” and thereby obtain the authority to engage in an expanded list of activities; and
- modified the role of the FRB by redefining the relationships between the FRB and the functional regulators of non-bank subsidiaries of both bank holding companies and financial holding companies.

The BHCA generally prohibits each of a bank holding company and a foreign banking organization that maintains branches or agencies in the United States from, directly or indirectly, acquiring more than 5% of the voting shares of any company engaged in non-banking activities in the United States unless the bank holding company or foreign banking organization has elected to become a financial holding company, as discussed above, or the FRB has determined, by order or regulation, that such activities are so closely related to banking as to be a proper incident thereto and has granted its approval to the bank holding company or foreign banking organization for such an acquisition. The BHCA also requires a bank holding company or foreign banking organization that maintains branches or agencies in the United States to obtain the prior approval of an appropriate federal banking authority before acquiring, directly or indirectly, the ownership of more than 5% of the voting shares or control of any U.S. bank or bank holding company. In addition, under the BHCA, a U.S. bank or a U.S. branch or agency of a foreign banking organization is prohibited from engaging in various tying arrangements involving it or its affiliates in connection with any extension of credit, taking of deposits, sale or lease of any property or provision of most services.

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In October 2008, we, MUFG Bank, Mitsubishi UFJ Trust and Banking and MUFG Americas Holdings initially attained financial holding company status. In August 2016, Mitsubishi UFJ Trust and Banking relinquished its financial holding company status. A financial holding company is authorized to engage in an expanded list of activities deemed to be financial in nature or incidental to such financial activity as well as certain specified non-banking activities deemed to be closely related to banking. In order to maintain the status as a financial holding company, a bank holding company must continue to meet certain standards established by the FRB. Those standards require that a financial holding company exceed the minimum standards applicable to bank holding companies that have not elected to become financial holding companies. These higher standards include meeting the “well capitalized” and “well managed” standards for financial holding companies as defined in regulations of the FRB. Failure to meet these standards, due to inadequate capital management or shortcomings in operations, results in restrictions on the ability to engage in expanded activities, including making acquisitions, as a financial holding company. In addition, a financial holding company must ensure that its U.S. insured banking subsidiaries meet certain minimum standards under the Community Reinvestment Act of 1977.

*U.S. branches and agencies of subsidiary Japanese banks.* Under the authority of the IBA, our banking subsidiaries, MUFG Bank and Mitsubishi UFJ Trust and Banking, operate five branches, two agencies, 15 representative offices and one loan production office in the United States. MUFG Bank operates branches in Los Angeles, California; Chicago, Illinois; and two branches in New York, New York; agencies in Houston and Dallas, Texas; and representative offices in Washington, D.C.; Tempe, Arizona; Menlo Park, Monterey Park, Redwood City, San Diego, Century City, and San Francisco, California; Danbury, Connecticut; Atlanta, Georgia; Florence, Kentucky; Boston, Massachusetts; Jersey City, New Jersey; Charlotte, North Carolina; Irving, Texas; and Seattle, Washington, and an OCC-licensed loan production office in Tampa, Florida. Mitsubishi UFJ Trust and Banking operates a branch in New York, New York.

The IBA provides, among other things, that the FRB may examine U.S. branches and agencies of foreign banks, and each branch and agency shall also be subject to on-site examination by the appropriate federal or state bank licensing supervisor as frequently as would a U.S. bank. The IBA also provides that if the FRB determines that a foreign bank is not subject to comprehensive supervision or regulation on a consolidated basis by the appropriate authorities in its home country, or if there is reasonable cause to believe that the foreign bank or its affiliates have committed a violation of law or engaged in an unsafe or unsound banking practice in the United States, the FRB may order the foreign bank to terminate activities conducted at a branch or agency in the United States.

U.S. branches and agencies of foreign banks must be licensed, and are also supervised and regulated, by a state or by the Office of the Comptroller of the Currency (the “OCC”), the federal regulator of U.S. national banks. The OCC is an independent bureau of the U.S. Department of the Treasury. Effective November 7, 2017, all of the branches and agencies of MUFG Bank and Mitsubishi UFJ Trust and Banking in the United States converted from state-licensed branches and agencies to federally-licensed branches and agencies supervised and regulated by the OCC.

When opening a federal branch or agency, a foreign bank must establish and maintain a deposit account with an FRB member bank at least (1) in the amount of capital that would be required of a national bank being organized at the same location or (2) equal to five percent of the total liabilities of the federal branch or agency, including acceptances but excluding (i) accrued expenses and (ii) amounts due and other liabilities to offices, branches, and subsidiaries of the foreign bank, whichever is greater. Federally-licensed branches and agencies must also submit written reports concerning their assets and liabilities and other matters, to the extent required by the OCC or the FRB.

*U.S. banking subsidiaries.* We previously owned and controlled one U.S. national bank, MUFG Union Bank, N.A. (known prior to July 1, 2014, as Union Bank, N.A.), through MUFG Bank and its U.S. subsidiary, MUFG Americas Holdings, a bank holding company. Effective December 1, 2022, MUFG Union Bank was sold to U.S. Bancorp, and MUFG Americas Holdings subsequently ceased to be a bank holding company. MUFG Americas Holdings also ceased to be a U.S. Intermediate Holding Company (“IHC”) as further described below.

*Bank capital requirements and capital distributions.* MUFG Bank and Mitsubishi UFJ Trust and Banking, as foreign banking organizations that have U.S. branches and agencies and are controlled by us, are subject to the FRB’s requirements that they be “well-capitalized” under Japanese risk-based capital standards. MUFG Bank and Mitsubishi UFJ Trust and Banking are all “well-capitalized,” and otherwise comply with, all applicable U.S. regulatory capital requirements.

*Other regulated U.S. subsidiaries.* Our non-bank subsidiaries that engage in securities-related activities in the United States are regulated by appropriate functional regulators, such as the SEC, any self-regulatory organizations of which they are members, and the appropriate state regulatory agencies. These non-bank subsidiaries are required to meet separate minimum capital standards as imposed by those regulatory authorities.

*Anti-Money Laundering Initiatives, the Bank Secrecy Act, the USA PATRIOT Act.* A major focus of U.S. governmental policy relating to financial institutions in recent years has been, and continues to be, aimed at preventing money laundering and terrorist financing. The USA PATRIOT Act of 2001, as incorporated into the Bank Secrecy Act, substantially broadened the scope of U.S. anti-money laundering laws and regulations by imposing significant new compliance and due diligence obligations, creating new crimes and penalties, and expanding the extra-territorial jurisdiction of the United States. The U.S. Department of the Treasury has issued a number of regulations that impose obligations on financial institutions to maintain appropriate policies, procedures, and controls to detect, prevent and report potential money laundering and terrorist financing, including the collection of beneficial ownership information. The bank regulatory agencies carefully scrutinize the adequacy of an institution’s compliance with these regulations and, as a result, there have been an increased number of regulatory enforcement actions. A financial institution’s failure to



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maintain and implement adequate policies, procedures, and controls to prevent and detect money laundering and terrorist financing could have serious legal and reputational consequences for the institution, including the incurrence of expenses to enhance the relevant programs, the imposition of limitations on the scope of its operations and the imposition of fines and other monetary penalties.

*Foreign Corrupt Practices Act.* In recent years, U.S. regulatory and enforcement agencies including the SEC and the U.S. Department of Justice have significantly increased their enforcement efforts of the Foreign Corrupt Practices Act, or the FCPA. The FCPA prohibits U.S. securities issuers, U.S. domestic entities, and parties doing substantial business within the United States (including their shareholders, directors, agents, officers, and employees) from giving, offering, or promising anything of value to foreign public officials in order to obtain or retain any business advantage. The FCPA also requires U.S. securities issuers to maintain adequate books and records in such a way that they fairly reflect all transactions and dispositions of assets. Enforcement efforts have targeted a wide range of U.S. and foreign-based entities and have been based on a broad variety of alleged fact patterns, and in a number of cases have resulted in the imposition of substantial criminal and civil penalties or in agreed payments in settlement of alleged violations. Failure to maintain adequate anti-bribery policies, procedures, internal controls, and books and records globally could have serious legal and reputational consequences for the institution, including the incurrence of expenses to enhance the relevant programs, as well as the imposition of civil and criminal penalties.

*Regulatory Reform Legislation —2010 Foundational Reform of the U.S. Financial System.* In response to the global financial crisis of 2007-2008 and the perception that lax supervision of the financial industry in the United States may have been a contributing cause to the crisis, legislation designed to reform the system for supervision and regulation of financial firms doing business in the United States, the so-called Dodd-Frank Act, was signed into law on July 21, 2010. The Dodd-Frank Act is complex and extensive in its coverage and contains a wide range of provisions that affect financial institutions operating in the United States, including our U.S. operations. Included among these provisions are sweeping reforms designed to reduce systemic risk presented by largest financial firms, promote enhanced supervision, regulation, and prudential standards for financial firms, establish comprehensive supervision of financial markets, impose new limitations on permissible financial institution activities and investments, expand regulation of the derivatives markets, protect consumers and investors from financial abuse, and provide the government with the tools needed to manage a financial crisis. Key provisions that impact our operations are summarized below.

Among the components of the Dodd-Frank Act that have impacted or may impact our operations are the provisions relating to enhanced prudential standards ("EPS"), including capital, liquidity and structural requirements, the "Volcker Rule," derivatives regulation, credit reporting, resolution plans, and incentive-based compensation. Based on information currently available to us, other than the Volcker Rule and derivatives regulations as discussed below, the impact of these components is expected to be mainly limited to our U.S. operations and not to be material to us on a consolidated basis. We monitor developments that relate to the Dodd-Frank Act and the potential impact of its implementing regulations on our activities inside and outside of the United States.

With respect to the Dodd-Frank Act provisions related to EPS, in February 2014 the FRB issued final rules that established EPS ("EPS Rules") for the U.S. operations of foreign banking organizations such as MUFG. These rules required us to organize by July 1, 2016 all of our U.S. bank and non-bank subsidiaries, with certain limited exceptions, under an IHC subject to U.S. capital requirements and other EPS comparable to those applicable to top-tier U.S. bank holding companies of the same size. Under these rules, we were required to change the legal entity structure of our U.S. operations, including the manner in which we oversee and manage those operations, and could be required to inject additional capital into our U.S. operations.

As of July 1, 2016, as required under EPS, we designated MUFG Americas Holdings, which was our bank holding company, to be also our IHC. We were required to maintain an IHC for as long as the average sum of the consolidated assets of MUFG Americas Holdings, our top-tier U.S. subsidiary, for a period of four consecutive calendar quarters equaled \$50 billion or more. After the sale of MUFG Union Bank, MUFG Americas Holdings' consolidated assets remained under \$50 billion, and MUFG Americas Holdings ceased being an IHC on November 21, 2023.

As an IHC, MUFG Americas Holdings was previously subject to various U.S. stand-alone EPS requirements, including: risk-based and leverage capital requirements, capital planning and stress testing, liquidity requirements, including liquidity stress testing, enhanced risk management and leverage requirements.

Under the EPS Rules, as amended in 2019, our combined U.S. operations, or CUSO, including MUFG Bank's branches, agencies, and other offices, Mitsubishi UFJ Trust and Banking's New York Branch, and all of MUFG's U.S. subsidiaries, are subject to certain requirements, including liquidity, risk management, regulatory reporting, and single counterparty credit limits, as further noted below.

On October 10, 2019, the FRB issued (1) by itself, a final rule that establishes a tailored framework for application of EPS to U.S. and foreign banking organizations (the "FRB Tailoring Rule") and (2) jointly with the OCC and the Federal Deposit Insurance Corporation ("FDIC"), a second final rule that modifies the application of capital and liquidity requirements to the operations of U.S. banking organizations and the U.S. operations of foreign banking organizations based on the framework established by the FRB's Tailoring Rule (together, the rules are hereinafter referred to as the "Tailoring Rules"). These Tailoring Rules apply the same framework to the U.S. and foreign bank holding companies but use a differing calibration for foreign bank holding companies. The Tailoring Rules became effective on December 31, 2019.



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The FRB’s Tailoring Rule established a framework to tailor the applicability of certain EPS requirements, including liquidity stress testing and management, capital planning and stress testing, single counterparty credit limits requirements, and related regulatory reporting by categorizing all foreign banking organizations with \$100 billion or more in combined U.S. assets into one of four categories; other U.S. and non-U.S. firms with total assets under \$100 and above \$50 billion were subject to a significantly reduced level of EPS requirements. This categorization framework was based on the calculation of aggregate U.S. assets and four other risk-based indicators, including weighted short-term wholesale funding, cross-jurisdictional activity, nonbank assets, and off-balance sheet exposure. The joint agency final rule, similarly categorized foreign banking organizations and tailored the application of the agencies’ regulatory capital and standardized liquidity requirements on that basis.

Under the framework of the FRB Tailoring Rule, MUFG’s U.S. operations were previously subject to a split-category treatment: (i) our CUSO has been classified as Category II, subject to the most stringent requirements other than those applicable to U.S. G-SIBs and (ii) MUFG Americas Holdings, while it maintained the status of U.S. IHC, was classified as a Category IV company, a classification that provided certain capital and liquidity relief from the prior original EPS requirements by taking into account the size and other risk-based characteristics of MUFG Americas Holdings’ subsidiary operations. After exiting IHC status, MUFG Americas Holdings ceased to be subject to the categorization framework and EPS requirements on a stand-alone basis. As a Category II entity, our CUSO is subject to the most stringent forms of liquidity stress tests, and liquidity risk management.

The FRB’s Tailoring Rule did not alter the risk management requirements previously applicable to MUFG’s CUSO under EPS. Thus, our CUSO continues to be subject to the oversight of the U.S. Risk Committee, the composition and role of which are further discussed in “Item 6.C. Directors, Senior Management and Employees—Board Practices.” Our U.S. Chief Risk Officer, as also mandated under EPS, is responsible for implementing and maintaining the CUSO’s risk management framework and practices, including its liquidity management standards. The U.S. Chief Risk Officer is employed by, and located in, the MUFG Bank, New York Branch, and reports directly to the U.S. Risk Committee.

The Volcker Rule was issued in final form by the FRB originally in December 2013, and substantive portions were subsequently amended in November 2019. The Volcker Rule restricts the ability of banking entities to conduct certain proprietary trading activities, which means trading in securities and financial instruments for their own account, subject to certain exceptions, including market-making, hedging, and underwriting if such activities are conducted within a rigorous compliance framework. The Volcker Rule also restricts banking entities from engaging in certain activities regarding hedge funds and private equity funds known as covered funds. The Volcker Rule excludes restrictions on such activities if they are conducted solely outside of the United States. The Volcker Rule requires banking entities to implement a number of policies, procedures, and quantitative metrics reporting that are reasonably designed to ensure and monitor compliance with the restrictions under the Rule. Our proprietary trading and covered funds activities are generally executed outside of the United States, but certain activities are conducted within the United States, and, therefore, we have undertaken steps that we believe are appropriate to bring our activities and investments into compliance with the Rule. Given its complexity, the Rule may be subject to further rule-making and regulatory interpretation in the future.

U.S. regulators continue to issue final regulations and regulatory determinations governing swaps and derivatives markets as contemplated by the Dodd-Frank Act. To date, MUFG Bank and MUFG Securities EMEA plc have registered as swap dealers with the U.S. Commodity Futures Trading Commission, or CFTC. In addition, MUFG Securities EMEA plc registered with the SEC as a securities-based swap dealer during the fiscal year ended March 31, 2022. Depending on the finalization of regulations and regulatory determinations governing swaps and derivatives markets under the Dodd-Frank Act, as well as the activities of our other subsidiaries located inside and outside of the United States, our other subsidiaries may have to register as swap dealers with, or be subject to the regulations of, the CFTC and/or SEC. Regulation of swap dealers by the CFTC and security-based swap dealers by the SEC imposes numerous corporate governance, business conduct, capital, margin, reporting, clearing, execution, and other regulatory requirements on our operations, which may adversely impact our derivatives businesses and make us less competitive than those competitors that are not subject to the same regulations. On July 23, 2020, the CFTC voted to approve final rules that modify and codify the cross-border application of certain of its Title VII swap rules to both U.S. and non-U.S. registered swap dealers. Similarly, the SEC has adopted a package of rule amendments, guidance, and a related order designed to expand and clarify the framework for regulating cross-border security-based swaps, including single-name credit default swaps. We have implemented measures designed to comply with the relevant rules and regulations by the prescribed compliance dates while continuing to consider the effects of other proposed rules and final regulatory changes.

On June 14, 2018, the FRB approved a final rule regarding single counterparty credit limits, or SCCL, for large banking organizations. The SCCL final rule was considered the last major piece of regulatory action needed to implement Section 165(e) of the Dodd-Frank Act. Section 165(e) was a response to the concern that failure or financial distress of one large, interconnected financial institution could cascade through the U.S. financial system and impair the financial condition of that firm’s counterparties, including other large, interconnected firms. Section 165(e) generally, and the SCCL final rule specifically, seek to mitigate this risk by limiting the aggregate exposure among such financial institutions and their counterparties.

The final rule establishes separate SCCLs, one applicable to our CUSO and another to MUFG Americas Holdings while it was designated MUFG’s IHC. In July 2021, MUFG CUSO began complying with its CUSO-level requirements by certifying as to home-country compliance with Basel Committee standards in lieu of complying with the final U.S. SCCL rule.

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Based on the categorization of MUFG Americas Holdings as a Category IV entity under the final rules tailoring prudential standards for large banking organization (“Tailoring Final Rules”), SCCL ceased applying to MUFG Americas Holdings.

On October 10, 2019, the FRB issued jointly with the FDIC a final rule amending their prior joint rule, which implemented the resolution planning requirements of Section 165(d) of the Dodd-Frank Act. Resolution plans, also known as living wills, describe a firm’s strategy for orderly resolution under appropriate insolvency regimes. Such resolution would be caused by a material financial distress or failure of the firm. As informed by the framework set forth under the FRB’s tailoring rule, the resolution plan final rule tailors the resolution planning requirements for firms that do not pose the same systemic risk as the largest institutions. The classification of MUFG’s CUSO as a triennial full filer applies to large foreign and U.S. banks classified within Category II and Category III of the FRB’s tailoring rule, and is subject to alternating submissions of full and targeted resolution plans. MUFG submitted on December 17, 2021, its Targeted 165(d) Resolution Plan together with a required Targeted Information Request imposed by the agencies, which focused on the filers’ actions in response to COVID-19.

On August 29, 2023, the FRB and FDIC issued proposed guidance to enhance resolution planning at large U.S. and non-U.S. banking organizations with more than \$250 billion in total assets, which are classified as triennial full filers. The full resolution plan required of triennial filers was scheduled to be filed on July 1, 2024, and this submission would have been expected to reflect the final guidance. On January 16, 2024, the agencies provided an extension of the submission date of the full resolution plans to March 31, 2025, taking into consideration that the agencies anticipated issuing final guidance by March 2024. The proposed guidance has not been finalized, and additional extensions of the submission date are currently expected.

On January 30, 2020, the FRB adopted a final rule revising the “controlling influence” prong of its “control” rules under the Bank Holding Company Act of 1956, as amended. The final rule largely adopts the proposed rule issued by the FRB in April 2019, reaffirms the FRB’s conceptual framework for analyzing “controlling influence,” and rejects a number of banking industry recommendations for liberalization of the proposal, and of elements of the prior control regulatory framework, including certain interpretation. The issue of “control” is a central concept under the Bank Holding Company Act. Among other things, control determines whether an investor in a banking organization is subject to the requirements and restrictions of the Bank Holding Company Act, whether a bank holding company’s investment in a company is permissible and/or subjects the investee company to the requirements and restrictions of the Bank Holding Company Act, and whether an investor in a banking organization is subject to the Volcker Rule. As a result, a determination of whether or not an investment constitutes “control” of, or even a non-passive holding in, an investee is often determinative of whether an investment can be made (or, at least, must be restructured to avoid control or reduced to a passive holding). The final rule was effective as of September 30, 2020, and applies to MUFG’s investments globally.

*Foreign Account Tax Compliance Act.* The Hiring Incentives to Restore Employment Act was enacted in March 2010 and contains provisions commonly referred to as the Foreign Account Tax Compliance Act, or FATCA. The U.S. Treasury, acting through the Internal Revenue Service, or the IRS, issued final FATCA regulations in January 2013, which have been updated along with related guidance issued from February 2014 through December 2019. FATCA created a new reporting and withholding regime for U.S. and foreign financial institutions, or FFIs, and certain non-financial foreign entities, or NFFEs.

In addition, the FATCA framework has been augmented with the introduction of Intergovernmental Agreements between the U.S. Treasury and various foreign governments, which are intended to support intergovernmental cooperation to facilitate the implementation of FATCA. The United States has entered into various Intergovernmental Agreements with non-U.S. jurisdictions including Japan, some of which became effective as of July 1, 2014.

Consistent with FATCA, we have assessed and determined if our group entities are U.S. withholding agents, FFIs, or NFFEs. Each identified U.S. withholding agent and FFI has also evaluated pre-existing and new entity accounts to the extent required to determine their respective FATCA classifications. We have continuously developed internal procedures and processes that we believe comply with the regulatory requirements under FATCA.

However, FATCA compliance has required us to develop extensive systems capabilities and internal processes to identify and report U.S. account holders who are subject to FATCA requirements, which has been a complex and costly process requiring significant internal resources. If our procedures and processes are determined not to comply with the requirements of FATCA, we could potentially be subject to serious legal and reputational consequences, including the imposition of withholding taxes on certain amounts payable to us from U.S. sources, and could be required to expend additional resources to enhance our systems, procedures and processes and take other measures in response to such consequences.

*Capital Adequacy.* Once MUFG Americas Holdings ceased to be an IHC, U.S. capital adequacy as applicable to MUFG Americas Holdings under FRB Regulation YY is measured at the MUFG parent company level. MUFG Americas Holdings complies with capital adequacy standards applicable on a consolidated group basis under rules established by MUFG’s home country supervisor.

*Total loss absorbing capacity.* As an IHC, MUFG Americas Holdings was previously subject to the FRB’s long-term debt and TLAC requirements applicable to U.S. globally systemically important bank holding companies and U.S. IHCs of non-U.S. globally systemically important banks. MUFG Americas Holdings is no longer subject to these requirements after having ceased to be an IHC.

## **Disclosure pursuant to Section 13(r) of the US Securities Exchange Act of 1934**

We are disclosing the following information pursuant to Section 13(r) of the Securities Exchange Act of 1934 (Exchange Act), which requires an issuer to disclose whether it or any of its affiliates knowingly engaged in certain activities, transactions or dealings relating to Iran or with natural persons or entities designated by the U.S. government under specified Executive Orders. The scope of activities that must be reported includes activities not prohibited by U.S. law and conducted outside the United States in compliance with applicable local law.

During the fiscal year ended March 31, 2024, our non-U.S. subsidiary, MUFG Bank, engaged in certain limited business activities with entities in, or affiliated with, Iran, including counterparties owned or controlled by the Iranian government. Specifically, our non-U.S. banking subsidiary, MUFG Bank, has previously issued guarantees outstanding mainly in connection with prior petroleum-related transactions with Iran by its customers that were permissible under applicable sanctions regulations. These transactions did not involve U.S. dollars or clearing services of U.S. banks for the settlement of payments. For the fiscal year ended March 31, 2024, the aggregate fee income relating to these transactions was less than ¥5 million, representing less than 0.0005 percent of our total fee income. In addition, some Iranian financial institutions and other entities in, or affiliated with, Iran maintained non-U.S. dollar correspondent accounts and other similar settlement accounts with MUFG Bank outside the United States. In addition to such accounts, MUFG Bank received deposits in Japan from, and provided settlement services in Japan to, fewer than 10 Iranian government-related entities, and MUFG Bank and a non-U.S. affiliate of MUFG provided credit and/or settlement services to fewer than 100 Iranian government-related individuals including Iranian diplomats. MUFG Bank also maintains settlement accounts outside the United States for certain other entities specified in Executive Order 13224 or 13382, which settlement accounts were frozen in accordance with applicable laws and regulations. For the fiscal year ended March 31, 2024, the average aggregate balance of deposits held in these accounts represented less than 0.05 percent of the average balance of our total deposits. The interest and fee income from the transactions attributable to these account holders was less than ¥50 million, representing less than 0.001 percent of our total interest and fee income.

We recognize that following the withdrawal in May 2018 by the United States from the Joint Comprehensive Plan of Action, the United States has imposed secondary sanctions against non-U.S. persons who engage in or facilitate a broad range of transactions and activities involving Iran. We have taken the recent sanctions related developments into account and will continue to monitor transactions relating to Iran in order to comply with applicable U.S. and Japanese regulations as well as U.S., Japanese and other international sanctions.

**C. Organizational Structure**

Mitsubishi UFJ Financial Group	Mitsubishi UFJ Financial Group, Inc.	
	MUFG Bank, Ltd.	<b>Domestic</b> MUFG Bank, Ltd. Kanmu, Inc.
		<b>Overseas</b> MUFG Americas Holdings Corporation Bank of Ayudhya Public Company Limited PT Bank Danamon Indonesia, Tbk PT Mandala Multifinance Tbk
	Mitsubishi UFJ Trust and Banking Corporation	<b>Domestic</b> Mitsubishi UFJ Trust and Banking Corporation Mitsubishi UFJ Real Estate Services Co., Ltd. Japan Shareholder Services Ltd. The Master Trust Bank of Japan, Ltd. Mitsubishi UFJ Real Estate Asset Management Co., Ltd. Mitsubishi UFJ Asset Management Co., Ltd. (*1) Mitsubishi UFJ Alternative Investments Co., Ltd. Human Resources Governance Leaders Co., Ltd.
		<b>Overseas</b> Mitsubishi UFJ Baillie Gifford Asset Management Limited Mitsubishi UFJ Investor Services & Banking (Luxembourg) S.A. MUFG Lux Management Company S.A. Mitsubishi UFJ Asset Management (UK) Ltd. MUFG Investor Services Holdings Limited First Sentier Investors Holdings Pty Ltd Mitsubishi UFJ Trust International Limited
Mitsubishi UFJ Securities Holdings Co., Ltd.	<b>Domestic</b> Mitsubishi UFJ Securities Holdings Co., Ltd. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. au Kabucom Securities Co., Ltd.	
	<b>Overseas</b> MUFG Securities EMEA plc MUFG Securities Asia Limited MUFG Securities (Canada), Ltd.	
Other subsidiaries	<b>Domestic</b> Mitsubishi UFJ NICOS Co., Ltd. Japan Digital Design, Inc.	
	MUFG Innovation Partners Co., Ltd.	

Note:  
 (1) On April 1, 2024, Mitsubishi UFJ Trust and Banking Corporation transferred 100% of the shares in Mitsubishi UFJ Asset Management Co., Ltd. to MUFG as a dividend. As a result of the transfer, Mitsubishi UFJ Asset Management became a directly and wholly owned subsidiary of MUFG.



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Set forth below is a list of our principal consolidated subsidiaries as of March 31, 2024

<b>Name</b>	<b>Country of Incorporation</b>	<b>Proportion of Ownership Interest (%)</b>	<b>Proportion of Voting Interest (%)</b>
MUFG Bank, Ltd.	Japan	100.00%	100.00%
Kanmu, Inc.	Japan	77.83%	68.86%
Mitsubishi UFJ Trust and Banking Corporation	Japan	100.00%	100.00%
Mitsubishi UFJ Real Estate Services Co., Ltd.	Japan	100.00%	100.00%
Japan Shareholder Services Ltd.	Japan	100.00%	100.00%
The Master Trust Bank of Japan, Ltd.	Japan	46.50%	46.50%
Mitsubishi UFJ Real Estate Asset Management Co., Ltd.	Japan	100.00%	100.00%
Mitsubishi UFJ Asset Management Co., Ltd.	Japan	100.00%	100.00%
Mitsubishi UFJ Alternative Investments Co., Ltd.	Japan	100.00%	100.00%
Human Resources Governance Leaders Co., Ltd.	Japan	100.00%	100.00%
Mitsubishi UFJ Securities Holdings Co., Ltd.	Japan	100.00%	100.00%
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	Japan	60.00%	60.00%
au Kabucom Securities Co., Ltd.	Japan	51.00%	51.00%
Mitsubishi UFJ NICOS Co., Ltd.	Japan	100.00%	100.00%
Japan Digital Design, Inc	Japan	94.19%	94.19%
MUFG Innovation Partners Co., Ltd.	Japan	100.00%	100.00%
MUFG Americas Holdings Corporation	USA	100.00%	100.00%
Bank of Ayudhya Public Company Limited	Thailand	76.88%	76.88%
PT Bank Danamon Indonesia, Tbk.	Indonesia	92.47%	92.47%
PT Mandala Multifinance Tbk	Indonesia	80.61%	80.61%
Mitsubishi UFJ Baillie Gifford Asset Management Limited	UK	51.00%	51.00%
Mitsubishi UFJ Investor Services & Banking (Luxembourg) S.A.	Luxembourg	100.00%	100.00%
MUFG Lux Management Company S.A.	Luxembourg	100.00%	100.00%
Mitsubishi UFJ Asset Management (UK) Ltd.	UK	100.00%	100.00%
MUFG Investor Services Holdings Limited	Bermuda	100.00%	100.00%
First Sentier Investors Holdings Pty Ltd	Australia	100.00%	100.00%
Mitsubishi UFJ Trust International Limited	UK	100.00%	100.00%
MUFG Securities EMEA plc	UK	100.00%	100.00%
MUFG Securities Asia Limited	China	100.00%	100.00%
MUFG Securities (Canada), Ltd.	Canada	100.00%	100.00%



**D. Property, Plant and Equipment**

	As of March 31,	
	2023	2024
	(in millions)	
Land	¥ 393,932	¥ 389,349
Buildings	800,821	798,542
Equipment and furniture	509,828	556,956
Leasehold improvements	255,712	267,614
Construction in progress	34,679	29,595
Total	1,994,972	2,042,056
Less accumulated depreciation	1,134,394	1,169,029
Premises and equipment—net	¥ 860,578	¥ 873,027

Our registered address is 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8330, Japan. As of March 31, 2024, we and our subsidiaries conducted our operations either in premises we owned or in properties we leased.

We decided to build a new MUFG headquarters building at the location where the current MUFG and MUFG Bank head office building stands. In conjunction with the construction of the new building, the head offices for MUFG and MUFG Bank have been temporarily relocated from 7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan. Details of the construction project, including the construction period and the total expenditure, are yet to be determined. For the fiscal year ended March 31, 2024, ¥2,038 million was invested in the project.

The following table presents the book values of our material offices and other properties as of March 31, 2024:

	Book Value	
	(in millions)	
Owned land	¥	389,349
Owned buildings	¥	241,884

The buildings and land we own are primarily used by us and our subsidiaries as offices and branches. Most of the buildings and land we own are free from material encumbrances.

During the fiscal year ended March 31, 2024, we invested approximately ¥113,716 million in premises and equipment, primarily for office renovations and the office relocation in connection with the MUFG headquarters building construction project including the investment in the construction project described above.

**Item 4A. Unresolved Staff Comments.**

None.

**Item 5. Operating and Financial Review and Prospects.**

*The following discussion and analysis should be read in conjunction with “Selected Statistical Data” and our consolidated financial statements and related notes.*

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**Restatement of Previously Filed Consolidated Financial Statements for the Fiscal Year Ended March 31, 2023**

The following discussion and analysis reflect the restatement of our consolidated financial statements for the fiscal year ended March 31, 2023. The March 31, 2023 column headings in the tabular presentation of financial information containing restated amounts are labeled as "Restated" in this Item 5. For additional information and a detailed discussion of the restatement, see "Explanatory Note" above and Note 1A to our consolidated financial statements. See also "Item 15. Controls and Procedures" for a discussion of the material weakness identified with respect to our internal controls over financial reporting and the ineffectiveness of our internal control over financial reporting and our disclosure controls and procedures as of March 31, 2024 and 2023.

**Summary of Financial Data**

The selected statement of operations data and selected balance sheet data set forth below have been derived from our consolidated financial statements.

Except for risk-adjusted capital ratios, which are calculated in accordance with Japanese banking regulations based on information derived from our consolidated financial statements prepared in accordance with accounting principles generally accepted in Japan, or Japanese GAAP, the summary of financial data set forth below are derived from our consolidated financial statements prepared in accordance with U.S. GAAP.

You should read the summary of financial data set forth below in conjunction with the remainder of this Item 5, "Selected Statistical Data" and our consolidated financial statements and related notes and other financial data included elsewhere in this Annual Report. These data are qualified in their entirety by reference to all of that information.

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	2022	2023 (Restated)	2024
	(in millions, except per share data and number of shares)		
<b>Statement of operations data:</b>			
Interest income	¥ 2,530,938	¥ 4,611,410	¥ 7,107,074
Interest expense	560,357	2,221,996	4,513,124
Net interest income	1,970,581	2,389,414	2,593,950
Provision for credit losses	277,995	8,148	237,990
Net interest income after provision for credit losses	1,692,586	2,381,266	2,355,960
Non-interest income	1,394,789	1,486,910	2,867,583
Non-interest expense	3,146,102	3,419,954	3,340,949
Income (loss) before income tax expense (benefit)	(58,727)	448,222	1,882,594
Income tax expense (benefit)	(14,511)	41,174	501,567
Net income (loss) before attribution of noncontrolling interests	(44,216)	407,048	1,381,027
Net income attributable to noncontrolling interests	39,104	30,413	52,906
Net income (loss) attributable to Mitsubishi UFJ Financial Group	¥ (83,320)	¥ 376,635	¥ 1,328,121
Earnings (loss) applicable to common shareholders of Mitsubishi UFJ Financial Group	¥ (83,320)	¥ 376,635	¥ 1,328,121
<b>Amounts per share:</b>			
Basic earnings (loss) per common share—Earnings (loss) applicable to common shareholders of Mitsubishi UFJ Financial Group	¥ (6.51)	¥ 30.58	¥ 110.87
Diluted earnings (loss) per common share—Earnings (loss) applicable to common shareholders of Mitsubishi UFJ Financial Group	(6.93)	30.26	110.58
Number of shares used to calculate basic earnings per common share (in thousands)	12,798,060	12,317,723	11,978,725
Number of shares used to calculate diluted earnings per common share (in thousands) <sup>(1)</sup>	12,798,060	12,318,855	11,980,601
Cash dividends per share paid during the fiscal year:			
—Common stock	¥ 26.00	¥ 30.50	¥ 36.50
	\$ 0.23	\$ 0.23	\$ 0.25
	2022	2023 (in millions)	2024
<b>Balance sheet data:</b>			
Total assets	¥ 367,650,018	¥ 381,735,733	¥ 397,436,461
Loans, net of allowance for credit losses	111,678,692	118,682,562	126,570,274
Total liabilities	351,353,496	365,269,566	378,959,248
Deposits	224,589,943	235,276,781	246,417,384
Long-term debt	34,696,599	39,071,755	39,922,322
Total equity	16,296,522	16,466,167	18,477,213
Capital stock	2,090,270	2,090,270	2,090,270

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	2022	2023 (Restated)	2024
(in millions, except percentages)			
<b>Other financial data:</b>			
Average balances:			
Interest-earning assets	¥ 276,179,049	¥ 291,018,346	¥ 293,458,342
Interest-bearing liabilities	279,759,500	294,877,689	300,412,643
Total assets	370,588,337	396,151,869	402,894,818
Total equity	16,269,224	16,300,493	19,306,449
Return on equity and assets:			
Earnings (loss) applicable to common shareholders as a percentage of average total assets	(0.02%)	0.10 %	0.33%
Earnings (loss) applicable to common shareholders as a percentage of average total equity	(0.51%)	2.31 %	6.88%
Dividends per common share as a percentage of basic earnings per common share	— (3)	99.74 %	32.92%
Average total equity as a percentage of average total assets	4.39%	4.11%	4.79%
Net interest income as a percentage of average total interest-earning assets	0.71%	0.82%	0.88%
Credit quality data:			
Allowance for credit losses	¥ 1,470,701	¥ 1,272,898	¥ 1,366,221
Allowance for credit losses as a percentage of loans	1.30%	1.06%	1.07%
Net loan charge-offs	¥ 179,297	¥ 259,608	¥ 217,304
Net loan charge-offs as a percentage of average loans	0.16%	0.21%	0.18%
Average interest rate spread	0.72%	0.83%	0.92%
Risk-adjusted capital ratio calculated under Japanese GAAP <sup>(2)</sup>	14.29%	13.91%	17.82%

### Notes:

- (1) Includes the common shares held by the trusts under the Board Incentive Plan. See “Item 6.B. Directors, Senior Management and Employees—Compensation.”
- (2) Risk-adjusted capital ratios have been calculated in accordance with Japanese banking regulations as applicable on the relevant calculation date based on information derived from our consolidated financial statements prepared in accordance with Japanese GAAP. For a description of the applicable capital ratio calculation and other requirements applicable, see “Item 4.B. Information on the Company—Business Overview—Supervision and Regulation—Japan—Capital adequacy” and “Item 5.B. Operating and Financial Review and Prospects—Liquidity and Capital Resources—Capital Adequacy.”
- (3) Dividends per common share have not been presented because such information is not meaningful.

## Business Environment

Through our subsidiaries and affiliated companies, we engage in a broad range of financial businesses and services, including commercial banking, investment banking, trust assets and asset management services, securities businesses and credit card businesses, and provide related services to individuals primarily in Japan, Thailand and Indonesia and to corporate customers around the world. Our results of operations and financial condition are exposed to changes in various external economic factors, including:

- general economic conditions,
- interest rates,
- foreign currency exchange rates, and
- stock prices.

### General Economic Conditions

The global economy remained vulnerable to external events during the fiscal year ended March 31, 2024. The global economy faced a sharp rise in energy prices triggered by the conflict in Ukraine and the Middle East. This led to a rise in inflation globally, followed by considerable monetary tightening in major markets, which put downward pressure on economies during the fiscal year ended March 31, 2024. Nevertheless, economic activities continued to normalize as the effects of COVID-19 on people's daily lives lessened. Uncertainty remains, however, in the global and regional economic environment. For example, the full effect of monetary policy tightening is still yet to pass through to the real economy, with possible vulnerabilities in the commercial real estate sector and in the broader credit market. Meanwhile, global trade flows are still relatively stagnant, while the trade conflicts between the United States and Europe, on the one hand, and China, on the other, continue to pose risks. The situations in Ukraine and the Middle East also continue to contribute to heightened geopolitical risks. In addition, the central banks in several developed economies have recently changed course, or are expected soon to change course, on their monetary policies, with the European Central Bank, for example, having started to reduce its policy rate. The impact of such and other monetary policy changes remain to be seen and may lead to increased volatility in global and regional economies and markets.



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Japan's economy generally followed the global economic trends, showing a mixture of negative and positive trends, during the fiscal year ended March 31, 2024. Japan's real gross domestic product, or GDP, grew by 1.0% for the quarter ended June 30, 2023, contracted by 0.9% for the quarter ended September 30, 2023, grew by 0.1% for the quarter ended December 31, 2023, and contracted by 0.5% for the quarter ended March 31, 2024 on a quarter-on-quarter basis. These fluctuations reflected both positive factors, such as wage increases, and negative factors, such as inflationary pressures. On a year-on-year basis, Japan's real GDP grew by 2.2% for the quarter ended June 30, 2023, 1.5% for the quarter ended September 30, 2023, and 1.1% for the quarter ended December 31, 2023, while contracting by 0.1% for the quarter ended March 31, 2024. Japan's Consumer Price Index, or CPI, fluctuated between 0% and 0.7% on a month-on-month basis and between 2.2% and 3.5% on a year-over-year basis during the fiscal year ended March 31, 2024. The unemployment rate in Japan remained low with a slight decrease from 2.7% in March 2023 to 2.6% in March 2024. According to Teikoku Databank, a Japanese research institution, the number of companies that filed for legal bankruptcy in Japan between April 2023 and March 2024 was 8,881, a 30.6% increase from the same period of the previous year. The total liabilities of companies that filed for legal bankruptcy during the fiscal year ended March 31, 2024 were ¥2,434 billion, an increase of 4.1% from the previous fiscal year. The Japanese economy remains subject to instabilities resulting from geopolitical developments, increasing public debt, intensifying trade conflicts and global competition, declining domestic population, inflationary trends, downward pressure on private consumption, changes in the Bank of Japan's monetary policy, and various other factors that could adversely affect economic conditions in Japan.

The U.S. economy generally underwent upward trends during the fiscal year ended March 31, 2024, with U.S. real GDP growing by 2.1% for the quarter ended June 30, 2023, 4.9% for the quarter ended September 30, 2023, 3.4% for the quarter ended December 31, 2023, and 1.4% for the quarter ended March 31, 2024, on a quarter-on-quarter annualized basis. On a year-on-year basis, U.S. real GDP grew by 2.4% for the quarter ended June 30, 2023, 2.9% for the quarter ended September 30, 2023, 3.1% for the quarter ended December 31, 2023, and 3.0% for the quarter ended March 31, 2024. The unemployment rate increased to 3.8% in March 2024 from 3.5% in March 2023. The long-term prospects of the U.S. economy remain uncertain in light of the impact of inflationary trends, geopolitical developments, changes in the political environment, instabilities in the real estate and banking sectors, the government's economic, monetary, trade and foreign relations policies, and various other factors.

The Eurozone economy also grew modestly during the fiscal year ended March 31, 2024, with Eurozone real GDP growing by 0.1% for the quarter ended June 30, 2023, was unchanged at 0.0% for the quarter ended September 30, 2023, contracting by 0.1% for the quarter ended December 31, 2023, and growing by 0.3% for the quarter ended March 31, 2024, on a quarter-on-quarter basis. On a year-over-year basis, Eurozone real GDP grew by 0.6% for the quarter ended June 30, 2023, 0.2% for the quarter ended September 30, 2023, 0.2% for the quarter ended December 31, 2023, and 0.4% for the quarter ended March 31, 2024. The unemployment rate in the Eurozone remained unchanged at 6.5% in March 2024 from March 2023. The Eurozone economy remains subject to various uncertainties, including instabilities resulting from inflationary trends, geopolitical developments, concerns over the financial system and other factors.

In Asia excluding Japan, economic conditions in ASEAN (Association of Southeast Asian Nations) and NIEs (Newly Industrializing Economies) generally improved and, overall, the economic growth continued during the fiscal year ended March 31, 2024. Meanwhile, in the Chinese economy, there remain concerns surrounding the real estate sector. The economic conditions of these regions remain subject to various uncertainties, including the fluctuations in the global and local economies as well as geopolitical developments.

### ***Interest Rates***

Interest rates remained at historical low levels in Japan under the Bank of Japan's monetary policy. Until recently, the Bank of Japan maintained its quantitative and qualitative monetary easing policy with yield curve control applying a negative interest rate of minus 0.1% to the "Policy-Rate Balances," which are a part of current account amounts held by financial institutions at the Bank of Japan, and aiming to keep the yield on 10-year Japanese government bonds around zero percent, and with exchange-traded fund, bond and commercial paper purchase programs. In October 2023, the Bank of Japan announced that it would purchase 10-year Japanese government bonds in amounts necessary to maintain the yield of such bonds around zero percent without setting an upper limit while regarding one percent as its reference upper bound. In March 2024, while keeping the price stability target at 2 percent, the Bank of Japan modified its monetary policy to encourage the uncollateralized overnight call rate to remain at around 0 to 0.1 percent, abolish Japanese government bond purchase operations for the purposes of maintaining the yield on 10-year Japanese government bonds below target upper limits while continuing with JGB purchases in similar volumes, and discontinue the exchange-traded fund purchase program while gradually reducing the amount of commercial paper and corporate bond purchases to nil in about one year. As a result of these monetary policy changes, the yield on 10-year Japanese government bonds fluctuated between 0.351% and 0.961% during the fiscal year ended March 31, 2024. In June 2024, the Bank of Japan decided it would reduce its purchase amount of Japanese government bonds after the next monetary policy meeting scheduled on July 30 and 31, 2024 and would decide at the July meeting on a detailed plan for the reduction of its purchase amount during the next one to two years or so to ensure that long-term interest rates would be formed more freely in financial markets.

In the United States, the Federal Open Market Committee raised the target for the federal funds rate to 5.25% to 5.50% in July 2023 from 4.75% to 5.00% set in March 2023. In its meeting in June 2024, the Committee decided to maintain the target range for the

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federal funds rate at 5.25% to 5.5% to support its goals of achieving maximum employment and inflation at 2 percent over the longer run. In addition, the Committee announced its plan to continue reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities. The 10-year U.S. Treasury bond yield increased from 3.470% at the end of March 2023 to 4.201% at the end of March 2024, while fluctuating between 3.308% and 4.991% during the period.

### ***Foreign Currency Exchange Rates***

The Japanese yen depreciated against the U.S. dollar from ¥133.53 to the U.S. dollar as of March 31, 2023 to ¥151.41 to the U.S. dollar as of March 31, 2024. The Japanese yen has been fluctuating between around ¥151 and ¥162 to the U.S. dollar since April 2024.

The Japanese yen was on a generally depreciating trend against the euro during the fiscal year ended March 31, 2024, with the exchange rate being ¥163.24 to the euro as of March 31, 2024 compared to ¥145.72 to the euro as of March 31, 2023. The Japanese yen has been fluctuating between around ¥163 and ¥175 to the euro since April 2024.

The Japanese yen was on a generally depreciating trend against the Thai baht during the fiscal year ended March 31, 2024, with the exchange rate being ¥4.16 to the Thai baht as of March 31, 2024 compared to ¥3.91 to the Thai baht as of March 31, 2023. The Japanese yen has been fluctuating between ¥4.12 and ¥4.45 to the Thai baht since April 2024.

### ***Stock Prices***

The closing price of the Nikkei Stock Average, which is the average of 225 blue chip stocks listed on the Tokyo Stock Exchange, increased from ¥28,041.48 on March 31, 2023 to ¥40,369.44 on March 31, 2024. The closing price of the Nikkei Stock Average has since risen and has been fluctuating between around ¥37,000 and ¥42,200 since April 2024, reaching record high levels in July 2024.

### ***Recent Developments***

During the fiscal year ended March 31, 2024, we engaged in transactions to ensure adequate capital base and structure, while pursuing strategies to improve our capital management and seek opportunities to grow our business. Japan faces some challenges such as a declining birth rate, an aging society and a shrinking population, while low growth has become normalized throughout the world. The environment we operate in has been affected by issues including significant inflationary price trends, instability in the financial system, geographical conflicts, growing awareness of environmental and social issues, and advances in digital technologies that enable the entry of new competitors in the financial sector. These developments are changing the business environment in significant ways and with unprecedented speed. MUFG seeks to meet these changes with clear visions and to make the most of these challenges as opportunities for growth. Under our new medium-term business plan for the three years ending in the fiscal year ending March 31, 2027, we aim to leverage our extensive network and diverse solutions to provide value to our stakeholders around the world.

### ***Implementation of Share Repurchase Programs and Cancellation of Treasury Shares***

During November 2023 and March 2024, we repurchased 300,646,400 shares of our common stock for ¥399,999,861,554 under a share repurchase program that was adopted in November 2023. Under the program, we were authorized by the Board of Directors to repurchase up to the lesser of 400,000,000 shares of our common stock and ¥400.0 billion between November 15, 2023 and March 31, 2024. In addition, we canceled 350,000,000 shares of our common stock held in treasury on November 30, 2023.

During May and June 2024, we repurchased 62,666,100 shares of our common stock for ¥99,999,986,737 under a share repurchase program that was adopted in May 2024. Under the program, we were authorized by the Board of Directors to repurchase up to the lesser of 80,000,000 shares of our common stock and ¥100.0 billion between May 16, 2024 and June 30, 2024. Based on information used to calculate our capital ratios under applicable Japanese regulations as of March 31, 2024, we estimate that the share repurchase pursuant to this program would have resulted in a decline in each of our Common Equity Tier 1 capital ratio, our Tier 1 capital ratio and our total capital ratio as of March 31, 2024 by approximately 0.1 percentage point.

We intend to agilely engage in repurchases of shares of our own stock as a means to return profits to shareholders and improve capital efficiency, taking into account our business performance and capital position, opportunities for growth investments, and market conditions including stock prices. As a general policy, we intend to cancel treasury shares to the extent that such shares exceed approximately 5% of our total issued shares (including treasury shares).

### ***Issuances of TLAC Eligible Senior Debt***

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During the fiscal year ended March 31, 2024, we obtained \$2.5 billion, or ¥378.5 billion, ¥255.0 billion, and €0.5 billion, or ¥81.6 billion, aggregate principal amount of external TLAC eligible senior debt financing in the form of securities and borrowings. In April 2024, we issued \$2.5 billion, or ¥387.0 billion, aggregate principal amount of external TLAC eligible senior debt in the form of securities.

As of March 31, 2024, our External TLAC ratios were 25.06% on a risk-weighted assets basis and 9.65% on a leverage exposure basis. As of the same date, we were required to maintain External TLAC ratios above 18% on a risk-weighted assets basis and 6.75% on a leverage exposure basis. See “—B. Liquidity and Capital Resources—Capital Adequacy” below and “Item 4.B. Information on the Company—Business Overview—Supervision and Regulation—Japan—Total loss-absorbing capacity.”

### ***Issuances of Basel III-Compliant Subordinated Debt***

During the fiscal year ended March 31, 2024, we obtained \$0.75 billion, or ¥113.6 billion, and ¥796.0 billion aggregate principal amount of perpetual subordinated Additional Tier 1 debt financing in the form of securities and borrowings in and outside Japan. These securities and borrowings are subject to our discretion to cease interest payments and a write-down of the principal upon the occurrence of certain events, including when our Common Equity Tier 1 capital ratio declines below 5.125% (but, following any such write-down, the principal may be reinstated if the ratio improves and to the extent permitted by the Japanese banking regulator), when we are deemed to have reached the point of non-viability (“PONV”) or when we become subject to bankruptcy proceedings.

During the fiscal year ended March 31, 2024, we obtained ¥210.0 billion aggregate principal amount of subordinated term Tier 2 debt financing in the form of securities issued in Japan. We can be exempted from the obligation to pay principal of and interest on the securities when we are deemed to have reached the PONV.

According to the FSA’s approach, PONV will be deemed to have been reached when the Prime Minister of Japan, following deliberation by Japan’s Financial Response Crisis Council pursuant to the Deposit Insurance Act of Japan (“DIA”), confirms that Specified Item 2 Measures need to be applied to MUFG under circumstances where its liabilities exceed or are likely to exceed its assets, or it has suspended or is likely to suspend payment of its obligations.

### ***Acquisition of HC Consumer Finance Philippines, Inc & PT Home Credit Indonesia***

In June 2023, MUFG Bank and its subsidiary Krungsri acquired HC Consumer Finance Philippines, Inc. (“HC Philippines”) for approximately €467.9 million, or ¥69,841 million, subject to price adjustments after the acquisition date. In October 2023, Krungsri and PT. Adira Dinamika Multi Finance “ADMF”), an Indonesia-based finance company and also a subsidiary of MUFG Bank, acquired HC Home Credit Indonesia (“HC Indonesia”) for €202.0 million, or ¥31,812 million. Each of HC Philippines and HC Indonesia is a leading point-of-sale lender in its respective market.

As a result of the acquisition, Krungsri holds 75% of the shares of HC Philippines and 75% of the shares of HC Indonesia, MUFG Bank holds 25% of the shares of HC Philippines, and ADMF holds 9.83% of the shares of HC Indonesia.

In March 2024, Krungsri completed a capital injection of approximately IDR 510 billion, or ¥4,869 million, into HC Indonesia. Following this capital injection, Krungsri’s total shareholding in HC Indonesia increased to 80% and ADMF’s total shareholding in HC Indonesia decreased to 4.92%.

See Note 2 to our audited consolidated financial statements for additional information.

### ***Acquisition of Additional Shares of U.S. Bancorp Common Stock***

In August 2023, MUFG Bank acquired 24,000,000 shares of the common stock of U.S. Bancorp (“USB”), which constituted an additional investment in USB, for a purchase price of approximately \$936 million, or ¥136.8 billion, based on a per share price of \$39.00 (the “Investment”). Following this Investment, MUFG Bank’s total shareholding in USB increased to 4.39%.

The proceeds received by USB for the Investment were paid to MUFG’s subsidiary, MUFG Americas Holdings Corporation, to reduce USB’s \$3.5 billion outstanding obligation due within five years of the closing date of the sale of MUFG Union Bank, N.A. (“Union Bank”), which was December 1, 2022, under the Share Purchase Agreement, dated September 21, 2021, with respect to the sale of Union Bank.

In addition, for purposes of strengthening sustainable non-Japanese yen funding capacity, MUFG Bank has entered into an agreement, which is contractually available for complementary U.S. dollar liquidity support, with U.S. Bank National Association, a bank subsidiary of USB.

### ***Acquisition of AlbaCore Capital Group***

In November 2023, Mitsubishi UFJ Trust and Banking and its consolidated subsidiary First Sentier Investors acquired a 75% interest in AlbaCore Capital Group (“AlbaCore”) for cash consideration paid in the amount of ¥49,266 million. In connection with this transaction, ¥17,979 million of contingent consideration was recognized at discounted fair value. The value of the contingent consideration is calculated with reference to certain future earnings metrics and targets of AlbaCore, discounted to net present value. The deferred payment of the contingent consideration is subject to AlbaCore’s earnings for certain future fiscal periods exceeding a threshold. If the future earnings exceed the threshold, a variable payment depending on the value of the future earnings will be made.

AlbaCore is headquartered in London with a presence in Dublin, and has capabilities spanning various parts of the corporate credit spectrum including private credit, CLOs, liquid credit and structured credit in Europe. Through the acquisition of AlbaCore, we aim to offer new products in the highly demanded alternative sector and expand our touchpoints with new customers, thereby further strengthening our global asset management business.

### ***Acquisition of PT Mandala Multifinance Tbk***

In March 2024, MUFG Bank and its consolidated subsidiary ADMF acquired 80.6% of the shares in PT Mandala Multifinance Tbk (“MFIN”) for approximately IDR 7,042 billion, or ¥67,385 million, pursuant to the share purchase agreement with PT Jayamandiri Gemasejati and certain other shareholders in June 2023. As a result of this acquisition, MUFG Bank holds 70.6% of the MFIN shares, while ADMF holds 10% of the shares.

MFIN is an Indonesian company which mainly provides auto loans for new motorbikes and multi-purpose loans secured by motorbikes in the domestic market, with strong presence especially in eastern Indonesia. MUFG Bank and ADMF intend to leverage MFIN’s strengths, in both products and geography, to further reinforce and expand our auto loan business in Indonesia.

See Note 2 to our audited consolidated financial statements for additional information.

### ***Acquisition of Shares of WealthNavi***

In March 2024, MUFG Bank acquired 9,110,000 newly issued shares of common stock of WealthNavi Inc. through a third party allotment transaction, resulting in MUFG Bank holding 15.55% of the shares of the company. This transaction was consummated pursuant to a capital and business alliance agreement between MUFG Bank and WealthNavi in February 2024. As part of the alliance, MUFG Bank has one director appointed and currently serving on the WealthNavi’s board of directors. As a result, WealthNavi became an equity method affiliate of MUFG Bank.

WealthNavi is a leading provider of automated online wealth management services in Japan in terms of assets under management and number of users. MUFG Bank and WealthNavi seek to provide solutions to long-term financial needs of customers by combining MUFG Bank’s wide-ranging customer base and product line-up and WealthNavi’s capabilities in agile planning and product development.

### ***Acquisition of Link Administration Holdings Limited***

On May 16, 2024, Mitsubishi UFJ Trust and Banking acquired all of the issued shares of Link Administration Holdings Limited, an Australian pension and stock administration company, as originally announced on December 18, 2023. The company's corporate name has been changed to MUFG Pension & Market Services Holdings Limited.

The acquisition of the global pension and stock administration functions of MUFG Pension & Market Services Holdings Limited is expected to further enable MUFG to accelerate its global business expansion, with access to Australian pension funds and global corporate clients for the Global Investor Services Business to offer a broad range of financial solutions, allowing it to strengthen its global reach, develop growth opportunities and expand the business scale.

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### A. Operating Results

#### Results of Operations

	Fiscal years ended March 31,			% Change	
	2022	2023 (Restated)	2024	2023	2024
	(in billions, except percentages)				
Interest income	¥ 2,531.0	¥ 4,611.4	¥ 7,107.1	82.2 %	54.1 %
Interest expense	560.4	2,222.0	4,513.1	296.5	103.1
Net interest income	1,970.6	2,389.4	2,594.0	21.3	8.6
Provision for credit losses	278.0	8.1	238.0	(97.1)	N/M
Non-interest income	1,394.8	1,486.9	2,867.6	6.6	92.9
Non-interest expense	3,146.1	3,420.0	3,341.0	8.7	(2.3)
Income (loss) before income tax expense (benefit)	(58.7)	448.2	1,882.6	N/M	320.0
Income tax expense (benefit)	(14.5)	41.2	501.6	383.7	N/M
Net income (loss) before attribution of noncontrolling interests	¥ (44.2)	¥ 407.0	¥ 1,381.0	N/M	239.3 %
Net income attributable to noncontrolling interests	39.1	30.4	52.9	(22.2)	74.0
Net income (loss) attributable to Mitsubishi UFJ Financial Group	¥ (83.3)	¥ 376.6	¥ 1,328.1	N/M	252.6 %

#### *Fiscal Year Ended March 31, 2024 Compared to Fiscal Year Ended March 31, 2023*

We recorded net income attributable to Mitsubishi UFJ Financial Group of ¥1,328.1 billion, compared to net income of ¥376.6 billion for the same period of the previous fiscal year, primarily due to an increase in non-interest income resulting from net gains from marketable equity securities reflecting higher stock prices and an increase in interest income particularly from foreign loans.

Net interest income increased 8.6% mainly because of an increase in net foreign interest income. U.S. and Japanese interest rates were higher and the Japanese yen depreciated against the U.S. dollar during the fiscal year ended March 31, 2024, compared to the previous fiscal year. Our average interest rate spread (which is the average interest rate on interest-earning assets less the average interest rate on interest-bearing liabilities) increased 0.09 percentage points to 0.92%. The average interest rate on total interest-earning assets increased 0.84 percentage points. On foreign interest-earning assets, the average interest rate increased 1.98 percentage points. On the domestic side, while domestic interest income increased 21.3% to ¥1,209.0 billion, domestic interest expense increased 65.1% to ¥1,275.0 billion.

Provision for credit losses increased mainly due to the absence of significant reversal of credit losses for the fiscal year ended March 31, 2024, particularly compared to the reversal of credit losses related to a large domestic commercial borrower for the fiscal year ended March 31, 2023, and the provision for credit losses related to a large borrower in the domestic manufacturing industry for the fiscal year ended March 31, 2024. In addition, provision for the Krungsri segment increased mainly due to the acquisition of consumer finance companies, including HC Philippines which we acquired in June 2023.

Non-interest income increased 92.9% primarily resulting from net gains from marketable equity securities reflecting higher stock prices, partially offset by the impact of the absence of the gain on the sale of MUFG Union Bank recorded in the previous fiscal year.

#### *Fiscal Year Ended March 31, 2023 Compared to Fiscal Year Ended March 31, 2022*

We recorded net income attributable to Mitsubishi UFJ Financial Group of ¥376.6 billion primarily due to an increase in net interest income mainly as a result of an increase in foreign interest income and the gain on sale of MUFG Union Bank as well as a decrease in provision for credit losses.

Net interest income increased 21.3% mainly due to an increase in foreign interest income, particularly on foreign loans, reflecting the higher average interest rate on the larger average asset balance. Our average interest rate spread (which is the average interest rate on interest-earning assets less the average interest rate on interest-bearing liabilities) increased 0.11 percentage points to 0.83%.



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Provision for credit losses decreased 97.1% mainly due to changes in our assessment of the impact of the COVID-19 pandemic on our loan portfolio and the qualitative reserve which, for the previous fiscal year, reflected our assessment of the rapidly changing Russia-Ukraine situation.

Non-interest income increased 6.6% primarily due to the gain on sale of MUFG Union Bank and financing-related fees in foreign branches of MUFG Bank, while non-interest expense increased 8.7% due to loss on valuation adjustment for loans held for sale held by MUFG Union Bank and an increase in salaries and employee benefits.

### Net Interest Income

	Fiscal years ended March 31,									% Change		Change		% Change		Change	
	2022			2023			2024			2023		2024		2023		2024	
	Average balance <sup>(1)</sup>	Interest income (expense)	Average rate	Average balance <sup>(1)</sup>	Interest income (expense)	Average rate	Average balance <sup>(1)</sup>	Interest income (expense)	Average rate	Average balance	Interest income (expense)	Average rate 2023 minus 2022 (percentage points)	Average balance	Interest income (expense)	Average rate 2024 minus 2023 (percentage points)	Average balance	Interest income (expense)
(in billions, except percentages)																	
Interest-earning assets:																	
Domestic	¥175,474.0	¥ 825.6	0.47%	¥175,859.2	¥ 997.1	0.57%	¥178,357.5	¥ 1,209.0	0.68%	0.2%	20.8%	0.10	1.4%	21.3%	0.11		
Foreign	100,705.1	1,705.4	1.69	115,159.2	3,614.3	3.14	115,100.9	5,898.1	5.12	14.4	111.9	1.45	(0.1)	63.2	1.98		
Total	¥276,179.1	¥ 2,531.0	0.92%	¥291,018.4	¥ 4,611.4	1.58%	¥293,458.4	¥ 7,107.1	2.42%	5.4%	82.2%	0.66	0.8%	54.1%	0.84		
Financed by:																	
Interest-bearing liabilities:																	
Domestic	¥211,839.0	¥ (277.1)	0.13%	¥218,582.7	¥ (772.2)	0.35%	¥222,068.4	¥ (1,275.0)	0.57%	3.2%	178.7%	0.22	1.6%	65.1%	0.22		
Foreign	67,920.5	(283.3)	0.42	76,295.0	(1,449.8)	1.90	78,344.3	(3,238.1)	4.13	12.3	N/M	1.48	2.7	123.3	2.23		
Total	279,759.5	(560.4)	0.20	294,877.7	(2,222.0)	0.75	300,412.7	(4,513.1)	1.50	5.4	296.5	0.55	1.9	103.1	0.75		
Non-interest-bearing liabilities (assets)	(3,580.4)	—	—	(3,859.3)	—	—	(6,954.3)	—	7.8	—	—	—	80.2	—	—		
Total	¥276,179.1		0.20%	¥291,018.4		0.76%	¥293,458.4		1.54%	5.4%		0.56	0.8%		0.77		
Net interest income and interest rate spread		¥ 1,970.6	0.72%		¥ 2,389.4	0.83%		¥ 2,594.0	0.92%		21.3%		0.11		8.6%		0.09
Net interest income as a percentage of total interest-earning assets			0.71%			0.82%			0.88%				0.11				0.06

### Effect of Volume and Rate Changes on Net Interest Income

	Fiscal Year Ended March 31, 2022 versus Fiscal Year Ended March 31, 2023						Fiscal Year Ended March 31, 2023 versus Fiscal Year Ended March 31, 2024					
	Increase (decrease) due to changes in			Increase (decrease) due to changes in								
	Volume <sup>(2)</sup>	Rate <sup>(2)</sup>	Net change	Volume <sup>(2)</sup>	Rate <sup>(2)</sup>	Net change						
	(in millions)			(in millions)								
Domestic	¥ 250	¥ (323,933)	¥ (323,683)	¥ 9,666	¥ (300,517)	¥ (290,851)						
Foreign	306,410	436,106	742,516	(85,860)	581,247	495,387						
Total	¥ 306,660	¥ 112,173	¥ 418,833	¥ (76,194)	¥ 280,730	¥ 204,536						

Notes:

- (1) Average balances are generally based on a daily average while a month-end average is used for certain average balances when it is not practicable to obtain applicable daily averages.
- (2) Volume/rate variance is allocated based on the percentage relationship of changes in volume and changes in rate to the total "net change."

### Fiscal Year Ended March 31, 2024 Compared to Fiscal Year Ended March 31, 2023

Net interest income for the fiscal year ended March 31, 2024 increased 8.6% compared to the previous fiscal year primarily due to a significant increase in net foreign interest income, reflecting the impact of higher average interest rates on foreign interest-earning assets, particularly foreign loans. In contrast, while domestic interest income increased 21.3% to ¥1,209.0 billion, domestic interest

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expense increased 65.1% to ¥1,275.0 billion mainly as a result of higher average interest rates on deposits and payables under repurchase agreements. Our total average interest rate spread (which is the average interest rate on interest-earning assets less the average interest rate on interest-bearing liabilities) increased 0.09 percentage points.

During the fiscal year ended March 31, 2024, U.S. interest rates were higher compared to the previous fiscal year and the Japanese yen depreciated against the U.S. dollar. As a result, the average interest rate on foreign interest-earning assets increased 1.98 percentage points to 5.12%, and foreign interest income increased 63.2%. Foreign interest expense increased 123.3% as a result of a 2.23 percentage point increase in the average interest rate on foreign interest-bearing liabilities to 4.13%. However, the impact of the interest rate increase on foreign interest income was larger than the impact of the interest rate increase on foreign interest expense because the average balance of foreign interest-earning assets was approximately 1.5 times the average balance of foreign interest-bearing liabilities. The average balance of foreign interest-earning assets was ¥115,100.9 billion as of March 31, 2024, remaining at the same level compared to March 31, 2023, while the average balance of foreign interest-bearing liabilities increased 2.7% to ¥78,344.3 billion as of March 31, 2024.

Domestic interest income increased 21.3% due to the higher average interest rate on domestic interest-earning assets, particularly loans. Domestic interest expense increased 65.1% due to increases in the average interest rates on most domestic interest-bearing liabilities. Our average domestic interest rate spread decreased to 0.11% for the fiscal year ended March 31, 2024 from 0.22% for the previous fiscal year. In recent years, our average balance of domestic interest-bearing liabilities has been greater than our average balance of domestic interest-earning assets. Between March 31, 2023 and 2024, the average balance of domestic interest-earning assets increased 1.4%, while the average balance of domestic interest-bearing liabilities increased 1.6%.

### *Fiscal Year Ended March 31, 2023 Compared to Fiscal Year Ended March 31, 2022*

Net interest income for the fiscal year ended March 31, 2023 increased 21.3% compared to the previous fiscal year primarily due to a significant increase in net foreign interest income, particularly on foreign loans. Foreign interest income increased due to the higher average rate in overseas branches and subsidiaries of our commercial banking subsidiaries. The average interest rate on foreign interest-earning assets increased to 3.14% from 1.69%, while the average interest rate on interest-bearing liabilities increased to 1.90% from 0.42%, resulting in a decrease in the average foreign interest rate spread to 1.24% for the fiscal year ended March 31, 2023 from 1.27% for the previous fiscal year. However, the impact of the interest rate increase on foreign interest income was larger than the impact of the interest rate increase on foreign interest expense because the average balance of foreign interest-earning assets was approximately 1.5 times the average balance of foreign interest-bearing liabilities.

Domestic interest expense increased 178.7% due to an increase in the average interest rate on domestic interest-bearing liabilities and increases in the average balances of payables under repurchase agreements and long-term debt. Domestic interest income increased 20.8% due to the higher average interest rate on domestic interest-bearing assets. Our average domestic interest rate spread decreased to 0.22% for the fiscal year ended March 31, 2023 from 0.34% for the previous fiscal year. As a result, net domestic interest income significantly decreased.

### ***Provision for credit losses***

#### *Fiscal Year Ended March 31, 2024 Compared to Fiscal Year Ended March 31, 2023*

We recorded ¥238.0 billion of provision for credit losses for the fiscal year ended March 31, 2024, compared to ¥8.1 billion of provision for credit losses for the previous fiscal year. Provision for credit losses increased ¥229.9 billion mainly due to the absence of significant reversal of credit losses for the fiscal year ended March 31, 2024, particularly compared to the reversal of credit losses related to a large domestic commercial borrower for the fiscal year ended March 31, 2023, and the provision for credit losses related to a large borrower in the domestic manufacturing industry for the fiscal year ended March 31, 2024. In addition, provision for the Krungsri segment increased mainly due to the acquisition of consumer finance companies, including HC Philippines which we acquired in June 2023.

#### *Fiscal Year Ended March 31, 2023 Compared to Fiscal Year Ended March 31, 2022*

We recorded ¥8.1 billion of provision for credit losses for the fiscal year ended March 31, 2023, compared to ¥278.0 billion of provision for credit losses for the previous fiscal year. Provision for credit losses decreased ¥269.9 billion mainly due to a decrease in provision for credit losses for the Commercial segment, primarily reflecting improvements in the business performance of some large domestic borrowers and a decrease in qualitative reserve recorded for the Russia-Ukraine situation.

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### *Non-Interest Income*

	Fiscal years ended March 31,			% Change	
	2022	2023 (Restated)	2024	2023	2024
(in billions, except percentages)					
<b>Fees and commissions income:</b>					
Fees and commissions on deposits	¥ 51.0	¥ 49.8	¥ 36.7	(2.4)%	(26.3)%
Fees and commissions on remittances and transfers	157.2	147.6	151.7	(6.1)	2.8
Fees and commissions on foreign trading business	56.3	69.0	74.5	22.5	7.9
Fees and commissions on credit card business	207.1	230.4	251.0	11.3	9.0
Fees and commissions on security-related services	264.5	224.9	278.5	(15.0)	23.8
Fees and commissions on administration and management services for investment funds	286.6	282.3	317.3	(1.5)	12.4
Trust fees	133.3	131.0	129.4	(1.7)	(1.3)
Guarantee fees	45.9	48.0	51.2	4.7	6.6
Insurance commissions	42.4	49.4	64.7	16.7	30.8
Fees and commissions on real estate business	65.6	68.4	68.4	4.3	—
Other fees and commissions	349.0	400.8	475.6	14.9	18.7
<b>Total</b>	<b>1,658.9</b>	<b>1,701.6</b>	<b>1,899.0</b>	<b>2.6</b>	<b>11.6</b>
Foreign exchange gains (losses)—net	106.9	25.2	(294.2)	(76.4)	N/M
<b>Trading account losses—net:</b>					
Net profits (losses) on interest rate and other derivative contracts	(102.1)	238.2	(947.0)	333.2	N/M
Net profits (losses) on trading account securities, excluding derivatives	(722.3)	(1,030.3)	248.0	(42.6)	124.1
<b>Total</b>	<b>(824.4)</b>	<b>(792.1)</b>	<b>(699.0)</b>	<b>3.9</b>	<b>11.7</b>
<b>Investment securities gains (losses)—net:</b>					
Net gains (losses) on sales of available-for-sale debt securities	48.8	(62.4)	(149.5)	(227.9)	(139.4)
Reversal of impairment losses (impairment losses) on available-for-sale debt securities	(47.3)	(359.3)	0.5	N/M	100.1
Net gains (losses) from marketable equity securities	(131.7)	89.0	1,528.0	167.7	N/M
Other	11.2	78.5	0.6	N/M	(99.2)
<b>Total</b>	<b>(119.0)</b>	<b>(254.2)</b>	<b>1,379.6</b>	<b>(113.5)</b>	<b>N/M</b>
Equity in earnings of equity method investees—net	436.6	398.1	463.8	(8.8)	16.5
Gains (losses) on sales of loans including valuation adjustment for loans held for sale	16.6	(34.0)	(45.1)	(305.1)	(32.4)
Gain on sale of MUFG Union Bank	—	349.4	—	N/M	N/M
Other non-interest income	119.2	92.9	163.6	(22.2)	76.2
<b>Total non-interest income</b>	<b>¥ 1,394.8</b>	<b>¥ 1,486.9</b>	<b>¥ 2,867.6</b>	<b>6.6 %</b>	<b>92.9 %</b>

#### *Fiscal Year Ended March 31, 2024 Compared to Fiscal Year Ended March 31, 2023*

Non-interest income for the fiscal year ended March 31, 2024 increased 92.9% compared to the previous fiscal year mainly due to increases in net gains from marketable equity securities and net profits on trading account securities, excluding derivatives, partially offset by net losses on interest rate and other derivative contracts and by the absence of the gain on the sale of MUFG Union Bank recorded in the previous fiscal year.

#### *Fiscal Year Ended March 31, 2023 Compared to Fiscal Year Ended March 31, 2022*

Non-interest income for the fiscal year ended March 31, 2023 increased 6.6% compared to the previous fiscal year mainly due to the gain on the sale of MUFG Union Bank, partially offset by an increase in net investment securities losses.

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### *Fees and commissions income*

#### *Fiscal Year Ended March 31, 2024 Compared to Fiscal Year Ended March 31, 2023*

Fees and commissions income for the fiscal year ended March 31, 2024 increased 11.6% compared to the previous fiscal year primarily due to an increase in financing-related fees in foreign branches of MUFG Bank, which were included in Other fees and commissions, and an increase in fees and commissions on security-related services in our securities subsidiaries.

#### *Fiscal Year Ended March 31, 2023 Compared to Fiscal Year Ended March 31, 2022*

Fees and commissions income for the fiscal year ended March 31, 2023 increased 2.6% compared to the previous fiscal year primarily due to an increase in financing-related fees in foreign branches of MUFG Bank, which are included in Other fees and commissions, an increase in credit card business volumes, and an increase in fees and commissions on foreign trading business reflecting larger volumes of money transfers and foreign exchange trading activities. These increases were partially offset by a decrease in fees and commissions security-related services due to decreases in commissions on underwriting, secondary distribution of, and offering to sell to and solicitation of offers to buy from professional investors, securities in our securities and banking subsidiaries.

### *Net foreign exchange gains (losses)*

	Fiscal years ended March 31,			% Change	
	2022	2023	2024	2023	2024
	(in billions, except percentages)				
Foreign exchange gains (losses)—net:					
Net foreign exchange gains (losses) on derivative contracts	¥ (44.7)	¥ 57.9	¥ (406.7)	229.6 %	N/M
Net foreign exchange losses on other than derivative contracts	(1,601.4)	(1,401.8)	(2,063.9)	12.5	(47.2)
Net foreign exchange gains related to the fair value option	1,753.0	1,369.1	2,176.4	(21.9)	59.0
Total	<u>¥ 106.9</u>	<u>¥ 25.2</u>	<u>¥ (294.2)</u>	(76.4)%	N/M

Net foreign exchange gains (losses) consist of the following:

- *Net foreign exchange gains (losses) on derivative contracts* are net gains (losses) primarily on currency derivative instruments entered into for trading purposes.
- *Net foreign exchange gains (losses) on other than derivative contracts* include foreign exchange trading gains (losses) as well as transaction gains (losses) on the translation into Japanese yen of monetary assets and liabilities denominated in foreign currencies. The transaction gains (losses) on the translation into Japanese yen fluctuate from period to period depending upon the spot rates at the end of each fiscal year. In principle, all transaction gains (losses) on translation of monetary assets and liabilities denominated in foreign currencies are included in current earnings.
- *Net foreign exchange gains (losses) related to the fair value option* include transaction gains (losses) on the translation into Japanese yen of securities under the fair value option. See Note 31 to our consolidated financial statements.

#### *Fiscal Year Ended March 31, 2024 Compared to Fiscal Year Ended March 31, 2023*

Net foreign exchange losses for the fiscal year ended March 31, 2024 mainly reflected net foreign exchange losses on other than derivative contracts resulting from higher foreign exchange translation losses on monetary liabilities denominated in foreign currencies in our commercial banking subsidiaries as the Japanese yen depreciated against other major currencies on a spot rate basis between March 31, 2023 and March 31, 2024. In addition, net foreign exchange losses on derivative contracts increased. These losses were partially mitigated by net foreign exchange gains related to the fair value option applied to foreign currency-denominated trading account securities such as U.S. Treasury bonds as the Japanese yen depreciated against the U.S. dollar from ¥133.53 to the U.S. dollar as of March 31, 2023 to ¥151.41 to the U.S. dollar as of March 31, 2024.

#### *Fiscal Year Ended March 31, 2023 Compared to Fiscal Year Ended March 31, 2022*

Net foreign exchange gains for the fiscal year ended March 31, 2023 mainly reflected net foreign exchange gains related to the fair value option applied to foreign currency-denominated trading account securities such as U.S. Treasury bonds as the Japanese yen depreciated against the U.S. dollar from ¥122.39 to the U.S. dollar as of March 31, 2022 to ¥133.53 to the U.S. dollar as of March 31, 2023, which represented a slightly smaller exchange rate fluctuation compared to the previous fiscal year when the Japanese yen depreciated against the U.S. dollar from ¥110.71 to the U.S. dollar as of March 31, 2021 to ¥122.39 to the U.S. dollar as of March 31,

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2022. The net foreign exchange gains related to the fair value option for the fiscal year ended March 31, 2023 were offset by net foreign exchange losses on other than derivative contracts reflecting the negative impact of fluctuations in the foreign currency exchange rates on the Japanese yen translated amounts of assets and liabilities of our commercial banking subsidiaries as the Japanese yen depreciated against other major currencies on a spot rate basis between March 31, 2022 and March 31, 2023.

### *Net trading account profits (losses)*

	Fiscal years ended March 31,			% Change	
	2022	2023	2024	2023	2024
(in billions, except percentages)					
Trading account losses—net:					
Net profits (losses) on interest rate and other derivative contracts					
Interest rate contracts	¥ 50.9	¥ 262.8	¥ (215.6)	N/M	(182.1)%
Equity contracts	(98.1)	(12.7)	(618.2)	87.1	N/M
Commodity contracts	—	—	(0.7)	N/M	N/M
Credit derivatives	(33.8)	(19.9)	(27.4)	41.1	(37.7)
Other	(21.1)	8.0	(85.1)	138.1	N/M
Total	<u>¥ (102.1)</u>	<u>¥ 238.2</u>	<u>¥ (947.0)</u>	333.2 %	N/M
Net profits (losses) on trading account securities, excluding derivatives					
Trading account securities	¥ 262.3	¥ 150.0	¥ 421.3	(42.8)%	180.8 %
Trading account securities under the fair value option	(984.6)	(1,180.3)	(173.3)	(19.9)	85.3
Total	<u>¥ (722.3)</u>	<u>¥ (1,030.3)</u>	<u>¥ 248.0</u>	(42.6)%	124.1 %
Total	<u>¥ (824.4)</u>	<u>¥ (792.1)</u>	<u>¥ (699.0)</u>	3.9 %	11.7 %

Trading account assets and liabilities are carried at fair value and changes in the value of trading account assets and liabilities are recorded in net trading account profits (losses). Activities reported in our net trading account profits (losses) can generally be classified into two categories:

- trading purpose activities, which are conducted mainly for the purpose of generating profits either through transaction fees or arbitrage gains and involve frequent and short-term selling and buying of securities, commodities or others; and
- trading account assets relating to the application of certain accounting rules, which are generally not related to trading purpose activities, but simply classified as trading accounts due to the application of certain accounting rules.

Of the two categories, trading account assets relating to the application of certain accounting rules represent a larger portion of our trading account losses for each of the fiscal years ended March 31, 2023 and 2024.

We generally do not separate, for financial reporting purposes, customer originated trading activities from non-customer related, proprietary trading activities. When an order for a financial product is placed by a customer, a dealer offers a price which includes certain transaction fees, often referred to as the “margin” to the market price. The margin is determined by considering factors such as administrative costs, transaction amount and liquidity of the applicable financial product. Once the customer agrees to the offered price, the deal is completed, and the position is recorded in our ledger as a single entry without any separation of components. To manage the risk relating to the customer side position, we often enter into an offsetting transaction with the market. Unrealized gains and losses as of the period-end for both the customer side position and the market side position are recorded within the same trading account profits and losses.

Net trading account profits (losses) consist of net profits (losses) on interest rate and other derivative contracts and net profits (losses) on trading account securities, excluding derivatives.

Net profits (losses) on interest rate and other derivative contracts are reported for net profits (losses) on derivative instruments which primarily relate to trading purpose activities and include:

- *Interest rate contracts*: Interest rate contracts are mainly utilized to manage interest rate risks which could arise from mismatches between assets and liabilities resulting from customer originated trading activities;
- *Equity contracts*: Equity contracts are mainly utilized to manage the risk that would arise from price fluctuations of stocks held in connection with customer transactions;



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- *Commodity contracts*: Commodity contracts are mainly utilized to meet customers' demand for hedging the risks relating to commodity price fluctuations in their transactions, and to diversify our portfolio of derivative instruments held for trading purposes; and
- *Credit derivatives*: Credit derivatives are mainly utilized as a part of our credit portfolio risk management.

Derivative instruments for trading purposes also include those used as hedges of net exposures rather than for specifically identified assets or liabilities, which do not meet the specific criteria for hedge accounting.

Net profits (losses) on trading account securities, excluding derivatives, consist of:

- *Net profits (losses) on trading account securities*, which primarily consist of gains and losses on trading and valuation of trading securities which relate to trading purpose activities. Net profits (losses) on investment securities held by certain consolidated variable interest entities, or VIEs, are included in accordance with the applicable accounting rules.
- *Net profits (losses) on trading account securities under the fair value option*, which are classified into trading accounts profits (losses) in accordance with certain accounting rules.

### *Fiscal Year Ended March 31, 2024 Compared to Fiscal Year Ended March 31, 2023*

Net trading account losses for the fiscal year ended March 31, 2024 mainly reflected net losses on equity contracts and interest rate contracts. The net losses on equity contracts mainly reflected the increase in losses on equity swaps for hedging purposes in our banking subsidiaries due to rising stock prices. The net losses on interest rate contracts primarily reflected interest rate swap losses in our banking subsidiaries, compared to net profits on interest rate contracts for the previous fiscal year in the significantly rising interest rates environment. These losses were partially offset by the increase in net profits on trading account securities primarily resulting from an increase in net profits on domestic trading account securities in our banking subsidiaries as stock prices generally rose during the fiscal year ended March 31, 2024.

### *Fiscal Year Ended March 31, 2023 Compared to Fiscal Year Ended March 31, 2022*

Net trading account losses for the fiscal year ended March 31, 2023 mainly reflected net losses on trading account securities under the fair value option. During the fiscal year ended March 31, 2023, long-term U.S. interest rates gradually increased, and the fair value of trading account securities under the fair value option decreased at the end of March 2023. Net losses on credit derivatives resulted from losses on such derivatives for hedging purposes at our commercial banking subsidiaries. These losses were partially offset by net profits on interest rate contracts which reflected interest rate swap gains in our trust banking subsidiary.

### *Net investment securities gains (losses)*

Net investment securities gains (losses) include net gains (losses) on sales of available-for-sale debt securities, impairment losses on available-for-sale debt securities, and net gains (losses) from marketable equity securities. Impairment loss on an available-for-sale debt security is recognized as part of investment securities losses if the fair value of such security is below its amortized cost basis and (1) such debt security is held by us with the intent to sell or (2) it is more likely than not that we will be required to sell such debt security before recovering its amortized cost basis. In other circumstances where the fair value of available-for-sale debt securities is less than the amortized cost basis, we recognize the credit component of the impairment loss as part of investment securities losses, and record an allowance for credit losses to the same extent, while recording the noncredit component of the impairment loss in accumulated other comprehensive losses. Net gains (losses) from marketable equity securities include net gains (losses) on sales of marketable equity securities as well as unrealized gains (losses) on such securities.

### *Fiscal Year Ended March 31, 2024 Compared to Fiscal Year Ended March 31, 2023*

Net investment securities gains for the fiscal year ended March 31, 2024 were ¥1,379.6 billion, compared to net losses of ¥254.2 billion for the fiscal year ended March 31, 2023, reflecting net gains from marketable equity securities of ¥1,528.0 billion compared to ¥89.0 billion for the previous year. This was due to increases in net unrealized gains on marketable equity securities and net realized gains on sales of marketable equity securities reflecting higher stock prices.

### *Fiscal Year Ended March 31, 2023 Compared to Fiscal Year Ended March 31, 2022*

Net investment securities losses for the fiscal year ended March 31, 2023 were ¥254.2 billion, compared to net losses of ¥119.0 billion for the fiscal year ended March 31, 2022. This was mainly due to larger impairment losses on the available-for-sale debt securities held for sale related to the transferred business of MUFG Union Bank. These losses were partially offset by net gains from marketable equity securities which reflected slightly higher stock prices in Japan as of March 31, 2023 compared to the end of the previous fiscal year, with an upward trend towards the end of March 2023.

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### *Net equity in earnings of equity method investees*

#### *Fiscal Year Ended March 31, 2024 Compared to Fiscal Year Ended March 31, 2023*

Net equity in earnings of equity method investees for the fiscal year ended March 31, 2024 was ¥463.8 billion, compared to ¥398.1 billion for the previous fiscal year, primarily reflecting the absence of the impairment losses of our equity method investees recognized in the previous fiscal year.

#### *Fiscal Year Ended March 31, 2023 Compared to Fiscal Year Ended March 31, 2022*

Net equity in earnings of equity method investees for the fiscal year ended March 31, 2023 was ¥398.1 billion, compared to ¥436.6 billion for the previous fiscal year, reflecting lower earnings of our equity method investees, including Morgan Stanley, and impairment losses of our equity method investees.

### *Gain on sale of MUFG Union Bank*

We completed the sale of MUFG Union Bank in December in December 2022. We recorded a pre-tax gain on the sale of MUFG Union Bank in the amount of ¥349.4 billion for the fiscal year ended March 31, 2023. For information on the accounting treatment applied to the sale of MUFG Union Bank, as restated, and information on the transaction, see Notes 1A and 2 to our consolidated financial statements.

### *Non-Interest Expense*

	Fiscal years ended March 31,			% Change	
	2022	2023	2024	2023	2024
	(in billions, except percentages)				
Salaries and employee benefits	¥ 1,277.4	¥ 1,343.6	¥ 1,398.0	5.2 %	4.0%
Occupancy expenses—net	165.3	162.2	156.0	(1.9)	(3.8)
Fees and commissions expenses	310.9	340.1	385.2	9.4	13.2
Outsourcing expenses, including data processing	318.0	351.3	320.9	10.5	(8.7)
Depreciation of premises and equipment	82.7	73.8	79.6	(10.7)	7.9
Amortization of intangible assets	261.0	274.4	288.6	5.1	5.2
Impairment of intangible assets	33.3	5.2	15.0	(84.5)	192.0
Insurance premiums, including deposit insurance	95.6	74.3	91.0	(22.2)	22.4
Communications	57.4	58.4	58.6	1.8	0.4
Taxes and public charges	99.7	100.3	105.4	0.6	5.1
Impairment of goodwill	—	33.6	—	N/M	(100.0)
Provision for off-balance sheet credit instruments	46.3	20.7	32.9	(55.2)	58.6
Impairment (reversal of impairment) of assets held for sale	134.1	(134.1)	—	(200.0)	100.0
Loss on valuation adjustment for loans held for sale held by MUFG Union Bank	3.2	282.5	—	N/M	(100.0)
Other non-interest expenses	261.2	433.7	409.8	65.9	(5.5)
Total non-interest expense	¥ 3,146.1	¥ 3,420.0	¥ 3,341.0	8.7 %	(2.3)%

#### *Fiscal Year Ended March 31, 2024 Compared to Fiscal Year Ended March 31, 2023*

Non-interest expense for the fiscal year ended March 31, 2024 decreased 2.3% mainly due to the absence of the previously recorded loss on valuation adjustment for loans held for sale held by MUFG Union Bank and the previously recorded impairment of goodwill, partially offset by the absence of the previously recorded reversal of impairment of assets held for sale related to the sale of MUFG Union Bank and increases in salaries and employee benefits and in fees and commission expenses.

#### *Fiscal Year Ended March 31, 2023 Compared to Fiscal Year Ended March 31, 2022*

Non-interest expense for the fiscal year ended March 31, 2023 increased 8.7% compared to the previous fiscal year mainly due to loss on valuation adjustment for loans held for sale related to the sale of MUFG Union Bank and increases in salaries and employee

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benefits, as well as impairment of goodwill relating to First Sentier Investors, partially offset by reversal of impairment of assets held for sale related to the sale of MUFG Union Bank.

### *Salaries and employee benefits*

#### *Fiscal Year Ended March 31, 2024 Compared to Fiscal Year Ended March 31, 2023*

Salaries and employee benefits for the fiscal year ended March 31, 2024 increased ¥54.4 billion compared to the previous fiscal year mainly due to higher labor costs in growing business sectors and the impact of the depreciation of the Japanese yen against other major currencies, despite a decrease due to the sale of MUFG Union Bank.

#### *Fiscal Year Ended March 31, 2023 Compared to Fiscal Year Ended March 31, 2022*

Salaries and employee benefits for the fiscal year ended March 31, 2023 increased ¥66.2 billion compared to the previous fiscal year mainly due to the foreign exchange translation impact of the depreciation of the Japanese yen against other major currencies and an increase in employee retention costs abroad in the tighter labor market especially in North America.

### *Fees and commissions expenses*

#### *Fiscal Year Ended March 31, 2024 Compared to Fiscal Year Ended March 31, 2023*

Fees and commissions expenses for the fiscal year ended March 31, 2024 increased 13.2% compared to the previous fiscal year mainly due to increases in fees and commissions expenses related to the loan business, the credit card business and the business alliance arrangements at our securities subsidiaries.

#### *Fiscal Year Ended March 31, 2023 Compared to Fiscal Year Ended March 31, 2022*

Fees and commissions expenses for the fiscal year ended March 31, 2023 increased 9.4% compared to the previous fiscal year mainly due to increases in fees and commissions expenses related to the credit card business and the business alliance arrangements at our securities subsidiaries.

### *Loss on valuation adjustment for loans held for sale held by MUFG Union Bank*

In December 2022, MUFG and MUFG Bank completed the sale of all shares of MUFG Union Bank to U.S. Bancorp pursuant to a Share Purchase Agreement, dated as of September 21, 2021, by and among MUFG, MUFG Americas Holdings and U.S. Bancorp. In connection with that transaction, we recorded loss on valuation adjustment for loans held for sale held by MUFG Union Bank for the fiscal years ended March 31, 2023 and 2022. Specifically, loss on valuation adjustment for loans held for sale held by MUFG Union Bank of ¥282.5 billion was recorded for the fiscal year ended March 31, 2023 due to the valuation losses on the loans held for sale related to the transferred business of MUFG Union Bank. These valuation losses were reflected in the carrying value of net assets transferred. Since these valuation losses had no impact on the consideration for the sale of shares of MUFG Union Bank, to the extent of the decrease in the carrying amount of the loans held for sale resulting from these valuation losses, the gains on the sale of shares of MUFG Union Bank increased. For more information on fair value valuation, see Notes 2 and 31 to our consolidated financial statements.

### *Impairment (reversal of impairment) of assets held for sale*

We recorded impairment (reversal of impairment) of assets held for sale in the fiscal years ended March 31, 2023 and 2022 mainly attributable to the sale of MUFG Union Bank which was completed in December 2022. Specifically, reversal of impairment of assets held for sale of ¥134.1 billion was recorded for the fiscal year ended March 31, 2023. During the second half of the fiscal year ended March 31, 2022, ¥134.1 billion of impairment of assets held for sale was recognized through the application of the lower of cost or market method to the disposal group related to the sale of MUFG Union Bank. However, during the first half of the fiscal year ended March 31, 2023, the fair value less cost to sell exceeded the carrying value and the reversal was recognized. For more information, see Notes 2 and 31 to our consolidated financial statements.

### *Impairment of goodwill*

Impairment of goodwill of ¥33.6 billion was recorded relating to the First Sentier Investors reporting unit within the Asset Management & Investor Services Business Group segment for the fiscal year ended March 31, 2023 since the cash flow forecast for the reporting unit was revised downwards due to a decrease in the balance of assets under management, which reflected a decline in equity markets. See Note 6 to our consolidated financial statements.

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Given the three-month difference between our consolidated reporting period and the reporting period of some of our subsidiaries, including First Sentier Investors, our fair value assessment with respect to such subsidiaries after December 31 of each year is reflected in our consolidated financial statements for a period ending after March 31 of each year. See Note 1 to our consolidated financial statements.

### *Income Tax Expense (Benefit)*

	Fiscal years ended March 31,			% Change	
	2022	2023 (Restated)	2024	2023	2024
	(in billions, except percentages)				
Income (loss) before income tax expense (benefit)	¥ (58.7)	¥ 448.2	¥ 1,882.6	N/M	320.0 %
Income tax expense (benefit)	(14.5)	41.2	501.6	383.7 %	N/M
Effective income tax rate	24.7 %	9.2 %	26.6 %	N/A	N/A
Combined normal effective statutory tax rate	30.6 %	30.6 %	30.6 %	N/A	N/A

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### Reconciliation of Combined Normal Effective Statutory Tax Rate to Effective Income Tax Rate

	Fiscal years ended March 31,			Net Change (percentage points)	
	2022	2023 (Restated)	2024	2023	2024
	Combined normal effective statutory tax rate	30.6 %	30.6 %	30.6 %	—
Increase (decrease) in taxes resulting from:					
Nondeductible expenses	(12.0)	1.1	0.4	13.1	(0.7)
Impairment of goodwill	—	2.2	—	2.2	(2.2)
Foreign tax credit and payments	28.7	(6.9)	0.9	(35.6)	7.8
Lower tax rates applicable to income of subsidiaries	30.8	(4.1)	(1.5)	(34.9)	2.6
Change in valuation allowance	(90.1)	(1.3)	(1.4)	88.8	(0.1)
Taxation for gain on sale of shares in subsidiary	—	5.0 <sup>(1)</sup>	—	5.0	(5.0)
Nontaxable dividends received	85.1	(21.7)	(4.1)	(106.8)	17.6
Undistributed earnings of subsidiaries	(25.6)	(0.4)	0.9	25.2	1.3
Tax and interest expense for uncertainty in income taxes	(10.8)	—	—	10.8	N/M
Noncontrolling interest income	(0.7)	0.4	0.6	1.1	0.2
Effect of changes in tax laws	(2.4)	0.9	—	3.3	(0.9)
Expiration of loss carryforward	(7.0)	0.2	0.1	7.2	(0.1)
Other—net	(1.9)	3.2	0.1	5.1	(3.1)
Effective income tax rate	<u>24.7 %</u>	<u>9.2 %</u>	<u>26.6 %</u>	<u>(15.5)</u>	<u>17.4</u>

Note:

(1) In March 2023, MUAH repurchased a portion of the MUAH shares held by other consolidated MUFG group companies. MUAH remains a wholly owned subsidiary of the MUFG Group. The repurchase transaction resulted in the realization of a difference between the book value of the repurchased shares for accounting and tax purposes, resulting in a ¥22.3 billion increase in income tax expense and a 5.0 percentage point increase in the effective tax rate for the fiscal year ended March 31, 2023 for MUFG on a consolidated basis. The gain and cost for the transaction was eliminated as an intercompany transaction.

Income taxes applicable to us in Japan are imposed by the national, prefectural and municipal governments, and the aggregate of these taxes resulted in a combined normal effective statutory tax rate of 30.6% for each of the fiscal years ended March 31, 2023 and 2024. Foreign subsidiaries are subject to income taxes of the jurisdictions in which they operate. These taxes are reflected in the effective income tax rate.

#### Fiscal Year Ended March 31, 2024

The effective income tax rate for the fiscal year ended March 31, 2024 was 26.6%, which was 4.0 percentage points lower than the combined normal effective statutory rate of 30.6%.

This lower effective income tax rate primarily reflected our receipt of nontaxable dividends, which resulted in a decrease of ¥76.9 billion in income tax expense and a decrease of 4.1 percentage points in the effective income tax rate for the fiscal year ended March 31, 2024. Under Japanese tax law, a certain percentage of dividends received is considered nontaxable and excluded from gross revenue in computing taxable income. This creates a permanent difference between our taxable income for Japanese tax purposes and our income before income tax expense reported under U.S. GAAP.

Another factor contributing to the lower effective income tax rate was the lower tax rates applicable to income of subsidiaries, which resulted in a decrease of ¥28.6 billion in income tax expense and a decrease of 1.5 percentage points in the effective income tax rate for the fiscal year ended March 31, 2024.

#### Fiscal Year Ended March 31, 2023

The effective income tax rate for the fiscal year ended March 31, 2023 was 9.2%, which was 21.4 percentage points lower than the combined normal effective statutory rate of 30.6%.



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This lower effective income tax rate primarily reflected our receipt of nontaxable dividends, which resulted in a decrease of ¥97.2 billion in income tax expense and a decrease of 21.7 percentage points in the effective income tax rate for the fiscal year ended March 31, 2023. Under Japanese tax law, a certain percentage of dividends received is considered nontaxable and excluded from gross revenue in computing taxable income. This creates a permanent difference between our taxable income for Japanese tax purposes and our income before income tax expense reported under U.S. GAAP.

Another factor contributing to the lower effective income tax rate was the foreign tax credit, which resulted in a decrease of ¥30.7 billion in income tax expense and a decrease of 6.9 percentage points in the effective income tax rate for the fiscal year ended March 31, 2023.

### *Fiscal Year Ended March 31, 2022*

The effective income tax rate for the fiscal year ended March 31, 2022 was 24.7%, which was 5.9 percentage points lower than the combined normal effective statutory rate of 30.6%. This lower effective income tax rate primarily reflected an addition of ¥47.4 billion of valuation allowance against deferred tax assets for certain subsidiaries, which resulted in an increase of ¥52.9 billion in income tax expense and a decrease of 90.1 percentage points in the effective income tax rate for the fiscal year ended March 31, 2022. The increase in valuation allowance includes recognition of valuation allowance related to the loss which is expected on the sale of the shares in MUFG Union Bank to U.S. Bancorp. This impact was partially offset by an increase of 85.1 percentage points in the effective income tax rate resulting from our receipt of nontaxable dividends, which resulted in a decrease of ¥50.0 billion in income tax expense for the fiscal year ended March 31, 2022. Under Japanese tax law, a certain percentage of dividends received is considered nontaxable and excluded from gross revenue in computing taxable income. This creates a permanent difference between our taxable income for Japanese tax purposes and our income before income tax expense reported under U.S. GAAP.

### ***Net income attributable to noncontrolling interests***

#### *Fiscal Year Ended March 31, 2024 Compared to Fiscal Year Ended March 31, 2023*

We recorded ¥52.9 billion of net income attributable to noncontrolling interests for the fiscal year ended March 31, 2024, compared to ¥30.4 billion of net income attributable to noncontrolling interests for the previous fiscal year. This mainly reflected an increase in net income of certain consolidated VIEs.

#### *Fiscal Year Ended March 31, 2023 Compared to Fiscal Year Ended March 31, 2022*

We recorded ¥30.4 billion of net income attributable to noncontrolling interests for the fiscal year ended March 31, 2023, compared to ¥39.1 billion of net income attributable to noncontrolling interests for the previous fiscal year. This mainly reflected a decrease in net income of certain consolidated VIEs.

## Business Segment Analysis

We measure the performance of each of our business segments primarily in terms of “operating profit.” Operating profit and other segment information in this Annual Report are based on the financial information prepared in accordance with Japanese GAAP as adjusted in accordance with internal management accounting rules and practices. Accordingly, the format and information are not consistent with our consolidated financial statements prepared in accordance with U.S. GAAP. For example, operating profit does not reflect items such as a component of the provision for credit losses (primarily equivalent to the formula allowance under U.S. GAAP), foreign exchange gains (losses) and investment securities gains (losses). For a reconciliation of operating profit under the internal management reporting system to income (loss) before income tax expense (benefit) shown on the consolidated statements of operations, see Note 29 to our consolidated financial statements. We do not use information on the segments’ total assets to allocate our resources and assess performance. Accordingly, business segment information on total assets is not presented. However, in order to ensure more efficient management of resources, and to strengthen controls on profits and losses in each business group, we allocate fixed assets of both MUFG Bank on a stand-alone basis and Mitsubishi UFJ Trust and Banking on a stand-alone basis to each business unit. Accordingly, such fixed assets allocated to business groups are presented below.

We made modifications to our internal management accounting rules and practices, effective April 1, 2023, including reallocation of indirect expenses to the Retail & Commercial Banking Business Group from the Digital Service Business Group as well as updates to internal booking rules relating to net revenue in the customer business groups. Corresponding adjustments were booked in Other. There was no impact of these modifications on the Global Commercial Banking Business Group and the Asset Management & Investor Services Business Group.

These changes had the following impact on our previously reported business segment information for the fiscal year ended March 31, 2023:

- increasing the operating profits of the Digital Service Business Group and the Global Corporate & Investment Banking Business Group by ¥6.3 billion and ¥1.8 billion, respectively, and
- reducing the operating profits of the Japanese Corporate & Investment Banking Business Group, the Global Markets Business Group and the Retail & Commercial Banking Business Group by ¥4.4 billion, ¥2.0 billion and ¥1.7 billion respectively.

Prior period business segment information has been restated to enable comparison between the relevant amounts for the fiscal years ended March 31, 2022, 2023 and 2024.

For further information, see Note 29 to our consolidated financial statements.

Effective April 1, 2024, we reorganized our business groups as described in “Item 4.B. Information on the Company—Business Overview—Medium-Term Business Plan—Reorganization of the Business Groups.” The business segment information shown below is based on the previous business segmentation not reflecting such reorganization.

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Customer Business																			
	Digital Service Business Group		Retail & Commercial Banking Business Group		Japanese Corporate & Investment Banking Business Group		Global Commercial Banking Business Group		Asset Management & Investor Services Business Group		Global Corporate & Investment Banking Business Group		Global Markets Business Group		Other		Total		
(in billions)																			
<b>Fiscal year ended March 31, 2022:</b>																			
Net revenue	¥	741.6	¥	584.6	¥	623.2	¥	771.7	¥	348.9	¥	540.1	¥3,610.1	¥	427.0	¥	11.3	¥	4,048.4
BK and TB <sup>(1)</sup> :		257.2		390.3		496.8		1.9		106.3		362.2	1,614.7		203.4		53.2		1,871.3
Net interest income		218.0		160.8		210.7		2.1		9.3		171.6	772.5		231.5		148.6		1,152.6
Net fees		36.0		203.0		212.7		—		97.0		174.0	722.7		(8.7)		(57.4)		656.6
Other		3.2		26.5		73.4		(0.2)		—		16.6	119.5		(19.4)		(38.0)		62.1
Other than BK and TB		484.4		194.3		126.4		769.8		242.6		177.9	1,995.4		223.6		(41.9)		2,177.1
Operating expenses		558.9		490.9		320.9		528.0		241.4		295.3	2,435.4		253.0		127.6		2,816.0
Operating profit (loss)	¥	182.7	¥	93.7	¥	302.3	¥	243.7	¥	107.5	¥	244.8	¥1,174.7	¥	174.0	¥	(116.3)	¥	1,232.4
Fixed assets <sup>(2)</sup>	¥	140.6	¥	191.7	¥	155.8	¥	1.0	¥	13.3	¥	133.0	¥ 635.4	¥	108.4	¥	550.3	¥	1,294.1
<b>Fiscal year ended March 31, 2023:</b>																			
Net revenue	¥	748.1	¥	614.5	¥	800.9	¥	870.6	¥	360.8	¥	712.6	¥4,107.5	¥	409.1	¥	(0.8)	¥	4,515.8
BK and TB <sup>(1)</sup> :		251.9		430.1		645.5		35.1		105.4		532.3	2,000.3		130.8		19.5		2,150.6
Net interest income		214.1		192.4		342.5		35.7		9.4		260.2	1,054.3		710.6		89.7		1,854.6
Net fees		34.9		199.0		228.3		—		96.0		243.2	801.4		(16.6)		(48.3)		736.5
Other		2.9		38.7		74.7		(0.6)		—		28.9	144.6		(563.2)		(21.9)		(440.5)
Other than BK and TB		496.2		184.4		155.4		835.5		255.4		180.3	2,107.2		278.3		(20.3)		2,365.2
Operating expenses		527.4		458.9		330.7		580.3		255.7		334.8	2,487.8		274.0		176.4		2,938.2
Operating profit (loss)	¥	220.7	¥	155.6	¥	470.2	¥	290.3	¥	105.1	¥	377.8	¥1,619.7	¥	135.1	¥	(177.2)	¥	1,577.6
Fixed assets <sup>(2)</sup>	¥	156.9	¥	201.9	¥	161.2	¥	1.1	¥	18.8	¥	171.2	¥ 711.2	¥	110.6	¥	546.3	¥	1,368.1
Increase in fixed assets <sup>(3)</sup>	¥	37.0	¥	41.9	¥	37.1	¥	0.6	¥	11.6	¥	23.4	¥ 151.5	¥	23.2	¥	34.2	¥	208.9
Depreciation <sup>(3)</sup>	¥	10.6	¥	21.1	¥	36.6	¥	0.2	¥	6.0	¥	35.2	¥ 109.8	¥	28.3	¥	19.5	¥	157.6
<b>Fiscal year ended March 31, 2024:</b>																			
Net revenue	¥	782.5	¥	709.4	¥	1,013.7	¥	685.0	¥	432.3	¥	863.1	¥4,486.0	¥	323.4	¥	(37.6)	¥	4,771.8
BK and TB <sup>(1)</sup> :		253.1		492.5		829.5		29.3		118.6		781.0	2,504.0		21.8		40.2		2,566.0
Net interest income		213.0		232.7		501.1		29.3		14.7		413.8	1,404.6		113.2		99.1		1,616.9
Net fees		37.7		213.0		233.5		—		103.8		328.8	916.8		(15.0)		(16.4)		885.4
Other		2.4		46.8		94.9		—		0.1		38.4	182.6		(76.4)		(42.5)		63.7
Other than BK and TB		529.4		216.9		184.2		655.7		313.7		82.1	1,982.0		301.6		(77.8)		2,205.8
Operating expenses		536.6		464.0		343.9		382.9		307.3		361.4	2,396.1		300.0		232.8		2,928.9
Operating profit (loss)	¥	245.9	¥	245.4	¥	669.8	¥	302.1	¥	125.0	¥	501.7	¥2,089.9	¥	23.4	¥	(270.4)	¥	1,842.9
Fixed assets <sup>(2)</sup>	¥	186.8	¥	228.6	¥	169.2	¥	1.6	¥	21.2	¥	170.9	¥ 778.3	¥	114.3	¥	502.3	¥	1,394.9
Increase in fixed assets <sup>(3)</sup>	¥	38.6	¥	47.1	¥	46.1	¥	0.4	¥	11.5	¥	32.5	¥ 176.2	¥	28.2	¥	29.3	¥	233.7
Depreciation <sup>(3)</sup>	¥	14.7	¥	24.6	¥	42.1	¥	0.2	¥	9.1	¥	42.1	¥ 132.8	¥	32.5	¥	16.3	¥	181.6

- Notes:
- (1) “BK and TB” is a sum of MUFG Bank on a stand-alone basis (BK) and Mitsubishi UFJ Trust and Banking on a stand-alone basis (TB).
  - (2) Fixed assets in the above table are based on the financial information prepared in accordance with Japanese GAAP as adjusted in accordance with internal management accounting rules and practices, and the amounts correspond to premises and equipment-net, intangible assets-net and goodwill of BK and TB. Fixed assets of MUFG and other consolidated subsidiaries and Japanese GAAP consolidation adjustments amounting to ¥1,286.1 billion as of March 31, 2022, ¥1,210.2 billion as of March 31, 2023 and ¥1,505.4 billion as of March 31, 2024, respectively, are not allocated to each business segment when determining the allocation of management resources and assessing performance and, therefore, such amounts are not included in the table above.

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(3) These amounts are related to the fixed assets of BK and TB included in the table above.

### ***Fiscal Year Ended March 31, 2024 Compared to Fiscal Year Ended March 31, 2023***

*Digital Service Business Group*—Covered digital-based non-face-to-face businesses servicing “mass-segment” customers, or retail customers and small and medium-sized enterprise customers, of Mitsubishi UFJ NICOS, other consumer finance companies, and MUFG Bank in Japan. Its net revenue mainly consisted of interest income from lending and deposit-taking operations and fees relating to credit card settlement and consumer financing products and services.

Operating profit increased mainly due to increases in the consumer finance balance and credit card settlement volume in the midst of economic recovery from the COVID-19 pandemic as well as higher net interest income from non-JPY deposits reflecting higher interest rates.

*Retail & Commercial Banking Business Group*—Covered the domestic retail and commercial banking businesses. This business group mainly offered retail customers (with a strategic focus on high net-worth individuals) and small and medium-sized enterprise customers in Japan an extensive array of commercial banking, trust banking and securities products and services. Its net revenue mainly consisted of interest income from lending and deposit-taking operations and fees relating to domestic and foreign exchange settlement services and wealth management solutions, including asset management, asset and business succession transfer and real estate services.

Operating profit increased, mainly driven by an increase in the wealth management business due to recovery in the stock market environment and an increase in net interest income from lending and deposit-taking operations due to improved deposit and lending spreads on corporate loans and by the growth in the solutions business largely led by leveraged buyout deals.

*Japanese Corporate & Investment Banking Business Group*—Covers the large Japanese corporate businesses. This business group offers large Japanese corporations advanced financial solutions designed to respond to their diversified and globalized needs and to contribute to their business and financial strategies through the global network of our group companies. Its net revenue mainly consists of interest income from lending and deposit-taking operations and fees relating to financing, investment banking, real estate and stock transfer services for large Japanese corporate customers.

Operating profit increased mainly due to an increase in net interest income from lending and deposit-taking operations reflecting higher interest rates outside Japan and improved deposit and lending spreads as well as an increase in fee income from the primary securities market business due to recovery in the stock market environment.

*Global Commercial Banking Business Group*—Covers the retail and commercial banking businesses of Krungsri and PT Bank Danamon Indonesia, Tbk. This business group offers a comprehensive array of financial products and services such as loans, deposits, fund transfers, investments and asset management services for local retail, small and medium-sized enterprise, and corporate customers across the Asia-Pacific region. Its revenue mainly consists of interest income from lending and deposit-taking operations and fees from remittances and transfers, consumer finance and wealth-related services for individual and small to medium-sized corporate customers of Krungsri and Bank Danamon.

Operating profit increased mainly due to an increase in net interest income in Krungsri and Bank Danamon reflecting higher interest rates and improved deposit and lending spreads as well as loan balance growth and the impact of company acquisitions by Krungsri, partially offset by the impact of the sale of MUFG Union Bank.

*Asset Management & Investor Services Business Group*—Covers the asset management and asset administration businesses of Mitsubishi UFJ Trust and Banking, MUFG Bank and First Sentier Investors. By integrating the trust banking expertise of Mitsubishi UFJ Trust and Banking and the global strengths of MUFG Bank, the business group offers a full range of asset management and administration services for corporations and pension funds, including pension fund management and administration, advice on pension structures, and payments to beneficiaries, and also offers investment trusts for retail customers. Its net revenue mainly consists of fees from asset management and administration services for products, such as pension trusts and mutual funds.

Operating profit increased primarily due to higher transaction volume both domestically and globally through sale of bundled services related to defined contribution plans and investor services as well as due to the receipt of performance-based fees by First Sentier Investors, partially offset by expenses related to First Sentier Investors' acquisition of AlbaCore Capital Group.

*Global Corporate & Investment Banking Business Group*—Covers the global corporate, investment and transaction banking businesses of MUFG Bank and Mitsubishi UFJ Securities Holdings. Through a global network of offices and branches, this business group provides large non-Japanese corporate and financial institution customers outside Japan with a comprehensive set of solutions that meet their increasingly diverse and sophisticated financing needs. Its net revenue mainly consists of interest income from lending

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and deposit-taking operations and fees and commissions from investment banking services and foreign exchange and derivatives transactions.

Operating profit increased mainly due to an increase in non-interest income reflecting robust performance of project finance and capital markets in the United States and Europe as well as an increase in net interest income from lending and deposit-taking operations reflecting higher interest rates, improved deposit and lending spreads and the impact of the depreciation of the Japanese yen against other major currencies.

*Global Markets Business Group*—Covers the customer business and the treasury operations of MUFG Bank, Mitsubishi UFJ Trust and Banking and Mitsubishi UFJ Securities Holdings. The customer business includes sales and trading in fixed income instruments, currencies, equities and other investment products as well as origination and distribution of financial products. The treasury operations include asset and liability management as well as global investments for the MUFG Group.

Operating profit decreased mainly due to a decrease in income from treasury operations impacted by increased foreign currency funding costs and by portfolio rebalancing in the rising interest rate environment, partially offset by an increase in sales and trading income driven by the growth in flow transactions benefiting from market volatility.

*Other*—Consists mainly of the corporate centers of MUFG, MUFG Bank, Mitsubishi UFJ Trust and Banking and Mitsubishi UFJ Morgan Stanley Securities. The elimination of duplicated amounts of net revenues among business segments is also reflected in Other.

### ***Fiscal Year Ended March 31, 2023 Compared to Fiscal Year Ended March 31, 2022***

#### *Digital Service Business Group*

Operating profit increased mainly due to a decrease in operating expense from the progress on our sales channel reforms and lower deposit insurance premium rates as well as due to increases in consumer finance and foreign exchange revenue.

#### *Retail & Commercial Banking Business Group*

Operating profit increased mainly due to higher interest income from deposit-taking operations reflecting an improvement in interest margins partly due to a rise in U.S. interest rates as well as increases in fees on foreign exchange and foreign exchange derivatives transactions due to a transaction volume increase, in addition to a decrease in operating expenses due to lower deposit insurance premium rates, a decrease in depreciation cost following asset impairment charges being recorded in the previous fiscal year, and measures implemented to optimize staff utilization and restructure sales channels.

#### *Japanese Corporate & Investment Banking Business Group*

Operating profit increased mainly due to an increase in loan interest income reflecting improved interest margins partly due to a rise in U.S. interest rates as well as increases in fees on foreign exchange transactions benefiting from market fluctuations and fees on real estate financing transactions.

#### *Global Commercial Banking Business Group*

Operating profit increased mainly due to higher net interest income reflecting the escalation of policy interest rate increases in the United States and Thailand as well as larger lending transaction volume in Krungsri.

#### *Asset Management & Investor Services Business Group*

Operating profit decreased mainly due to an increase in operating expenses primarily resulting from the foreign exchange translation impact of the depreciation of the Japanese yen against other major currencies on overseas expenses denominated in such other currencies as well as office relocation cost in our banking subsidiary. In addition, lower performance-based fees in First Sentier Investors and weak stock market conditions in Japan negatively impacted net revenue although net revenue slightly increased primarily due to an increase in income from bundled services provided to global investors.

#### *Global Corporate & Investment Banking Business Group*

Operating profit increased mainly due to higher interest income from loans reflecting a rise in U.S. interest rates as well as an increase in flow transactions and cross-selling transactions under fluctuating market conditions.

#### *Global Markets Business Group*



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Operating profit decreased mainly due to net losses on debt securities primarily associated with our foreign bond portfolio rebalancing operations in the treasury business in the rising interest rate environment, partially offset by an improvement in the customer business due to an increase in flow transactions seeking profits from market fluctuations.

### Geographic Segment Analysis

Assets, income and expenses attributable to foreign operations are allocated to geographical areas based on the domicile of the debtors and customers. In general, we have allocated all direct expenses and a proportionate share of general and administrative expenses to income derived from foreign loans and other transactions by our foreign operations to the relevant foreign geographical areas. Certain charges, such as most impairment charges on goodwill, are recognized as domestic expenses. For further information, see Note 30 to our consolidated financial statements.

	Fiscal years ended March 31,			% Change	
	2022	2023 (Restated)	2024	2023	2024
(in billions, except percentages)					
Total revenue (interest income and non-interest income):					
Domestic	¥ 2,160.5	¥ 2,618.0	¥ 3,824.2	21.2 %	46.1 %
Foreign:					
United States of America	500.6	1,319.3	2,579.2	163.5	95.5
Europe	67.7	173.0	594.1	155.6	243.4
Asia/Oceania excluding Japan	975.3	1,479.6	2,026.5	51.7	37.0
Other areas <sup>(1)</sup>	221.6	508.4	950.7	129.5	87.0
Total foreign	1,765.2	3,480.3	6,150.5	97.2	76.7
Total	¥ 3,925.7	¥ 6,098.3	¥ 9,974.7	55.3 %	63.6 %
Income (loss) before income tax expense (benefit):					
Domestic	¥ (38.1)	¥ 543.6	¥ 1,128.3	N/M	107.6 %
Foreign:					
United States of America	(166.0)	(302.2)	365.1	(82.1)	220.8
Europe	(244.0)	(197.1)	(96.2)	19.2	51.2
Asia/Oceania excluding Japan	249.3	196.8	242.3	(21.1)	23.1
Other areas <sup>(1)</sup>	140.1	207.1	243.1	47.9	17.3
Total foreign	(20.6)	(95.4)	754.3	(363.3)	N/M
Total	¥ (58.7)	¥ 448.2	¥ 1,882.6	N/M	320.0 %
Net income (loss) attributable to Mitsubishi UFJ Financial Group:					
Domestic	¥ (7.4)	¥ 616.2	¥ 929.6	N/M	50.9 %
Foreign:					
United States of America	(498.2)	(110.3)	442.0	77.9	N/M
Europe	(344.0)	(246.1)	(249.5)	28.5	(1.4)
Asia/Oceania excluding Japan	506.6	9.1	(44.1)	(98.2)	N/M
Other areas <sup>(1)</sup>	259.7	107.7	250.1	(58.5)	132.2
Total foreign	(75.9)	(239.6)	398.5	(215.5)	266.3
Total	¥ (83.3)	¥ 376.6	¥ 1,328.1	N/M	252.6 %

Note:

(1) Other areas primarily include Canada, Latin America, the Caribbean and the Middle East.

*Fiscal Year Ended March 31, 2024 Compared to Fiscal Year Ended March 31, 2023*

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Domestic net income attributable to Mitsubishi UFJ Financial Group for the fiscal year ended March 31, 2024 was ¥929.6 billion compared to net income of ¥616.2 billion for the fiscal year ended March 31, 2023. This improvement was primarily due to an increase in non-interest income resulting from net gains from marketable equity securities reflecting higher stock prices.

Foreign net income attributable to Mitsubishi UFJ Financial Group for the fiscal year ended March 31, 2024 was ¥398.5 billion compared to net loss of ¥239.6 billion for the fiscal year ended March 31, 2023. This improvement was mainly due to increases in net interest income and fees and commissions income particularly in the United States. Net loss for Asia/Oceania excluding Japan for the fiscal year ended March 31, 2024 was mainly due to an increase in income tax expense. Net loss was recorded for Europe for each of the fiscal years ended March 31, 2023 and 2024 primarily because of net trading account losses, primarily reflecting net losses on trading account securities under the fair value option.

### *Fiscal Year Ended March 31, 2023 Compared to Fiscal Year Ended March 31, 2022*

Domestic net income attributable to Mitsubishi UFJ Financial Group for the fiscal year ended March 31, 2023 was ¥616.2 billion compared to net loss of ¥7.4 billion for the fiscal year ended March 31, 2022. This improvement was primarily due to a decrease in provision for credit losses for the fiscal year ended March 31, 2023.

Foreign net loss attributable to Mitsubishi UFJ Financial Group for the fiscal year ended March 31, 2023 was ¥239.6 billion compared to net loss of ¥75.9 billion for the fiscal year ended March 31, 2022. The larger net loss mainly reflected a significant decrease in net income for Asia/Oceania excluding Japan mainly due to an increase in income tax expense for the fiscal year ended March 31, 2023. Net loss was recorded for Europe for each of the fiscal years ended March 31, 2022 and 2023 primarily because of net trading account losses, primarily reflecting net losses on trading account securities under the fair value option.

## **Effect of Change in Exchange Rates on Foreign Currency Translation**

### *Fiscal Year Ended March 31, 2024*

The average exchange rate for the fiscal year ended March 31, 2024 was ¥144.62 per US\$1.00, compared to the prior fiscal year's average exchange rate of ¥135.47 per US\$1.00. The average exchange rate for the conversion of the US dollar financial statements of some of our foreign subsidiaries for the fiscal year ended December 31, 2023 was ¥140.56 per US\$1.00, compared to the average exchange rate for the fiscal year ended December 31, 2022 of ¥131.43 per US\$1.00.

The change in the average exchange rate of the Japanese yen against the US dollar and other foreign currencies had the effect of increasing total revenue by ¥473.0 billion, net interest income by ¥189.8 billion and income before income taxes by ¥115.4 billion, respectively, for the fiscal year ended March 31, 2024.

Foreign currency translation adjustments of ¥1,096.7 billion were recognized in our consolidated statement of comprehensive income for the fiscal year ended March 31, 2024. The adjustments are mainly due to the depreciation of the Japanese yen against other major currencies adopted by our foreign subsidiaries and equity method investments as their respective functional currencies. The following table sets forth the functional currencies and the related foreign currency translation adjustments for the fiscal year ended March 31, 2024:

Functional Currencies of foreign subsidiaries and equity method investments	Fiscal year ended March 31, 2024	
	(in billions)	
United States Dollar	¥	749.6
Thai Baht		108.3
Chinese Yuan		50.0
Great Britain Pound		47.9
Australian Dollar		42.2
Indonesian Rupiah		38.0
Other		60.7
Total	¥	1,096.7

The foreign currency translation adjustments primarily resulted from the conversion of financial statements of our foreign subsidiaries and equity method investees that have a US dollar functional currency and a Thai Baht functional currency. The effects of conversion of these US dollar-based financial statements were ¥749.6 billion and were mainly attributable to those relating to Morgan Stanley and BTMU Liquidity Reserve Investment 3 Limited, which were ¥265.3 billion and ¥131.3 billion, respectively. The effects

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of conversion of these Thai Baht-based financial statements were ¥108.3 billion and were mainly attributable to those relating to Krungsri, which were ¥107.0 billion. For Morgan Stanley and BTMU Liquidity Reserve Investment 3 Limited, the exchange rates for the conversion of their US dollar-based balance sheet items are those as of March 31, and for Krungsri, the exchange rate for conversion of its Thai Baht-based balance sheet items is that as of December 31. The fiscal year end of Krungsri is December 31 and has been treated as coterminous with MUFU's fiscal year end with a three-month lag period. The Japanese yen depreciated from ¥133.53 per US\$1.00 as of March 31, 2023, and ¥3.80 per Thai Baht as of December 31, 2022, to ¥151.41 per US\$1.00 as of March 31, 2024, and ¥4.13 per Thai Baht as of December 31, 2023, respectively.

### *Fiscal Year Ended March 31, 2023*

The average exchange rate for the fiscal year ended March 31, 2023 was ¥135.47 per US\$1.00, compared to the prior fiscal year's average exchange rate of ¥112.38 per US\$1.00. The average exchange rate for the conversion of the US dollar financial statements of some of our foreign subsidiaries for the fiscal year ended December 31, 2022 was ¥131.43 per US\$1.00, compared to the average exchange rate for the fiscal year ended December 31, 2021 of ¥109.80 per US\$1.00.

The change in the average exchange rate of the Japanese yen against the US dollar and other foreign currencies had the effect of increasing total revenue by ¥575.4 billion, net interest income by ¥336.0 billion and income before income taxes by ¥99.3 billion, respectively, for the fiscal year ended March 31, 2023.

Foreign currency translation adjustments of ¥847.7 billion were recognized in our consolidated statement of comprehensive income for the fiscal year ended March 31, 2023. The adjustments are mainly due to the depreciation of the Japanese yen against other major currencies adopted by our foreign subsidiaries and equity method investments as their respective functional currencies. The following table sets forth the functional currencies and the related foreign currency translation adjustments for the fiscal year ended March 31, 2023:

Functional Currencies of foreign subsidiaries and equity method investments	Fiscal year ended March 31, 2023	
	(in billions)	
United States Dollar	¥	610.1
Thai Baht		116.1
Australian Dollar		26.1
Indonesian Rupiah		22.2
Great Britain Pound		21.5
Eurocurrency		12.8
Other		38.9
Total	¥	847.7

The foreign currency translation adjustments primarily resulted from the conversion of financial statements of our foreign subsidiaries and equity method investees that have a US dollar functional currency and a Thai Baht functional currency. The effects of conversion of these US dollar-based financial statements were ¥610.1 billion and were mainly attributable to those relating to MUFU Americas Holdings and Morgan Stanley, which were ¥292.9 billion and ¥147.2 billion, respectively. The effects of conversion of these Thai Baht-based financial statements were ¥116.1 billion and were mainly attributable to those relating to Krungsri, which were ¥115.9 billion. For MUFU Americas Holdings and Morgan Stanley, the exchange rates for the conversion of their US dollar-based balance sheet items are those as of December 31 and March 31, respectively, and for Krungsri, the exchange rate for conversion of its Thai Baht-based balance sheet items is that as of December 31. The fiscal year end of MUFU Americas Holdings and Krungsri is December 31 and has been treated as coterminous with MUFU's fiscal year end with a three-month lag period. The Japanese yen depreciated from ¥115.02 per US\$1.00 as of December 31, 2021, ¥122.39 per US\$1.00 as of March 31, 2022, and ¥3.43 per Thai Baht as of December 31, 2021, to ¥132.70 per US\$1.00 as of December 31, 2022, ¥133.53 per US\$1.00 as of March 31, 2023, and ¥3.80 per Thai Baht as of December 31, 2022, respectively.

## **B. Liquidity and Capital Resources**

### **Financial Condition**

Our total assets and total liabilities as of March 31, 2024 were ¥397,436.5 billion and ¥378,959.2 billion, respectively, compared to ¥381,735.7 billion and ¥365,269.6 billion, respectively, as of March 31, 2023.

For information on our off-balance sheet arrangements, see Note 24 to our consolidated financial statements, and for information on our contractual obligations, see Notes 10 and 12 to our consolidated financial statements.

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### **Total Assets**

Our total assets as of March 31, 2024 were ¥397,436.5 billion, an increase of ¥15,700.8 billion from ¥381,735.7 billion as of March 31, 2023. Domestic assets increased ¥8,031.1 billion mainly due to an increase in interest earning deposits at our subsidiary bank in Japan. The increase in total foreign assets was ¥7,669.7 billion, which was mainly due to a ¥4,645.9 billion increase in Asia/Oceania excluding Japan and a ¥1,570.2 billion increase in the United States, partially offset by a ¥1,097.8 billion decrease in Europe. The increase in Asia/Oceania excluding Japan primarily reflected an increase in investment securities, and the increase in the United States primarily reflected the impact of the depreciation of the Japanese yen against the U.S. dollar and other major currencies. The decrease in Europe mainly resulted from the reduction in trading assets at the London branch of our subsidiary bank.

	As of March 31,		% Change
	2023	2024	
(in billions, except percentages)			
Japan	¥ 249,539.1	¥ 257,570.2	3.2%
Foreign <sup>(1)</sup> :			
United States	59,695.6	61,265.8	2.6
Europe	24,675.3	23,577.5	(4.4)
Asia/Oceania excluding Japan	34,452.1	39,098.0	13.5
Other areas <sup>(2)</sup>	13,373.6	15,925.0	19.1
Total foreign	132,196.6	139,866.3	5.8
Total	¥ 381,735.7	¥ 397,436.5	4.1%

Notes:

(1) Foreign assets are denominated primarily in the U.S. dollar. Geographic regions are based principally on the domicile of the obligors.

(2) Other areas primarily include Canada, Latin America, the Caribbean and the Middle East.

### **Loan Portfolio**

The following table sets forth our loans outstanding, before deduction of allowance for credit losses by class. We classify our loan portfolio into the following portfolio segments—Commercial, Residential, Card, Krungsri, and Other based on the grouping to determine the allowance for credit losses. We further classify the Commercial segment into Domestic and Foreign classes based on initial measurement attributes, risk characteristics, and method of monitoring and assessing credit risk. The Domestic Commercial segment includes commercial loans to borrowers in Japan, and the Foreign Commercial segment includes commercial loans other than those included in the Domestic Commercial, Krungsri and Other segments. The Residential segment includes housing loans to borrowers in Japan, and the Card segment includes consumer loans to borrowers in Japan. The Krungsri segment includes loans held by Krungsri and its subsidiaries. The Other segment mainly consists of Bank Danamon.

	As of March 31,		% Change
	2023	2024	
(in billions, except percentages)			
<b>Commercial</b>			
Domestic	¥ 55,626.1	¥ 57,498.3	3.4 %
Foreign	42,189.7	47,353.2	12.2
<b>Residential</b>	12,874.9	12,497.4	(2.9)
<b>Card</b>	472.8	484.9	2.5
<b>Krungsri</b>	7,782.6	8,832.9	13.5
<b>Other</b>	1,410.4	1,758.1	24.7
Total <sup>(1)</sup>	120,356.5	128,424.8	6.7
Unearned income, unamortized premium—net and deferred loan fees—net	(401.0)	(488.3)	(21.8)
Total <sup>(1)</sup>	¥ 119,955.5	¥ 127,936.5	6.7 %

Note:

(1) The above table includes loans held for sale of ¥967.1 billion and ¥953.6 billion as of March 31, 2023 and 2024, respectively, which are carried at the lower of cost or fair value.

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As of March 31, 2024, our total loan balance increased 6.7% compared to March 31 2023, and our total loans accounted for 32.2% of total assets as of March 31, 2024, compared to 31.4% as of March 31, 2023. Our foreign commercial loan balance increased mainly due to the impact of the depreciation of the Japanese yen against the U.S. dollar and other major currencies. The loan balance of the Krungsri segment increased primarily due to the acquisition of consumer finance companies, including HC Philippines which we acquired in June 2023. As of March 31, 2024, loans, off-balance sheet credit instruments and due from banks held in relation to borrowers and counterparties that are subject to Russia country risk monitoring in accordance with our internal credit management policy amounted to approximately ¥0.18 trillion on a gross basis before taking into account any allowances.

### *Credit quality indicator*

	As of March 31,		
	2023	2024	% Change
	(in billions, except percentages) <sup>(1)</sup>		
<b>Commercial</b>	¥ 96,848.6	¥ 103,897.9	7.3 %
Domestic	55,538.4	57,385.8	3.3
Normal	53,692.9	55,658.4	3.7
Close Watch	1,538.3	1,507.8	(2.0)
Likely to become Bankrupt or Legally/Virtually Bankrupt	307.2	219.6	(28.5)
Foreign	41,310.2	46,512.1	12.6
Normal	40,339.7	45,254.2	12.2
Close Watch	733.7	1,048.9	43.0
Likely to become Bankrupt or Legally/Virtually Bankrupt	236.8	209.0	(11.8)
<b>Residential</b>	¥ 12,874.9	¥ 12,497.4	(2.9)%
Accrual	12,828.4	12,456.9	(2.9)
Nonaccrual	46.5	40.5	(12.9)
<b>Card</b>	¥ 472.8	¥ 484.9	2.5 %
Accrual	405.6	412.3	1.6
Nonaccrual	67.2	72.6	8.0
<b>Krungsri</b>	¥ 7,782.6	¥ 8,832.9	13.5 %
Performing	6,928.0	7,830.7	13.0
Under-Performing	642.9	723.5	12.5
Non-Performing	211.7	278.7	31.6
<b>Other</b>	¥ 1,410.4	¥ 1,758.1	24.7 %
Accrual	1,380.6	1,724.3	24.9
Nonaccrual	29.8	33.8	13.2

Note:  
 (1) Total loans in the above table do not include loans held for sale, and represent balances without adjustments in relation to unearned income, unamortized premiums and deferred loan fees.

We classify loans into risk categories based on relevant information about the ability of borrowers to service their debt, including, but not limited to, historical and current financial information, historical and current payment experience, credit documentation, public and non-public information about borrowers and current economic trends as deemed appropriate to each segment.

The primary credit quality indicator for loans within all classes of the Commercial segment is the internal credit rating assigned to each borrower based on our internal borrower ratings of 1 through 15 with the rating of 1 assigned to a borrower with the highest quality of credit. When assigning a credit rating to a borrower, we evaluate the borrower's expected debt-service capability based on various information, including financial and operating information of the borrower as well as information on the industry in which the borrower operates, and the borrower's business profile, management and compliance system. In evaluating a borrower's debt-service capability, we also conduct an assessment of the level of earnings and an analysis of the borrower's net worth. Based on the internal borrower rating, loans within the Commercial segment are categorized as Normal (internal borrower ratings of 1 through 9), Close Watch (internal borrower ratings of 10 through 12), and Likely to become Bankrupt or Legally/Virtually Bankrupt (internal borrower ratings of 13 through 15).



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Loans to borrowers categorized as Normal represent those that are not deemed to have collectability issues. Loans to borrowers categorized as Close Watch represent those that require close monitoring as the borrower has begun to exhibit elements of potential concern with respect to its business performance and financial condition, the borrower has begun to exhibit elements of serious concern with respect to its business performance and financial condition, including business problems requiring long-term solutions, or the borrower's loans are contractually past due 90 days or more for special reasons. Loans to borrowers categorized as Likely to become Bankrupt or Legally/Virtually Bankrupt represent those that have a higher probability of default than those categorized as Close Watch due to serious debt repayment problems with poor progress in achieving restructuring plans, the borrower being considered virtually bankrupt with no prospects for an improvement in business operations, or the borrower being legally bankrupt with no prospects for continued business operations because of non-payment, suspension of business, voluntary liquidation or filing for legal liquidation.

For more information on our credit and borrower ratings, see "Item 11. Quantitative and Qualitative Disclosures about Credit, Market and Other Risk—Credit Risk Management."

The accrual status is a primary credit quality indicator for loans within the Residential segment, the Card segment and the Other segment. The accrual status of these loans is determined based on the number of delinquent payments.

Loans within the Krungsri segment are categorized as Performing, Under-Performing or Non-Performing based on their delinquency status. Loans categorized as Under-Performing generally represent those that have significant increases in credit risk since origination, including, among other things, loans that are 30 days or more past due. Loans categorized as Non-Performing generally represent those that are 90 days or more past due.

For the Commercial, Residential and Card segments, credit quality indicators are based on information as of March 31. For the Krungsri and Other segments, credit quality indicators are generally based on information as of December 31.

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### Allowance for credit losses

<b>Fiscal year ended March 31, 2023:</b>	<b>Commercial</b>	<b>Residential</b>	<b>Card</b>	<b>Krungsri</b>	<b>Other<sup>(2)</sup></b>	<b>Total</b>
	(in billions)					
<b>Allowance for credit losses:</b>						
Balance at beginning of fiscal year	¥ 934.0	¥ 69.9	¥ 40.8	¥ 322.4	¥ 103.6	¥ 1,470.7
Transfer from MUAH to Commercial segment	33.1	—	—	—	(33.1)	—
Provision for (reversal of) credit losses	(113.9)	(9.5)	19.2	70.7	41.6	8.1
Charge-offs	158.8	0.6	18.3	95.5	55.9	329.1
Recoveries collected	18.8	0.0	0.7	25.5	24.5	69.5
Net charge-offs	140.0	0.6	17.6	70.0	31.4	259.6
Other <sup>(1)</sup>	6.4	—	—	34.9	12.4	53.7
Balance at end of fiscal year	¥ 719.6	¥ 59.8	¥ 42.4	¥ 358.0	¥ 93.1	¥ 1,272.9

<b>Fiscal year ended March 31, 2024:</b>	<b>Commercial</b>	<b>Residential</b>	<b>Card</b>	<b>Krungsri<sup>(4)</sup></b>	<b>Other<sup>(4)</sup></b>	<b>Total</b>
	(in billions)					
<b>Allowance for credit losses:</b>						
Balance at beginning of fiscal year	¥ 719.6	¥ 59.8	¥ 42.4	¥ 358.0	¥ 93.1	¥ 1,272.9
Provision for (reversal of) credit losses	66.2	(1.5)	21.9	117.6	33.8	238.0
Charge-offs	72.8	1.3	21.0	146.6	38.6	280.3
Recoveries collected	14.5	0.0	0.7	30.6	17.2	63.0
Net charge-offs	58.3	1.3	20.3	116.0	21.4	217.3
Other <sup>(1)(3)</sup>	18.0	—	(7.6)	54.8	7.4	72.6
Balance at end of fiscal year	¥ 745.5	¥ 57.0	¥ 36.4	¥ 414.4	¥ 112.9	¥ 1,366.2

- Notes:
- (1) Other is principally comprised of gains or losses from foreign exchange translation.
  - (2) For the fiscal year ended March 31, 2023, the beginning balance and the ending balance of the Other segment in the above table includes the allowance for credit losses of ¥30.4 billion and ¥3.4 billion, respectively, which were previously included in the MUAH segment. Please refer to Notes 2 and 4 to our consolidated financial statements for further information.
  - (3) For the fiscal year ended March 31, 2024, Other includes the impact of changes in accounting principle relating to the recognition and measurement of TDRs, which was adopted on April 1, 2023. The total impact across all segments was negative of ¥18.9 billion. See “—Allowance policy” below as well as Notes 1 and 4 to our consolidated financial statements.
  - (4) For the fiscal year ended March 31, 2024, the Krungsri and Other segments include the initial allowance for credit losses for the loans purchased with credit deterioration of ¥20.1 billion and ¥2.1 billion, respectively.

We recorded ¥238.0 billion of provision for credit losses for the fiscal year ended March 31, 2024, compared to ¥8.1 billion of provision for credit losses for the previous fiscal year. Our total allowance for credit losses as of March 31, 2024 was ¥1,366.2 billion, an increase of ¥93.3 billion from ¥1,272.9 billion as of March 31, 2023. The total allowance for credit losses represented 1.07% of the total loan balance as of March 31, 2024, compared to 1.06% as of March 31, 2023.

Provision for credit losses for the fiscal year ended March 31, 2024 increased ¥229.9 billion compared to the previous fiscal year mainly due to the absence of significant reversal of credit losses for the fiscal year ended March 31, 2024, particularly compared to the reversal of credit losses related to a large domestic commercial borrower for the fiscal year ended March 31, 2023, and the provision for credit losses related to a large borrower in the domestic manufacturing industry for the fiscal year ended March 31, 2024. In addition, provision for credit losses for the Krungsri segment increased mainly due to the acquisition of consumer finance companies, including HC Philippines which we acquired in June 2023.

Significant trends in our portfolio segments are discussed below.

**Commercial segment**—We recorded ¥66.2 billion of provision for credit losses for the fiscal year ended March 31, 2024, compared to ¥113.9 billion of reversal of credit losses for the previous fiscal year. The provision for credit losses for the fiscal year ended March 31, 2024 was primarily related to a large borrower in the domestic manufacturing industry. Meanwhile, our qualitative reserve recorded in light of the current outlook on the Russia-Ukraine situation decreased to ¥61.8 billion as of March 31, 2024 from ¥95.5 billion as of March 31, 2023. The ratio of loans classified as Close Watch to total loans in the segment increased to 2.46% as of

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March 31, 2024 from 2.35% as of March 31, 2023. The ratio of loans classified as Likely to become Bankrupt or Legally/Virtually Bankrupt to total loans in the segment decreased to 0.41% as of March 31, 2024 from 0.56% as of March 31, 2023. The ratio of allowance for credit losses to the total loan balance in this segment decreased to 0.72% as of March 31, 2024 from 0.74% as of March 31, 2023.

*Krungsri segment*—We recorded ¥117.6 billion of provision for credit losses for the fiscal year ended March 31, 2024, compared to ¥70.7 billion of provision for credit losses for the previous fiscal year. The provision recorded for the fiscal year was mainly due to the acquisition of consumer finance companies, including HC Philippines which we acquired in June 2023. The ratio of loans classified as Under-Performing or below to total loans in the segment increased to 11.35% as of March 31, 2024 from 10.98% as of March 31, 2023. The ratio of allowance for credit losses to the total loan balance in this segment increased to 4.69% as of March 31, 2024 from 4.60% as of March 31, 2023.

With the recent acquisitions of consumer finance companies in South East Asia, we expect the ratio of allowance for credit losses to the total loan balance in the Krungsri segment to increase as the newly acquired consumer finance companies are expected to experience higher credit losses compared to commercial banks.

When there is an improvement in asset quality, reversal of credit losses is recorded in our consolidated statements of operations to maintain the allowance for credit losses at a level management deems appropriate. Although we reversed allowance for credit losses for certain loan portfolio segments in some prior periods, we have historically provided for credit losses, and in future periods we may need to recognize a provision for credit losses. See “Item 3.D. Key Information—Risk Factors—Credit Risk—We may suffer additional credit-related losses in the future if our borrowers are unable to repay their loans as expected or if the measures we take in reaction to, or in anticipation of, our borrowers’ deteriorating repayment abilities prove inappropriate or insufficient.”

### *Allowance policy*

We apply the current expected credit loss model that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information under Accounting Standards Codification 326 Financial Instruments—Credit Losses, to estimate credit losses.

We maintain an allowance for credit losses to absorb expected losses on the loan portfolio. We have divided our allowance for credit losses into five portfolio segments—Commercial, Residential, Card, Krungsri and Other.

For all portfolio segments, key elements relating to the policies and discipline used in determining the allowance for credit losses are our credit classification and related borrower categorization process, which are closely linked to the risk grading standards set by the Japanese regulatory authorities for asset evaluation and assessment, and are used as a basis for establishing the allowance for credit losses and charge-offs. The categorization is based on conditions that may affect the ability of borrowers to service their debt, such as current financial condition, results of operations and cash flows, historical payment experience, credit documentation, other public information and current trends.

For more information on our credit and borrower ratings, see “Item 11. Quantitative and Qualitative Disclosures about Credit, Market and Other Risk—Credit Risk Management.”

For the Commercial and Krungsri segments, our allowance for credit losses represents an estimate of the credit losses that are expected over the life of the financial instrument or exposure and is recognized by incorporating relevant available information relating to past events, current conditions, and reasonable and supportable forecasts. The allowance for credit losses primarily consists of (1) an allowance for loans measured on a collective basis, when similar risk characteristics exist, and (2) an allowance for loans measured on an individual basis, for loans that do not share similar risk characteristics. Expected losses are calculated using quantitative models that incorporate historical loss information and economic forecast scenarios and qualitative adjustments are also implemented to account for the risks that are not adequately captured in the quantitative model or economic forecasting assumptions. For the Residential and Card segments, the loans are smaller-balance homogeneous loans that are pooled by the risk ratings based on the number of delinquencies.

For more information on our methodologies used to estimate the allowance for each portfolio segment, see “Summary of Significant Accounting Policies” in Note 1 to our consolidated financial statements and “—E. Critical Accounting Estimates—Allowance for Credit Losses” below.

Effective April 1, 2023, we adopted new guidance on measurement of credit losses on financial instruments for loan modifications made to borrowers experiencing financial difficulty. Under the new guidance, we measure allowance for modified loans primarily using a discounted cash flow methodology that utilizes a discount rate based on the post-modification contractual interest rate, except for modified loans in the Card segment, for which allowance is measured using the collectively-assessed allowance methodology. See Notes 1 and 4 to our unaudited condensed consolidated financial statements for further information.

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### *Allowance for off-balance sheet credit instruments*

We maintain an allowance for credit losses on off-balance sheet credit instruments, including commitments to extend credit, guarantees, standby letters of credit and other financial instruments. The allowance is included in other liabilities. We have adopted for such instruments the same methodology as that which is used in determining the allowance for credit losses on loans.

The allowance for credit losses on off-balance sheet credit instruments was ¥177.3 billion as of March 31, 2024, an increase of ¥33.5 billion from ¥143.8 billion as of March 31, 2023. The increase was primarily related to a large borrower in the foreign commercial segment.

### *Nonaccrual loans*

We consider a loan to be a nonaccrual loan when substantial doubt exists as to the full and timely payment of interest on, or repayment of, the principal of the loan, which is a borrower condition that generally corresponds to borrowers in categories 13 and below in our internal rating system (which corresponds to “Likely to become Bankrupt,” “Virtually Bankrupt” and “Bankrupt or de facto Bankrupt” status under Japanese banking regulations). Loans are also placed in nonaccrual status when principal or interest is contractually past due one month or more with respect to loans within the Commercial segment, three months or more with respect to loans within the Card and Krungsri segments, and six months or more with respect to loans within the Residential segment.

For more information on our credit and borrower ratings, see “Item 11. Quantitative and Qualitative Disclosures about Credit, Market and Other Risk—Credit Risk Management.”

	As of March 31,		
	2023	2024	% Change
	(in billions, except percentages)		
<b>Commercial</b>	¥ 648.5	¥ 520.6	(19.7)%
Domestic	401.8	295.0	(26.6)
Foreign	246.7	225.6	(8.6)
<b>Residential</b>	47.9	41.1	(14.2)
<b>Card</b>	67.2	72.6	8.0
<b>Krungsri</b>	211.7	278.7	31.6
<b>Other</b>	29.8	33.8	13.2
<b>Total<sup>(1)</sup></b>	<u>¥ 1,005.1</u>	<u>¥ 946.8</u>	(5.8)%

Note:

(1) The above table does not include loans held for sale of ¥9.2 billion and ¥378.4 billion as of March 31, 2023 and 2024, respectively.

Nonaccrual loans in the Domestic Commercial segment decreased ¥106.8 billion between March 31, 2023 and March 31, 2024. This decrease mainly related to the loans to some large borrowers in the manufacturing industry and the communication and information industry. The increase in nonaccrual loans in the Krungsri segment was mainly due to the acquisition of consumer finance companies, including HC Philippines which we acquired in June 2023.

### *Investment Portfolio*

Our total investment securities increased 0.2% as of March 31, 2024, compared to March 31, 2023. Our investment securities primarily consist of Japanese government bonds and marketable equity securities. Japanese government bonds are mostly classified as available-for-sale debt securities. Our investment in Japanese government bonds is a part of our asset and liability management policy with respect to investing the amount of Japanese yen-denominated funds exceeding our net loans. The percentage of our holding of available-for-sale Japanese government bonds to the total investment securities was 37.1% as of March 31, 2024, compared to 41.8% as of March 31, 2023, as we sold available-for-sale Japanese government bonds in our investment portfolio with unrealized losses. On the other hand, our holding of Japanese government bonds that are classified as held-to-maturity debt securities increased between March 31, 2023 and March 31, 2024, accounting for 24.4% of the total investment securities as of March 31, 2024, compared to 22.3% as of March 31, 2023.

Historically, we have held equity securities of some of our customers primarily for strategic purposes, in particular to maintain long-term relationships with these customers. We continue to focus on reducing our investment in equity securities for such purposes in order to reduce the price fluctuation risk in our equity portfolio from a risk management perspective and to respond to applicable regulatory requirements as well as increasing market expectations for us to reduce our equity portfolio. As of March 31, 2023 and

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2024, the aggregate book value of our marketable equity securities under Japanese GAAP satisfied the requirements of the legislation prohibiting banks from holding equity securities in excess of their Tier 1 capital. During the three fiscal years ended March 31, 2024, we sold down an aggregate of approximately ¥539.0 billion of equity securities held in our strategic equity investment portfolio on an acquisition cost basis. For the three fiscal years ending March 31, 2027, we have set a new equity holding reduction target of ¥350 billion on an acquisition cost basis. However, various factors, including changes in market conditions, may affect the amount of equity securities we should sell and our ability to achieve the target as planned. For more information, see “Item 11. Quantitative and Qualitative Disclosures about Credit, Market and Other Risk—Risk Management of Strategic Equity Portfolio.”

### Debt Securities

	As of March 31,						% Change		
	2023			2024			Amortized cost	Fair value	Net unrealized gains (losses)
	Amortized cost	Fair value	Net unrealized gains (losses)	Amortized cost	Fair value	Net unrealized gains (losses)			
	(in billions, except percentages)								
Available-for-sale debt securities:									
Japanese national government and Japanese government agency bonds	¥ 26,153.9	¥26,046.6	¥ (107.3)	¥23,287.7	¥23,167.4	¥ (120.3)	(11.0)%	(11.1)%	(12.2)%
Japanese prefectural and municipal bonds	2,773.8	2,759.9	(13.9)	1,055.6	1,046.0	(9.6)	(61.9)	(62.1)	30.7
Foreign government and official institution bonds	3,029.0	2,922.7	(106.3)	3,407.0	3,279.3	(127.7)	12.5	12.2	(20.2)
Corporate bonds	1,051.3	1,058.2	6.9	1,015.3	1,021.6	6.3	(3.4)	(3.5)	(7.9)
Mortgage-backed securities	1,110.0	1,110.3	0.3	1,229.6	1,229.5	(0.1)	10.8	10.7	(170.3)
Asset-backed securities	1,418.6	1,430.3	11.7	1,239.8	1,247.1	7.3	(12.6)	(12.8)	(37.3)
Other debt securities	417.8	412.8	(5.0)	408.5	404.4	(4.1)	(2.2)	(2.0)	18.9
Total available-for-sale debt securities	<u>¥ 35,954.4</u>	<u>¥35,740.8</u>	<u>¥ (213.6)</u>	<u>¥ 31,643.5</u>	<u>¥31,395.3</u>	<u>¥ (248.2)</u>	(12.0)%	(12.2)%	(16.1)%
Held-to-maturity debt securities <sup>(1)</sup>	<u>¥ 21,520.1</u>	<u>¥21,386.2</u>	<u>¥ (133.9)</u>	<u>¥ 24,844.0</u>	<u>¥24,557.5</u>	<u>¥ (286.5)</u>	15.4 %	14.8 %	(113.9)%

Note:

(1) See Note 3 to our consolidated financial statements for more details.

Net unrealized losses on available-for-sale debt securities increased 16.1% for the fiscal year ended March 31, 2024 compared to the previous fiscal year primarily due to increases in net unrealized losses on Japanese national government and Japanese government agency bonds and foreign government and official institution bonds. Net unrealized losses on Japanese national government and Japanese government agency bonds increased because interest rates on such bonds were higher at the end of March 2024 compared to the end of March 2023. Net unrealized losses on foreign government and official institution bonds increased because interest rates in the United States were higher at the end of March 2024 compared to the end of March 2023.

The amortized cost of available-for-sale debt securities decreased 12.0% mainly due to a 11.0% decrease in Japanese national government and Japanese government agency bonds and a 61.9% decrease in Japanese prefectural and municipal bonds because we sold down these bonds in the rising interest rate environment in Japan.

The amortized cost of held-to-maturity debt securities increased 15.4% mainly due to a 9.6% increase in Japanese national government and Japanese government agency bonds to ¥15,191.7 billion and a 26.5% increase in residential mortgage-backed securities to ¥4,952.1 billion. These increases were primarily due to our investment portfolio management aiming to secure net interest income while seeking to limit the impact of unrealized losses amid the rising interest environment in Japan. Net unrealized losses on Japanese national government and Japanese government agency bonds for the fiscal year ended March 31, 2024 were ¥92.9 billion compared to net unrealized gains of ¥13.1 billion for the previous fiscal year. Net unrealized losses on residential mortgage-backed securities for the fiscal year ended March 31, 2024 were ¥176.4 billion compared to ¥92.1 billion of net unrealized losses for the previous fiscal year.

### Equity Securities



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	As of March 31,		
	2023	2024	% Change
(in billions, except percentages)			
Marketable equity securities	¥ 4,463.6	¥ 5,472.2	22.6 %
Nonmarketable equity securities:			
Unlisted preferred securities <sup>(1)</sup>	81.9	94.8	15.8
Other <sup>(2)</sup>	380.7	479.0	25.8
Investment securities held by investment companies and brokers and dealers <sup>(3)</sup>	74.8	86.1	15.2
<b>Total</b>	<b>¥ 5,001.0</b>	<b>¥ 6,132.1</b>	<b>22.6 %</b>

- Notes:
- (1) These securities are mainly issued by public companies, including preferred stocks issued by Morgan Stanley, and other unlisted preferred securities issued by several public companies. Those securities are primarily carried at cost.
  - (2) These securities are equity securities issued by unlisted companies other than unlisted preferred securities. Those securities are primarily carried at cost.
  - (3) These investment securities are held by certain subsidiaries subject to specialized industry accounting principles for investment companies and brokers and dealers, and are measured at fair value.

Equity securities increased 22.6% mainly because marketable equity securities increased due to higher stock prices in Japan at the end of March 2024, compared to the end of March 2023. Marketable equity securities largely consist of listed equity securities in Japan.

### ***Cash and Due from Banks, and Interest-earning Deposits in Other Banks***

Cash and due from banks decreased ¥55,659.1 billion to ¥4,391.5 billion as of March 31, 2024 from ¥60,050.6 billion as of March 31, 2023. This decrease was primarily because of the change in the interest rate applied to certain specified portion of the deposits with the Bank of Japan from zero percent to positive 0.1 percent pursuant to the Amendment to Principal Terms and Conditions of Complementary Deposit Facility released by the Bank of Japan in March 2024.

Interest-earning deposits in other banks increased ¥51,641.8 billion to ¥105,631.7 billion as of March 31, 2024 from ¥53,989.9 billion as of March 31, 2023. This increase was mainly because of the change in the interest rate applied to certain specified portion of the deposits with the Bank of Japan from zero percent to positive 0.1 percent pursuant to the Amendment to Principal Terms and Conditions of Complementary Deposit Facility released by the Bank of Japan in March 2024.

### ***Receivables under Resale Agreements***

Receivables under resale agreements increased ¥4,436.5 billion to ¥18,495.5 billion as of March 31, 2024 from ¥14,059.0 billion as of March 31, 2023. This increase was mainly because of increased transaction volumes in our foreign securities subsidiaries.

### ***Receivables under Securities Borrowing Transactions***

Receivables under securities borrowing transactions increased ¥445.3 billion to ¥5,001.0 billion as of March 31, 2024 from ¥4,555.7 billion as of March 31, 2023. This increase was mainly due to the depreciation of the Japanese yen against the U.S. dollar and other major currencies.

### ***Trading Account Assets***

Trading account assets increased ¥3,577.5 billion to ¥49,746.0 billion as of March 31, 2024 from ¥46,168.5 billion as of March 31, 2023. Trading account assets mainly consist of trading account securities and trading derivative assets. Trading account securities increased ¥1,138.2 billion to ¥34,391.1 billion as of March 31, 2024 from ¥33,252.9 billion as of March 31, 2023 mainly because of increased transaction volumes in our securities subsidiaries. Trading derivative assets increased ¥2,421.6 billion to ¥15,323.3 billion as of March 31, 2024 from ¥12,901.7 billion as of March 31, 2023 mainly due to increased trading on volatile interest rate fluctuations in and outside of Japan.

### ***Total Liabilities***

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As of March 31, 2024, total liabilities were ¥378,959.2 billion, an increase of ¥13,689.6 billion from ¥365,269.6 billion as of March 31, 2023. This was primarily due to a ¥11,140.6 billion increase in total deposits.

### ***Deposits***

Deposits are our primary source of funds. The balance of deposits increased ¥11,140.6 billion to ¥246,417.4 billion as of March 31, 2024 from ¥235,276.8 billion as of March 31, 2023. The increase was mainly because of an increase in foreign interest-bearing deposits, including such deposits in the United States and other regions, both on a local currency basis and as translated into Japanese yen.

The total average balance of interest-bearing deposits increased ¥5,767.9 billion to ¥204,601.9 billion for the fiscal year ended March 31, 2024 from ¥198,834.0 billion for the fiscal year ended March 31, 2023. The increase was mainly because of an increase in domestic interest-bearing deposits.

### ***Payables under Repurchase Agreements***

Payables under repurchase agreements decreased ¥4,421.7 billion to ¥35,710.8 billion as of March 31, 2024 from ¥40,132.5 billion as of March 31, 2023. This decrease was mainly because of our funding strategy adjustments.

### ***Other Short-Term Borrowings***

Other short-term borrowings increased ¥2,699.5 billion to ¥11,137.5 billion as of March 31, 2024 from ¥8,438.0 billion as of March 31, 2023. This increase was mainly due to our increased issuance of commercial paper in foreign markets and an increase in borrowings from the Bank of Japan.

### ***Trading Account Liabilities***

Trading account liabilities increased ¥2,408.9 billion to ¥16,587.2 billion as of March 31, 2024 from ¥14,178.3 billion as of March 31, 2023. This increase was mainly due to the impact of unrealized losses on interest swaps in our securities subsidiaries.

### ***Long-term Debt***

Long-term debt increased ¥850.5 billion to ¥39,922.3 billion as of March 31, 2024 from ¥39,071.8 billion as of March 31, 2023. This increase was mainly due to an increase in subordinated bonds.

The average balance of long-term debt for the fiscal year ended March 31, 2024 was ¥38,981.7 billion, an increase of ¥2,478.4 billion from ¥36,503.3 billion for the previous fiscal year.

### ***Sources of Funding and Liquidity***

Our primary source of liquidity is from a large balance of deposits, mainly ordinary deposits, certificates of deposit and time deposits. Time deposits have historically shown a high rollover rate among our corporate customers and individual depositors. The average deposit balance increased to ¥242,937.0 billion for the fiscal year ended March 31, 2024 from ¥235,852.1 billion for the fiscal year ended March 31, 2023. These deposits provide us with a sizable source of stable and low-cost funds. Our average deposits combined with our average total equity of ¥19,306.4 billion, funded 65.1% of our average total assets of ¥402,894.8 billion during the fiscal year ended March 31, 2024. Our deposits exceeded our loans before allowance for credit losses by ¥118,480.9 billion as of March 31, 2024 compared to ¥115,321.3 billion as of March 31, 2023. As part of our asset and liability management policy, a significant portion of the amount of Japanese yen-denominated funds exceeding our loans has been deposited with the Bank of Japan or invested in Japanese government bonds in recent periods.

The remaining funding was primarily provided by short-term borrowings and long-term senior and subordinated debt. Short-term borrowings consist of call money, funds purchased, payables under repurchase agreements, payables under securities lending transactions, due to trust account, and other short-term borrowings. From time to time, we have issued long-term instruments, including various fixed and floating interest rate senior and subordinated bonds with and without maturities. The average balance of short-term borrowings for the fiscal year ended March 31, 2024 was ¥49,779.5 billion. The average balance of long-term debt for the fiscal year ended March 31, 2024 was ¥38,981.7 billion. Liquidity may also be provided by the sale of financial assets, including available-for-sale debt securities, marketable equity securities, trading account securities and loans. Additional liquidity may be provided by the maturity of loans.

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Our liquidity may be impaired by factors such as an inability to raise funding in financial markets, an increase in our funding costs, unexpected increases in cash or collateral requirements, an inability to sell assets or enter into or settle other transactions as planned or needed, and an inability to attract or retain deposits. See “Item 3.D. Key Information—Risk Factors—Funding Liquidity Risk—Deterioration in market liquidity or other external circumstances or an actual or perceived decline in our creditworthiness could negatively affect our ability to access and maintain liquidity.”

We manage our group-wide liquidity on a consolidated basis based on the tests and analyses conducted at the subsidiary level. Our major banking subsidiaries, MUFG Bank and Mitsubishi UFJ Trust and Banking, set liquidity and funding limits designed to maintain their respective requirements for funding from market sources below pre-determined levels for certain periods (e.g., one-day, two-week and one-month). They also monitor the balance of buffer assets they respectively hold, including Japanese government bonds and U.S. Treasury bonds, which can be used for cash funding even in periods of stress. In addition, they regularly perform liquidity stress testing designed to evaluate the impact of systemic market stress conditions and institution-specific stress events, including credit rating downgrades, on their liquidity positions.

We collect and evaluate the results of the stress tests individually performed by our major subsidiaries to ensure our ability to meet our liquidity requirements on a consolidated basis in stress scenarios.

We manage our funding sources by setting limits on, or targets for, our holdings of buffer assets, primarily Japanese government bonds. We also regard deposits with the Bank of Japan as buffer assets. In addition, our commercial banking subsidiaries manage their funding sources through liquidity-supplying products such as commitment lines and through a liquidity gap, or the excess of cash inflows over cash outflows.

For information on our commitments, guarantees and other off-balance sheet credit instruments, please see Note 24 to our consolidated financial statements.

### *Liquidity Requirements for Banking Institutions in Japan*

We are required to calculate and disclose our LCR calculated in accordance with the methodology prescribed in the FSA guidance that has been adopted to implement the relevant Basel III standard. Starting in calendar year 2019, we are required to maintain a minimum LCR of 100%. See “Item 4.B. Information on the Company—Business Overview—Supervision and Regulation—Japan—Liquidity Coverage Ratio” and “—Capital Adequacy—Liquidity Coverage Ratios of MUFG and Major Banking Subsidiaries in Japan” below.

### *Stable Funding Requirements for Banking Institutions in Japan*

We are required to calculate and disclose our NSFR calculated in accordance with the methodology prescribed in the FSA guidance that has been adopted to implement the relevant Basel III standard. Starting in September 2021, we are required to maintain a minimum NSFR of 100%. See “Item 4.B. Information on the Company—Business Overview—Supervision and Regulation—Japan—Net Stable Funding Ratio” and “—Capital Adequacy—Net Stable Funding Ratios of MUFG and Major Banking Subsidiaries in Japan” below.

### ***Total Equity***

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	As of March 31,			% Change	
	2022	2023 (Restated)	2024	2023	2024
	(in billions, except percentages)				
Capital stock	¥ 2,090.3	¥ 2,090.3	¥ 2,090.3	— %	— %
Capital surplus	5,327.8	4,902.2	4,636.1	(8.0)	(5.4)
Retained earnings	8,412.2	8,409.2	9,312.1	0.0	10.7
Retained earnings appropriated for legal reserve	239.6	239.6	239.6	—	—
Unappropriated retained earnings	8,172.6	8,169.6	9,072.5	0.0	11.1
Accumulated other comprehensive income, net of taxes	227.0	844.2	2,221.3	271.8	163.1
Treasury stock, at cost	(452.2)	(482.6)	(614.1)	(6.7)	(27.3)
Total Mitsubishi UFJ Financial Group shareholders' equity	¥ 15,605.1	¥ 15,763.3	¥ 17,645.7	1.0	11.9
Noncontrolling interests	691.4	702.8	831.6	1.7	18.3
Total equity	¥ 16,296.5	¥ 16,466.1	¥ 18,477.3	1.0 %	12.2 %
Ratio of total equity to total assets	4.43%	4.31%	4.65%		

See Note 1A to our consolidated financial statements for information on the restatement of our consolidated financial statements for the fiscal year ended March 31, 2023.

### Capital Adequacy

We are subject to various regulatory capital requirements promulgated by the regulatory authorities of the countries in which we operate. Failure to meet minimum capital requirements can result in mandatory actions being taken by regulators that could have a direct material effect on our consolidated financial statements. Moreover, if our capital ratios are perceived to be low, our counterparties may avoid entering into transactions with us, which in turn could negatively affect our business and operations. For further information, see “Item 3.D. Key Information—Risk Factors—Risks Related to Our Ability to Meet Regulatory Capital Requirements—We may not be able to maintain our capital ratios and other regulatory ratios above minimum required levels, which could result in various regulatory actions, including the suspension of some or all of our operations.”

We continually monitor our risk-adjusted capital ratios, leverage ratio and TLAC ratios closely, and manage our operations in consideration of the capital requirements. Factors that affect some or all of these ratios include fluctuations in the value of our assets, including our credit risk assets such as loans and equity securities, the risk weights of which depend on the borrowers' or issuers' internal ratings, and marketable securities, and fluctuations in the value of the Japanese yen against the U.S. dollar and other foreign currencies, as well as general price levels of Japanese equity securities.

### Capital Requirements for Banking Institutions in Japan

Under Japanese regulatory capital requirements, our consolidated capital components, including Common Equity Tier 1, Tier 1, and Tier 2 capital and risk-weighted assets, are calculated based on our consolidated financial statements prepared under Japanese GAAP. Each of the consolidated and stand-alone capital components and risk-weighted assets of our banking subsidiaries in Japan is also calculated based on consolidated and non-consolidated financial statements prepared under Japanese GAAP.

As of March 31, 2024, we were required to maintain a capital conservation buffer of 2.5%, a G-SIB surcharge of 1.5% and a countercyclical buffer of 0.16% in addition to the 4.5% minimum Common Equity Tier 1 capital ratio. See “Item 4.B. Information on the Company—Business Overview—Supervision and Regulation—Japan—Capital adequacy.”

For information on the issuances of Additional Tier 1 and Tier 2 securities, see also “Recent Developments—Issuances of Basel III-Compliant Subordinated Debt.”

### Leverage Requirements for Banking Institutions in Japan

Our consolidated leverage ratio is calculated in accordance with the methodology prescribed in the FSA guidance that has been adopted to implement the relevant Basel III standard. The leverage ratio is designed for monitoring and preventing the build-up of excessive leverage in the banking sector and is expressed as the ratio of Tier 1 capital to total balance sheet assets adjusted in accordance with the FSA guidance. As of March 31, 2024, we were required to maintain a minimum leverage ratio of 3.75%

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consisting of the minimum requirement at 3.00% plus a leverage ratio buffer equal to 50% of the G-SIB surcharge. The minimum leverage ratio on or after April 1, 2024 is raised to the minimum requirement at 3.15% plus a G-SIB leverage ratio buffer set at 50% of a G-SIB surcharge plus 0.05% while deposits with the Bank of Japan remain excluded from the leverage ratio calculation. See “Item 4.B. Information on the Company—Business Overview—Supervision and Regulation—Japan—Leverage Ratio.”

### ***TLAC Requirements for Banking Institutions in Japan***

Our External TLAC ratios are calculated in accordance with the methodology prescribed in the FSA guidance that has been adopted to implement the TLAC Principle published by the FSB in November 2015. External TLAC ratios are expressed as the ratio of external TLAC amount to risk-weighted assets or total exposure in accordance with the FSA guidance. As of March 31, 2024, we were required to maintain External TLAC ratios of 18% on a risk-weighted assets basis and 6.75% on a total exposure basis. The minimum External TLAC ratio on a total exposure basis on or after April 1, 2024 is raised to 7.10% in line with the increase in the minimum leverage ratio. See “Item 4.B. Information on the Company—Business Overview—Supervision and Regulation—Japan—Total loss-absorbing capacity.” For information on the issuances of TLAC-qualified securities, see also “—Recent Developments—Issuances of TLAC Eligible Senior Debt.”

### ***Capital Ratios, Leverage Ratio and External TLAC Ratios of MUFG***

The figures underlying the amounts and ratios in the table below are calculated in accordance with Japanese banking regulations based on information derived from our consolidated financial statements prepared in accordance with Japanese GAAP, as required by the FSA. The amounts and ratios below are rounded down.

	As of March 31, 2023	Minimum ratios required <sup>(1)</sup>	As of March 31, 2024	Minimum ratios required <sup>(1)</sup>
	(in billions, except percentages)			
<b>Capital components:</b>				
Common Equity Tier 1	¥ 13,280.8		¥ 15,041.3	
Additional Tier 1	1,582.8		2,438.4	
Tier 1 capital	14,863.7		17,479.7	
Tier 2 capital	2,302.3		2,338.1	
Total capital	¥ 17,166.1		¥ 19,817.8	
Risk-weighted assets	¥ 123,363.3		¥ 111,160.1	
<b>Capital ratios:</b>				
Common Equity Tier 1 capital	10.76 %	8.54 %	13.53 %	8.66 %
Tier 1 capital	12.04 %	10.04 %	15.72 %	10.16 %
Total capital	13.91 %	12.04 %	17.82 %	12.16 %
Leverage ratio <sup>(2)</sup>	4.70 %	3.75 %	5.19 %	3.75 %
<b>External TLAC ratios</b>				
Risk-weighted assets basis <sup>(3)</sup>	20.22 %	18.00 %	25.06 %	18.00 %
Leverage exposure basis	9.47 %	6.75 %	9.65 %	6.75 %

#### Notes:

- (1) The minimum capital ratios required as of March 31, 2023 include a capital conservation buffer of 2.5%, a G-SIB surcharge of 1.5% and a countercyclical buffer of 0.04%. The minimum capital ratios required as of March 31, 2024 include a capital conservation buffer of 2.5%, a G-SIB surcharge of 1.5% and a countercyclical buffer of 0.16%.
- (2) Deposits with the Bank of Japan are excluded from the leverage exposure based on notification issued by the FSA.
- (3) The External TLAC ratio on a risk-weighted assets basis and the required minimum ratio as of March 31, 2023 do not include the regulatory capital buffers consisting of a capital conservation buffer of 2.5%, a G-SIB surcharge of 1.5% and a countercyclical buffer of 0.04%. The External TLAC ratio on a risk-weighted assets basis and the required minimum ratio as of March 31, 2024 do not include the regulatory capital buffers consisting of a capital conservation buffer of 2.5%, a G-SIB surcharge of 1.5% and a countercyclical buffer of 0.16%.

Management believes that, as of March 31, 2024, we were in compliance with all capital adequacy requirements to which we were subject.

Our Common Equity Tier 1 capital ratio as of March 31, 2024 was higher compared to the ratio as of March 31, 2023 primarily due to a decrease in risk-weighted assets. The decrease in risk-weighted assets mainly reflected the absence of output floor



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adjustments due to the revision to the output floor calibration based on the finalized Basel III reforms. See “Item 4.B. Information on the Company—Business Overview—Supervision and Regulation—Japan—Capital adequacy.”

### ***Capital Ratios and Leverage Ratios of Major Banking Subsidiaries in Japan***

The figures underlying the ratios in the table below are calculated in accordance with Japanese banking regulations based on information derived from each bank’s consolidated and non-consolidated financial statements prepared in accordance with Japanese GAAP, as required by the FSA. The ratios below are rounded down.

	<b>As of March 31, 2023</b>	<b>Minimum ratios required</b>	<b>As of March 31, 2024</b>	<b>Minimum ratios required</b>
<b>Consolidated:</b>				
<b>MUFG Bank</b>				
Common Equity Tier 1 capital ratio	9.89 %	4.50 %	13.80 %	4.50 %
Tier 1 capital ratio	11.04 %	6.00 %	16.11 %	6.00 %
Total capital ratio	12.58 %	8.00 %	18.11 %	8.00 %
Leverage ratio <sup>(1)</sup>	4.75 %	3.00 %	5.23 %	3.00 %
<b>Mitsubishi UFJ Trust and Banking</b>				
Common Equity Tier 1 capital ratio	16.41 %	4.50 %	15.56 %	4.50 %
Tier 1 capital ratio	17.93 %	6.00 %	17.83 %	6.00 %
Total capital ratio	20.67 %	8.00 %	20.42 %	8.00 %
Leverage ratio <sup>(1)</sup>	7.29 %	3.00 %	6.34 %	3.00 %
<b>Stand-alone:</b>				
<b>MUFG Bank</b>				
Common Equity Tier 1 capital ratio	8.11 %	4.50 %	11.77 %	4.50 %
Tier 1 capital ratio	9.30 %	6.00 %	14.38 %	6.00 %
Total capital ratio	10.71 %	8.00 %	16.29 %	8.00 %
Leverage ratio <sup>(1)</sup>	4.02 %	3.00 %	4.50 %	3.00 %
<b>Mitsubishi UFJ Trust and Banking</b>				
Common Equity Tier 1 capital ratio	15.74 %	4.50 %	14.71 %	4.50 %
Tier 1 capital ratio	17.11 %	6.00 %	16.72 %	6.00 %
Total capital ratio	19.60 %	8.00 %	19.03 %	8.00 %
Leverage ratio <sup>(1)</sup>	8.15 %	3.00 %	7.09 %	3.00 %

Note:

(1) Deposits with the Bank of Japan are excluded from the leverage exposure based on notification issued by the FSA.

Management believes that, as of March 31, 2024, our banking subsidiaries were in compliance with all capital adequacy requirements to which they were subject.

### ***Liquidity Coverage Ratios of MUFG and Major Banking Subsidiaries in Japan***

The LCRs in the table below are calculated in accordance with Basel III as adopted by the FSA for the periods indicated. The figures underlying the ratios are calculated in accordance with Japanese banking regulations. The percentages below are rounded

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down.

	Three months ended				
	March 31, 2023 <sup>(1),(6)</sup>	June 30, 2023 <sup>(2),(6)</sup>	September 30, 2023 <sup>(3),(6)</sup>	December 31, 2023 <sup>(4),(6)</sup>	March 31, 2024 <sup>(5),(6)</sup>
MUFG (consolidated)	152.2 %	159.3 %	159.5 %	161.8 %	161.7 %
MUFG Bank (consolidated)	162.5 %	171.9 %	172.2 %	172.1 %	173.0 %
MUFG Bank (stand-alone)	166.5 %	176.7 %	176.8 %	177.1 %	177.7 %
Mitsubishi UFJ Trust and Banking (consolidated)	116.8 %	116.2 %	117.8 %	125.9 %	122.2 %
Mitsubishi UFJ Trust and Banking (stand-alone)	143.2 %	139.9 %	142.4 %	155.6 %	148.8 %

- Notes:
- (1) Each of the ratios is calculated as the average balance of High-Quality Liquid Assets on the business days between January 4, 2023 and March 31, 2023 divided by the average amount of net cash outflows for the same 60 business days.
  - (2) Each of the ratios is calculated as the average balance of High-Quality Liquid Assets on the business days between April 3, 2023 and June 30, 2023 divided by the average amount of net cash outflows for the same 62 business days.
  - (3) Each of the ratios is calculated as the average balance of High-Quality Liquid Assets on the business days between July 3, 2023 and September 29, 2023 divided by the average amount of net cash outflows for the same 62 business days.
  - (4) Each of the ratios is calculated as the average balance of High-Quality Liquid Assets on the business days between October 2, 2023 and December 29, 2023 divided by the average amount of net cash outflows for the same 62 business days.
  - (5) Each of the ratios is calculated as the average balance of High-Quality Liquid Assets on the business days between January 4, 2024 and March 29, 2024 divided by the average amount of net cash outflows for the same 58 business days.
  - (6) The LCR is to be calculated as an average based on daily values in accordance with the Japanese banking regulations.

See “—B. Liquidity and Capital Resources—Sources of Funding and Liquidity.”

### ***Net Stable Funding Ratios of MUFG and Major Banking Subsidiaries in Japan***

The NSFRRs in the table below are calculated in accordance with Basel III as adopted by the FSA as of the date indicated. The figures underlying the ratios are calculated in accordance with Japanese banking regulations. The percentages below are rounded down.

	As of March 31, 2023	As of June 30, 2023	As of September 30, 2023	As of December 31, 2023	As of March 31, 2024
MUFG (consolidated)	132.8 %	127.6 %	119.2 %	120.2 %	114.8 %
MUFG Bank (consolidated)	146.2 %	140.5 %	132.8 %	133.6 %	126.1 %
MUFG Bank (stand-alone)	148.2 %	141.1 %	134.6 %	136.8 %	127.7 %
Mitsubishi UFJ Trust and Banking (consolidated)	128.1 %	118.0 %	121.3 %	123.3 %	121.1 %
Mitsubishi UFJ Trust and Banking (stand-alone)	130.7 %	119.5 %	121.6 %	126.4 %	121.9 %

See “—B. Liquidity and Capital Resources—Sources of Funding and Liquidity.”

### ***Capital Requirements for Securities Firms in Japan and Overseas***

We have securities subsidiaries in Japan and overseas, which are also subject to regulatory capital requirements. In Japan, the Financial Instruments and Exchange Act of Japan and related ordinances require financial instruments firms to maintain a minimum capital ratio of 120% calculated as a percentage of capital accounts less certain fixed assets, as determined in accordance with Japanese GAAP, against amounts equivalent to market, counterparty credit and operational risks. Specific guidelines are issued as a ministerial ordinance which details the definitions of essential components of the capital ratios, including capital, deductible fixed asset items and risks, and related measures. Failure to maintain a minimum capital ratio will trigger mandatory regulatory actions. A capital ratio of less than 140% will call for additional regulatory reporting, a capital ratio of less than 120% may result in an order to change the method of business, and a capital ratio of less than 100% may lead to a suspension of all or part of the business for a period of time and cancellation of a registration. Overseas securities subsidiaries are subject to the relevant regulatory capital requirements of the countries or jurisdictions in which they operate.

### ***Capital Ratio of Mitsubishi UFJ Morgan Stanley Securities***

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As of March 31, 2024, Mitsubishi UFJ Morgan Stanley Securities' capital accounts less certain fixed assets of ¥537.3 billion represented 305.2% of the total amounts equivalent to market, counterparty credit and operational risks. As of March 31, 2023, Mitsubishi UFJ Morgan Stanley Securities' capital accounts less certain fixed assets of ¥550.3 billion represented 310.9% of the total amounts equivalent to market, counterparty credit and operational risks. These figures are calculated in accordance with Japanese GAAP, pursuant to the Financial Instruments and Exchange Act of Japan.

For further information, see Note 21 to our consolidated financial statements.

### **Non-exchange Traded Contracts Accounted for at Fair Value**

The use of non-exchange traded or over-the-counter contracts provides us with the ability to adapt to the varied requirements of a wide customer base while mitigating market risks. Non-exchange traded contracts are accounted for at fair value, which is generally based on pricing models or quoted prices for instruments with similar characteristics. Gains or losses on non-exchange traded contracts are included in "Trading account losses—net" in our consolidated statements of operations.

	Fiscal years ended March 31,	
	2023	2024
	(in millions)	
Net fair value of contracts outstanding at beginning of fiscal year	¥ (14)	¥ 448
Changes attributable to contracts realized or otherwise settled during the fiscal year	(46)	(373)
Fair value of new contracts entered into during the fiscal year	358	339
Changes in fair values attributable to changes in valuation techniques and assumptions	153	(128)
Other changes in fair value, principally revaluation at end of fiscal year	(3)	8
Net fair value of contracts outstanding at end of fiscal year	¥ 448	¥ 294

### ***Maturities of Non-exchange Traded Contracts***

	As of March 31, 2024	
	Net fair value of contracts—unrealized gains	
	Prices provided by other external sources	Prices based on models and other valuation methods
	(in millions)	
Maturity less than 1 year	¥ —	¥ —
Maturity less than 3 years	—	—
Maturity less than 5 years	—	339
Maturity 5 years or more	—	(45)
Total fair value	¥ —	¥ 294

### **C. Research and Development, Patents and Licenses, etc.**

Not applicable.

### **D. Trend Information**

See the discussions in "—Business Environment," "—Recent Developments," "—A. Operating Results" and "—B. Liquidity and Capital Resources."

### **E. Critical Accounting Estimates**

Our consolidated financial statements are prepared in accordance with U.S. GAAP. Certain accounting policies require management to make difficult, complex or subjective judgments regarding the valuation of assets and liabilities. The accounting policies are fundamental to understanding our operating and financial review and prospects. The notes to our consolidated financial statements provide a summary of our significant accounting policies. The following is a summary of the critical accounting estimates:

#### ***Allowance for Credit Losses***

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The allowance for credit losses represents an estimate of the credit losses that are expected over the life of the financial instrument or exposure and has three components: the allowance for loans measured on a collective basis, when similar risk characteristics exist, the allowance for loans measured on an individual basis, for loans that do not share similar risk characteristics, and the allowance for losses on unfunded credit commitments, which is included in other liabilities.

The methodology for estimating credit losses uses relevant available information relating to past events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made over a forecast period to account for differences between current and expected future conditions and those reflected in historical loss information. Beyond the forecast period, estimated expected credit losses revert to average historical loss experience. The estimation of the allowance for credit losses involves significant judgment on a number of assumptions including the assessment of risk characteristics, assignment of a borrower's internal credit rating, valuation of collateral, expectations of future economic conditions and the development of qualitative adjustments. We divide our loan portfolio into the following segments—Commercial, Residential, Card, Krungsri, and Other—and determine the allowance for credit losses for each segment.

On March 31, 2024, we had ¥104,851.5 billion and ¥8,832.9 billion of loans in the Commercial and Krungsri segments, respectively, and recorded an allowance for credit losses against these loans of ¥745.5 billion and ¥414.4 billion, respectively.

The allowance for credit losses is estimated using quantitative models that incorporate economic forecast scenarios. These economic forecast scenarios include macroeconomic variables that have historically been correlated with historical credit losses. These variables include, but are not limited to, unemployment rates and gross domestic product. As any one economic forecast scenario is inherently uncertain, multiple economic forecast scenarios were leveraged. The macroeconomic variables in multiple economic forecast scenarios and weightings given to each scenario depend on a variety of factors including recent economic conditions and views of internal as well as third-party economists.

The determination of the allowance for credit losses for the Commercial and Krungsri segments required management to make significant judgements due to the subjectivity and uncertainty associated with expectations of future economic conditions. Particularly significant judgment was required to be made to determine certain macroeconomic variables in the multiple economic forecast scenarios and the weightings given to each scenario, to capture the heightened volatility and uncertainty primarily due to changes in global economic conditions, inflation, monetary policies, and geopolitical situations.

The allowance for credit losses includes qualitative adjustments to cover losses that are expected but were not reflected in the modeled allowance. The determination of the allowance for credit losses for the Commercial and Krungsri segments required management to make significant judgements due to the subjectivity and uncertainty associated with the development of qualitative adjustments. Particularly significant judgment was required to be made to develop certain qualitative adjustments to capture the effects on modelled expected credit losses primarily arising from changes in global economic conditions, inflation, monetary policies, and geopolitical situations for the Commercial segment, and the inflation and temporary relief measures for the Krungsri segment.

The determination of the allowance for credit losses for the Commercial segment required management to make significant judgements, due to the subjectivity and uncertainty associated with the determination of a borrower's internal credit rating, which were highly dependent on the estimation of a borrower's performance and business sustainability, particularly in cases in which borrowers were experiencing weaknesses in their business performance. Particularly significant judgment was required to be made when these borrowers' performance and business sustainability were affected by changes in the external and internal business environment, including changes in global economic conditions, inflation, monetary policies, and geopolitical situations. Key elements relating to the policies and discipline used in determining the allowance for credit losses for the Commercial segment are our credit classification and the related borrower categorization process. Each of these components is determined based on estimates subject to change when actual events occur. The categorization is based on conditions that may affect the ability of borrowers to service their debt, taking into consideration current financial information, historical payment experience, credit documentation, public information, analyses of relevant industry segments and current trends. In determining the appropriate level of allowance, we evaluate the probable loss by category of the loan based on its type and characteristics.

Determining the adequacy of the allowance for credit losses requires the exercise of considerable judgment and the use of estimates, such as those discussed above. Our actual losses could be more or less than the estimates. To the extent that actual losses differ from management's estimates, additional provisions for credit losses may be required that would adversely impact our operating results and financial condition in future periods. For further information regarding our methodologies used in establishing the allowance for credit losses by portfolio segment and allowance for credit losses policies, see Note 1 to our consolidated financial statements and “—B. Liquidity and Capital Resources—Financial Condition—Loan Portfolio.” For more information on our credit and borrower ratings, see “Item 11. Quantitative and Qualitative Disclosures about Credit, Market and Other Risk—Credit Risk Management.”

## ***Goodwill***

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As part of our global strategies, we have executed multiple large-scale acquisitions, investments and capital alliances, and recorded goodwill resulting from these business combinations. U.S. GAAP requires us to test goodwill for impairment at least annually, or more frequently if events or changes in circumstances indicate that goodwill may be impaired, using a process that compares the carrying amount of a reporting unit with its fair value. An impairment loss is recognized to the extent that the carrying amount of a reporting unit exceeds its fair value, but not exceeding the total amount of goodwill allocated to that reporting unit. A reporting unit is an operating segment or component of an operating segment that constitutes a business for which discrete financial information is available and is regularly reviewed by management. The fair value of a reporting unit is defined as the amount at which the unit as a whole could be bought or sold in a current transaction between willing parties. Our consolidated goodwill balance was ¥490.3 billion on March 31, 2024, which was allocated to our reporting units in the Digital Service Business Group, Global Corporate & Investment Banking Business Group, Global Commercial Banking Business Group, Asset Management & Investor Services Business Group and Global Markets Business Group. For a reporting unit for which an observable quoted price is not available, we determined the fair value of each reporting unit mainly using the income approach. The income approach determined the fair value of the reporting units by discounting management's projections of each reporting unit's cash flows, including a terminal value to estimate the fair value of cash flows beyond the final year of projected results, using a discount rate derived from the capital asset pricing model.

The determination of the fair value of these reporting units requires management to make significant judgments related to significant assumptions due to the subjectivity and uncertainty associated with the assumptions. The significant assumptions included projected future operating cash flows based on forecasted future income in the income approach.

### ***Valuation of Financial Instruments***

We measure certain financial assets and liabilities at fair value. The majority of such assets and liabilities are measured at fair value on a recurring basis, including trading securities, trading derivatives and investment securities. In addition, certain other assets and liabilities are measured at fair value on a non-recurring basis, including held for sale loans which are carried at the lower of cost or fair value, collateral dependent loans and nonmarketable equity securities subject to impairment.

We have elected the fair value option for certain foreign securities classified as available-for-sale debt securities, whose unrealized gains and losses are reported in income, and marketable equity securities.

The guidance on the measurement of fair value defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. We have an established and documented process for determining fair value in accordance with the guidance. To determine the fair value, we use quoted prices which include those provided from pricing vendors, where available. We generally obtain one price or quote per instrument and do not adjust it to determine the fair value of the instrument. We perform internal price verification procedures to ensure that the prices and quotes provided from the independent pricing vendors are reasonable. Such verification procedures include a comparison of pricing sources and analysis of variances among pricing sources. These verification procedures are periodically performed by independent risk management departments. For collateralized loan obligations, or CLOs, backed by general corporate loans, the fair value is determined by weighting the internal model valuation and the non-binding broker-dealer quotes. If quoted prices are not available to determine the fair value of derivatives, the fair value is based upon valuation techniques that use, where possible, current market-based or independently sourced parameters, such as interest rates, yield curves, foreign exchange rates, volatilities and credit curves. For loans held for sale, which are carried at the lower of cost or fair value, the fair value is based on secondary market prices, recent transactions or discounted cash flows. When borrowers were experiencing weakness in their business performance, and the market credit information of those borrowers was limited, there was a particularly high degree of uncertainty necessitating subjective judgments to be made by management to determine the valuation of loans held for sale. The fair values of trading liabilities are determined by discounting future cash flows at a rate which incorporates our own creditworthiness. In addition, valuation adjustments may be made to ensure that the financial instruments are recorded at fair value. These adjustments include, but are not limited to, amounts that reflect counterparty credit quality, funding cost, liquidity risk, and model risk. Our financial models are validated and periodically reviewed by risk management departments independent of divisions that created the models.

For a further discussion of the valuation techniques applied to the material assets or liabilities, see Note 31 to our consolidated financial statements.

### **Accounting Changes and Recently Issued Accounting Pronouncements**

See "Accounting Changes" and "Recently Issued Accounting Pronouncements" in Note 1 to our consolidated financial statements.





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### Item 6. Directors, Senior Management and Employees.

#### A. Directors and Senior Management

##### Members of the Board of Directors

The following table sets forth the members of our board of directors as of June 27, 2024, together with their respective dates of birth, positions and experience:

<u>Name (Date of Birth)</u>	<u>Position in MUFG</u>	<u>Business Experience</u>	
Mariko Fujii (March 9, 1955)	Member of the Board of Directors (Outside Director)	April 1977	Joined Ministry of Finance of Japan
		July 1997	Director, International Affairs and Research Division, Customs and Tariff Bureau, Ministry of Finance
		April 1999	Associate Professor, Research Center for Advanced Science and Technology, The University of Tokyo
		March 2001	Professor, Research Center for Advanced Economic Engineering, The University of Tokyo
		April 2004	Professor, Research Center for Advanced Science and Technology, National University Corporation, The University of Tokyo
		June 2014	Outside Director of Electric Power Development Co., Ltd.
		October 2015	Ambassador Extraordinary and Plenipotentiary of Japan to the Republic of Latvia
		June 2016	Emeritus Professor of The University of Tokyo (incumbent)
		January 2019	Retired from Ambassador of Japan to the Republic of Latvia
		June 2019	Outside Director of NTT DATA CORPORATION (currently NTT DATA GROUP CORPORATION) (incumbent)
	Member of the Board of Directors (Outside Director) of MUFG (incumbent)		
Keiko Honda (September 27, 1961)	Member of the Board of Directors (Outside Director)	April 1984	Joined Bain & Company Japan, Incorporated
		May 1986	Joined Shearson Lehman Brothers Securities Co., Ltd.
		July 1989	Joined McKinsey & Company, Inc. Japan
		July 1999	Partner of McKinsey & Company
		July 2007	Director (Senior Partner) of McKinsey & Company
		July 2013	Executive Vice President of Multilateral Investment Guarantee Agency (World Bank Group)
		June 2014	Executive Vice President & CEO of Multilateral Investment Guarantee Agency (World Bank Group)
		October 2019	Retired from Multilateral Investment Guarantee Agency (World Bank Group)
		January 2020	Adjunct Professor and Adjunct Senior Research Scholar of Columbia University School of International and Public Affairs (incumbent)
		March 2020	Outside Director of AGC Inc. (incumbent)
June 2020	Member of the Board of Directors (Outside Director) of MUFG (incumbent)		
June 2022	Outside Director of the Board of Recruit Holdings Co., Ltd. (incumbent)		

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<b>Name (Date of Birth)</b>	<b>Position in MUFG</b>		<b>Business Experience</b>
Kaoru Kato (May 20, 1951)	Member of the Board of Directors (Outside Director)	April 1977	Joined Nippon Telegraph and Telephone Public Corporation (NTT)
		July 1999	General Manager of Plant Department of NTT Kansai Mobile Communications Network, Inc.
		April 2000	General Manager of Plant Department of NTT DoCoMo Kansai, Inc.
		June 2002	General Manager of Corporate Strategy and Planning Department, Member of the Board of Directors of NTT DoCoMo Kansai, Inc.
		July 2005	Representative Director and Senior Corporate Executive Officer of Sumitomo Mitsui Card Co., Ltd.
		July 2007	Executive Vice President, General Manager of Corporate Strategy and Planning Department, Member of the Board of Directors of NTT DoCoMo Kansai, Inc.
		June 2008	Executive Vice President, General Manager of Corporate Strategy and Planning Department, Member of the Board of Directors of NTT DOCOMO, INC.
		June 2012	President and Chief Executive Officer, Member of the Board of Directors of NTT DOCOMO, INC.
		June 2016	Corporate Advisor, Member of the Board of Directors of NTT DOCOMO, INC.
		June 2018	Corporate Advisor of NTT DOCOMO, INC.
		June 2019	Member of the Board of Directors (Outside Director) of MUFG (incumbent)
		March 2021	Non-executive Director of Kirin Holdings Company, Limited
		June 2022	Senior Advisor of NTT DOCOMO, INC.
Satoko Kuwabara (November 1, 1964)	Member of the Board of Directors (Outside Director)	April 1990	Registered as an attorney at law, Member of the Daini Tokyo Bar Association
			Joined Mori Sogo (currently Mori Hamada & Matsumoto)
		January 1998	Partner of Mori Hamada & Matsumoto
		June 2016	Outside Director of Bandai Namco Holdings Inc. (incumbent)
		March 2020	Outside Auditor of Unicafe Inc. (incumbent)
		April 2020	Partner of Gaien Partners (incumbent)
		June 2020	Outside Audit and Supervisory Board Member of Nippon Yusen Kabushiki Kaisha
		June 2021	Member of the Board of Director (Outside Director) of MUFG (incumbent)
June 2023	Outside Director of Nippon Yusen Kabushiki Kaisha (incumbent)		

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<b>Name (Date of Birth)</b>	<b>Position in MUFG</b>	<b>Business Experience</b>			
Hirofumi Nomoto (September 27, 1947)	Member of the Board of Directors (Outside Director)	April 1971	Joined TOKYU CORPORATION		
		April 2003	Executive General Manager of Media Business Headquarters of TOKYU CORPORATION		
		April 2004	President & Representative Director of its communications Inc.		
		June 2007	Director of TOKYU CORPORATION Executive Officer of Real Estate Development Business Unit of TOKYU CORPORATION		
		January 2008	Managing Director of TOKYU CORPORATION		
		June 2008	Senior Managing Director of TOKYU CORPORATION		
		April 2010	Executive Officer & Senior Executive General Manager of Urban Life Produce Business Unit of TOKYU CORPORATION		
		June 2010	Senior Managing Director & Representative Director of TOKYU CORPORATION		
		April 2011	President & Representative Director of TOKYU CORPORATION		
		April 2018	Chairman & Representative Director of TOKYU CORPORATION (incumbent)		
		June 2019	President & CEO of THREE HUNDRED CLUB CO., LTD. (incumbent) Member of the Board of Directors (Outside Director) of MUFG (incumbent)		
		Mari Elka Pangestu (October 23, 1956)	Member of the Board of Directors (Outside Director)	August 1986	Joined Centre for Strategic and International Studies Indonesia
				July 1987	Research Coordinator, Program for Financial Policy and Training of Ministry of Finance, the Republic of Indonesia Deputy Director of Inter University Center, Economics, University of Indonesia
November 1991	Program Coordinator for Trade Policy Forum, Pacific Economy Cooperation Council				
January 1997	Executive Director of Centre for Strategic and International Studies Indonesia				
October 2004	Minister of Trade of the Republic of Indonesia				
October 2011	Minister of Tourism and Creative Economy of the Republic of Indonesia				
March 2015	Professor of International Economics, University of Indonesia				
March 2020	Managing Director of Development Policy and Partnerships, the World Bank				
July 2023	Independent Non-executive Director of AIA Group Limited (incumbent)				
June 2024	Member of the Board of Directors (Outside Director) of MUFG (incumbent)				

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<b>Name (Date of Birth)</b>	<b>Position in MUFG</b>	<b>Business Experience</b>	
Hiroshi Shimizu (January 30, 1961)	Member of the Board of Directors (Outside Director)	April 1983	Joined Nippon Life Insurance Company
		March 2009	Executive Officer, General Manager, Corporate Planning Department of Nippon Life Insurance Company
		March 2012	Managing Executive Officer, General Manager, Corporate Planning Department of Nippon Life Insurance Company
		July 2013	Director and Managing Executive Officer of Nippon Life Insurance Company
		March 2014	Director and Managing Executive Officer, General Manager, Head Office 1st Corporate Marketing Dept., Head Office 3rd Corporate Marketing Dept., Head Office East Japan Corporate Marketing Dept. of Nippon Life Insurance Company
		July 2014	Managing Executive Officer of Nippon Life Insurance Company
		March 2016	Senior Managing Executive Officer of Nippon Life Insurance Company
		July 2016	Director and Senior Managing Executive Officer of Nippon Life Insurance Company
		April 2018	President of Nippon Life Insurance Company
		June 2021	Outside Director of FUJI KYUKO CO., LTD. (incumbent) Independent Outside Director of TOKYU CORPORATION (incumbent)
June 2024	Member of the Board of Directors (Outside Director) of MUFG (incumbent)		
David Sneider (July 25, 1957)	Member of the Board of Directors (Outside Director)	December 1984	Associate of Paul, Weiss, Rifkind, Wharton & Garrison LLP
		June 1985	Registered as an attorney at law, admitted in States of New York in the United States
		July 1987	Director and Counsel of Legal Department, Salomon Brothers Inc.
		February 1992	Associate of Simpson Thacher & Bartlett LLP
		January 1994	Partner of Simpson Thacher & Bartlett LLP
		June 2022	Outside Director of PHC Holdings Corporation (incumbent)
		June 2023	Member of the Board of Directors (Outside Director) of MUFG (incumbent)
Koichi Tsuji (April 10, 1957)	Member of the Board of Directors (Outside Director)	October 1984	Joined Peat Marwick Mitchell & Company
		September 1988	Registered as Certified Public Accountant in Japan
		February 1989	Resident Representative, Zurich, Switzerland
		July 2004	Senior Partner of Ernst & Young ShinNihon LLC
		February 2016	Chairman and CEO of Ernst & Young ShinNihon LLC
		July 2019	Chairman & CEO of EY Japan Godo Kaisha Member of the Board of Directors of EY Japan Co., Ltd.
		June 2021	Member of the Board of Directors (Outside Director) of MUFG (incumbent)
		June 2023	Outside Statutory Auditor of TEIJIN LIMITED (incumbent) Outside Director of MARUICHI STEEL TUBE LTD. (incumbent)



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<b>Name (Date of Birth)</b>	<b>Position in MUFG</b>	<b>Business Experience</b>	
Kenichi Miyanaga (February 25, 1960)	Member of the Board of Directors	April 1982	Joined The Toyo Trust and Banking Company, Limited
		June 2009	Executive Officer of TB
		June 2013	Director and Managing Executive Officer of TB
		June 2016	Senior Managing Executive Officer of TB
		June 2017	Director, Deputy President, and Executive Officer of TB
		June 2021	Managing Executive Officer of MUFG
Ryoichi Shinke (December 8, 1965)	Member of the Board of Directors	June 2021	Member of the Board of Directors of MUFG (incumbent)
		April 1988	Joined The Sanwa Bank, Limited
		June 2014	Executive Officer of BK
		May 2018	Managing Executive Officer of BK
		May 2020	Managing Executive Officer of MUFG
		April 2022	Senior Managing Executive Officer of BK
Kanetsugu Mike (November 4, 1956)	Member of the Board of Directors Chairman (Corporate Executive)	June 2023	Member of the Board of Directors of MUFG (incumbent)
		April 1979	Joined The Mitsubishi Bank, Limited
		June 2005	Executive Officer of The Bank of Tokyo-Mitsubishi, Ltd. Executive Officer of Mitsubishi Tokyo Financial Group, Inc.
		May 2009	Managing Executive Officer of BK
		May 2011	Managing Executive Officer of MUFG
		June 2011	Member of the Board of Directors, Managing Executive Officer of BK
		May 2013	Senior Managing Executive Officer of BK
		October 2015	Executive Chairman of MUAH Executive Chairman of MUFG Union Bank, N.A.
		May 2016	Deputy President and Executive Officer of BK Senior Managing Corporate Executive of MUFG
		June 2016	Member of the Board of Directors, Deputy President of BK
		June 2017	President & CEO of BK Member of the Board of Directors, Deputy Chairman of MUFG
		April 2019	Member of the Board of Directors, President & Group CEO of MUFG
April 2020	Member of the Board of Directors, Deputy Chairman of MUFG		
April 2021	Member of the Board of Directors, Chairman of MUFG (incumbent)		

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<b>Name (Date of Birth)</b>	<b>Position in MUFG</b>		<b>Business Experience</b>
Hironori Kamezawa (November 18, 1961)	Member of the Board of Directors President & Group CEO (Representative Corporate Executive)	April 1986	Joined The Mitsubishi Bank, Limited
		June 2010	Executive Officer of BK
		May 2014	Executive Officer of MUFG
		May 2017	Managing Executive Officer of BK
		June 2017	Managing Executive Officer of MUFG
		May 2018	Managing Corporate Executive of MUFG
		June 2017	Member of the Board of Directors, Managing Executive Officer of BK
		May 2018	Member of the Board of Directors, Senior Managing Executive Officer of BK
		December 2018	Senior Managing Corporate Executive of MUFG
		April 2019	CEO and Representative of the Board of Directors of Global Open Network, Inc.
		June 2019	Deputy President of MUFG
		August 2019	Member of the Board of Directors, Deputy President of BK
		April 2020	CEO and Representative of the Board of Directors of Global Open Network Japan, Inc.
June 2019	Member of the Board of Directors, Deputy President of MUFG		
August 2019	Chairman of Global Open Network Japan, Inc.		
April 2020	Member of the Board of Directors of BK (incumbent)		
May 2021	Member of the Board of Directors, President & Group CEO of MUFG (incumbent)		
May 2021	Director of Morgan Stanley (incumbent)		
Iwao Nagashima (March 15, 1963)	Member of the Board of Directors	April 1985	Joined The Mitsubishi Trust and Banking Corporation
		June 2011	Executive Officer of TB
		June 2013	Managing Executive Officer of TB
		June 2015	Executive Officer of MUFG
		June 2015	Director and Managing Executive Officer of TB
		June 2016	Managing Executive Officer of MUFG
		June 2016	Director and Senior Managing Executive Officer of TB
		April 2019	Director, Deputy President, and Executive Officer of TB
		April 2019	Senior Managing Corporate Executive of MUFG
		April 2020	President & CEO of MU Trust Apple Planning Company, Ltd.
April 2020	President and CEO of TB (incumbent)		
April 2020	Deputy Chairman of MUFG		
June 2020	Member of the Board of Directors, Deputy Chairman of MUFG		
April 2022	Member of the Board of Directors of MUFG (incumbent)		

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<b>Name (Date of Birth)</b>	<b>Position in MUFG</b>		<b>Business Experience</b>
Junichi Hanzawa (January 19, 1965)	Member of the Board of Directors	April 1988	Joined The Mitsubishi Bank, Limited
		June 2014	Executive Officer of BK
			Executive Officer of MUFG
		May 2018	Managing Executive Officer of BK
		April 2019	Managing Corporate Executive of MUFG
		June 2019	Member of the Board of Directors, Managing Executive Officer of BK
		April 2021	President & CEO of BK (incumbent) Deputy Chairman of MUFG
		June 2021	Member of the Board of Directors, Deputy Chairman of MUFG
		April 2022	Member of the Board of Directors of MUFG (incumbent)
Makoto Kobayashi (February 22, 1962)	Member of the Board of Directors	April 1985	Joined The Mitsubishi Bank, Limited
		June 2011	Executive Officer of BK
		May 2015	Managing Executive Officer of BK
		July 2015	Executive Officer of MUFG
		July 2018	Managing Executive Officer of SCHD Managing Executive Officer of MUFG
		October 2018	Managing Executive Officer of TB
		April 2020	Senior Managing Executive Officer of SCHD Deputy President of MUMSS
		June 2020	Member of the Board of Directors, Senior Managing Executive Officer of SCHD
		June 2021	Member of the Board of Directors, Deputy President of MUMSS
		April 2022	President & Global CEO of SCHD (incumbent) President & CEO of MUMSS (incumbent)
		June 2022	Member of the Board of Directors of MUFG (incumbent)

Notes: The following abbreviations are used in the table above:

“BK” refers to MUFG Bank, Ltd. or its former name The Bank of Tokyo-Mitsubishi UFJ, Ltd.

“TB” refers to Mitsubishi UFJ Trust and Banking Corporation.

“SCHD” refers to Mitsubishi UFJ Securities Holdings Co., Ltd.

“MUMSS” refers to Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.

“MUAH” refers to MUFG Americas Holdings Corporation.

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### Corporate Executives

The following table sets forth our corporate executives as of June 27, 2024, together with their respective dates of birth, positions and experience:

Name (Date of Birth)	Position in MUFG	Business Experience	
Kanetsugu Mike (November 4, 1956)	See “Members of the Board of Directors” under this Item 6.A.	See “Members of the Board of Directors” under this Item 6.A.	
Hironori Kamezawa (November 18, 1961)	See “Members of the Board of Directors” under this Item 6.A.	See “Members of the Board of Directors” under this Item 6.A.	
Hiroshi Mori (February 21, 1965)	Senior Managing Corporate Executive (Group Chief Legal Officer, or Group CLO)	April 1989	Joined Development Bank of Japan (currently Development Bank of Japan, Inc.)
		April 1993	Seconded to Finance Bureau of Ministry of Home Affairs
		June 2003	Seconded to Tesac Corporation, a Company under Reorganization Trustee Representative, Manager of Corporate Planning Department
		October 2006	Registered as attorney at law Joined Nishimura & Asahi
		November 2010	Outside Director of USEN Corporation
		January 2012	Partner of Nishimura & Asahi
		June 2013	Substitute Auditor of KAGOME CO., LTD.
		March 2016	Outside Director, Audit and Supervisory Committee Member of KAGOME CO., LTD.
		June 2016	Outside Director, Audit and Supervisory Committee Member of SCHD
		June 2019	Member of the Board of Directors, Managing Executive Officer of BK Managing Corporate Executive of MUFG
April 2024	Member of the Board of Directors, Senior Managing Executive Officer of BK (incumbent) Senior Managing Corporate Executive of MUFG (incumbent)		
Yutaka Miyashita (October 11, 1967)	Senior Managing Corporate Executive (Representative Corporate Executive) (Group Head, Commercial Banking & Wealth Management Business Group (excluding in charge of Wealth Management Research Division))	April 1990	Joined The Sanwa Bank, Limited
		June 2016	Executive Officer of BK Executive Officer of MUFG
		April 2020	Managing Executive Officer of BK Managing Executive Officer of MUFG
		June 2020	Member of the Board of Directors, Managing Executive Officer of BK
		April 2021	Managing Corporate Executive of MUFG
		April 2022	Managing Corporate Executive (Representative Corporate Executive) of MUFG
		April 2024	Member of the Board of Directors, Senior Managing Executive Officer of BK (incumbent) Senior Managing Corporate Executive (Representative Corporate Executive) of MUFG (incumbent)

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<b>Name (Date of Birth)</b>	<b>Position in MUFG</b>		<b>Business Experience</b>
Fumitaka Nakahama (July 28, 1966)	Senior Managing Corporate Executive (Group Head, Global Corporate & Investment Banking Business Group)	December 2009	Joined The Bank of Tokyo-Mitsubishi UFJ, Ltd.
		June 2018	Executive Officer of BK Executive Officer of MUFG
		April 2021	Managing Executive Officer of BK Managing Executive Officer of MUFG
		April 2022	Managing Corporate Executive of MUFG
		June 2022	Member of the Board of Directors, Managing Executive Officer of BK (incumbent)
		April 2024	Member of the Board of Directors, Senior Managing Executive Officer of BK (incumbent) Senior Managing Corporate Executive of MUFG (incumbent)
Hiroyuki Seki (March 10, 1968)	Senior Managing Corporate Executive (Group Head, Global Markets Business Group)	April 1990	Joined The Mitsubishi Bank, Limited
		June 2016	Executive Officer of BK Executive Officer of MUFG
		April 2021	Managing Executive Officer of BK Managing Executive Officer of MUFG
		April 2022	Managing Corporate Executive of MUFG
		June 2022	Member of the Board of Directors, Managing Executive Officer of BK
		April 2024	Member of the Board of Directors, Senior Managing Executive Officer of BK (incumbent) Senior Managing Corporate Executive of MUFG (incumbent)
Shuichi Yokoyama (December 17, 1965)	Senior Managing Corporate Executive (Group Chief Audit Officer, or Group CAO Managing Director, Head of Internal Audit Division)	April 1990	Joined The Bank of Tokyo, Ltd.
		June 2016	Executive Officer of BK Executive Officer of MUFG
		April 2020	Managing Executive Officer of BK
		April 2022	Managing Corporate Executive of MUFG
		June 2022	Member of the Board of Directors, Managing Executive Officer of BK
		April 2024	Senior Managing Corporate Executive of MUFG (incumbent)
Yasushi Itagaki (May 24, 1964)	Senior Managing Corporate Executive (Group Chief Operating Officer- International, or Group COO-I, Group Head Global Commercial Banking Business Group)	April 1987	Joined The Bank of Tokyo, Ltd.
		June 2013	Executive Officer of BK
		July 2013	Executive Officer of MUFG
		May 2017	Managing Executive Officer of BK
		October 2019	President & CEO of PT Bank Danamon Indonesia, Tbk.
		April 2021	Senior Managing Corporate Executive of BK
		April 2022	Deputy President of BK
		April 2023	Senior Managing Corporate Executive of MUFG (incumbent)
June 2023	Member of the Board of Directors, Deputy President of BK (incumbent)		

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<b>Name (Date of Birth)</b>	<b>Position in MUFG</b>		<b>Business Experience</b>
Kenji Horikawa (December 9, 1967)	Senior Managing Corporate Executive (Group Chief Human Resources Officer, or Group CHRO & Group Deputy Chief Strategy Officer or Group Deputy CSO & Group Deputy Chief Digital Transformation Officer or Group Deputy CDTO In sub-charge of Corporate Administration Division)	April 1990	Joined The Sanwa Bank, Limited
		June 2016	Executive Officer of BK
		April 2020	Managing Executive Officer of SCHD
			Managing Executive Officer of MUMSS
		April 2022	Managing Executive Officer of MUFG
			Member of the Board of Directors, Managing Executive Officer of SCHD
			Member of the Board of Directors, Managing Executive Officer of MUMSS
		April 2023	Managing Corporate Executive of MUFG
Seiichiro Akita (November 11, 1966)	Senior Managing Corporate Executive (Representative Corporate Executive) (Group Head, Japanese Corporate & Investment Banking Business Group(excluding in charge of Wealth Management Research Division))	April 1989	Joined The Mitsubishi Bank, Limited
		June 2015	Executive Officer of BK
		April 2019	Managing Executive Officer of BK
		May 2019	President & CEO, Bank of Ayudhya Public Company Limited
		May 2023	Deputy President of BK
			Senior Managing Corporate Executive (Representative Corporate Executive) of MUFG (incumbent)
		June 2023	Member of the Board of Directors, Deputy President of BK (incumbent)
Takafumi Ihara (May 18, 1967)	Senior Managing Corporate Executive (Group Head, Asset Management & Investor Services Business Group)	April 1990	Joined The Mitsubishi Trust and Banking Corporation
		June 2016	Executive Officer of TB
		April 2018	Executive Officer of MUFG
		April 2021	Managing Executive Officer of TB
		April 2023	Senior Managing Executive Officer of TB
		April 2024	Director and Senior Managing Executive Officer of TB (incumbent)
	Senior Managing Corporate Executive Officer of MUFG (incumbent)		



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<b>Name (Date of Birth)</b>	<b>Position in MUFG</b>		<b>Business Experience</b>
Jun Togawa (July 3, 1967)	Senior Managing Corporate Executive (Representative Corporate Executive) (Group Chief Financial Officer, or Group CFO)	April 1990	Joined The Mitsubishi Trust and Banking Corporation
		June 2016	Executive Officer of TB
			Executive Officer of BK
			Executive Officer of MUFG
		April 2020	Managing Executive Officer of TB
			Managing Executive Officer of BK
		April 2023	Director and Senior Managing Executive Officer of TB
Keitaro Tsukiyama (December 7, 1967)	Managing Corporate Executive (Group Chief Compliance Officer, or Group CCO)	April 1991	Joined The Mitsubishi Bank, Limited
		June 2018	Executive Officer of BK
			Executive Officer of MUFG
		April 2021	Managing Executive Officer of BK
		June 2021	Member of the Board of Directors, Senior Managing Executive Officer of BK (incumbent)
Toshiki Ochi (June 23, 1968)	Managing Corporate Executive (Group Chief Information Officer, or Group CIO)	April 1991	Joined The Sanwa Bank, Limited
		June 2018	Executive Officer of BK
			Executive Officer of MUFG
		April 2019	Managing Executive Officer of Mitsubishi UFJ NICOS Co., Ltd.
		April 2022	Managing Executive Officer of BK
Hideaki Takase (December 14, 1968)	Managing Corporate Executive (Representative Corporate Executive) (Group Chief Strategy Officer, or Group CSO (Corporate Planning Division excluding Finances & Resources Management and Global Business) In charge of Corporate Administration Division)	April 1991	Joined The Mitsubishi Bank, Limited
		June 2018	Executive Officer of BK
			Executive Officer of MUFG
		August 2019	President & CEO of MUFG Bank (Europe) N.V.
		April 2021	Managing Executive Officer of BK
		April 2022	Managing Corporate Executive of MUFG
		June 2022	Member of the Board of Directors, Managing Executive Officer of BK (incumbent)
April 2023	Managing Corporate Executive (Representative Corporate Executive) of MUFG (incumbent)		

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Name (Date of Birth)	Position in MUFG		Business Experience
Tadashi Yamamoto (May 23, 1969)	Managing Corporate Executive (Group Head, Retail & Digital Business Group Group Chief Digital Transformation Officer, or Group CDTO)	April 1992	Joined The Bank of Tokyo, Ltd.
		June 2018	Executive Officer of BK
		April 2022	Executive Officer of MUFG
		June 2022	Managing Executive Officer of BK
		June 2022	Managing Executive Officer of MUFG
Katsunori Yokomaku (December 23, 1967)	Managing Corporate Executive (Group Chief Risk Officer, or Group CRO)	April 1992	Joined The Sanwa Bank, Limited
		June 2018	Executive Officer of BK
		April 2022	Executive Officer of MUFG
		April 2024	Managing Executive Officer of BK
		June 2024	Managing Corporate Executive of MUFG (incumbent)
		June 2024	Member of the Board of Directors, Managing Executive Officer of BK (incumbent)

Notes: The following abbreviations are used in the table above:

“BK” refers to MUFG Bank, Ltd. or its former name The Bank of Tokyo-Mitsubishi UFJ, Ltd.

“TB” refers to Mitsubishi UFJ Trust and Banking Corporation.

“SCHD” refers to Mitsubishi UFJ Securities Holdings Co., Ltd.

“MUMSS” refers to Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.

“MUAH” refers to MUFG Americas Holdings Corporation.

The board of directors and corporate executives may be contacted through our headquarters at Mitsubishi UFJ Financial Group, Inc., 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8330, Japan. In connection with our new headquarters building construction project, we have temporarily relocated our headquarters from 7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-8330, Japan.

No family relationship exists among any of our directors or corporate executives.

## B. Compensation

The compensation paid by MUFG and its subsidiaries during the fiscal year ended March 31, 2024 to our directors and corporate executives consisted of annual base salaries, performance-based stock compensation, cash bonuses and other benefits. MUFG’s compensation committee determines the compensation paid to our directors and corporate executives. For our compensation recovery policy, see Exhibit 97 to this Annual Report.

The following table sets forth details of the aggregate compensation paid by MUFG and its subsidiaries during the fiscal year ended March 31, 2024 to our directors (excluding outside directors), corporate executives and outside directors:

Classification	Number of Recipients <sup>(1)</sup>	Aggregate Compensation	Non-Adjustable Compensation		Adjustable Compensation	
			Annual Base Salary <sup>(2)</sup>	Performance-based Stock Compensation	Cash Bonuses	Performance-based Stock Compensation
			(in millions)			
Directors (excluding outside directors)	6	¥ 967	¥ 347	¥ 66	¥ 219	¥ 335
Corporate Executives	18	¥ 2,249	¥ 994	¥ 304	¥ 387	¥ 564
Outside Directors	10	¥ 181	¥ 181	—	—	—

Notes:

(1) Includes the current directors and corporate executives as well as those who retired during the fiscal year ended March 31, 2024.

(2) Includes other benefits.

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The following table sets forth the details of individual compensation paid, including benefits in kind granted by MUFG and its subsidiaries, in an amount equal to or exceeding ¥100 million during the fiscal year ended March 31, 2024:

Directors	Aggregate Compensation	Paid by	Non-Adjustable Compensation		Adjustable Compensation	
			Annual Base Salary	Performance-based Stock Compensation	Cash Bonuses	Performance-based Stock Compensation
	(in millions)					
Kanetsugu Mike	¥ 199	MUFG	¥ 40	¥ 24	¥ 60	¥ 75
Hironori Kamezawa	¥ 339	MUFG	¥ 71	¥ 27	¥ 89	¥ 125
		BK	18	9	—	—
Iwao Nagashima	¥ 271	MUFG	¥ 35	¥ 10	¥ 37	¥ 54
		TB	35	17	29	54
Junichi Hanzawa	¥ 330	MUFG	¥ 42	¥ 12	¥ 44	¥ 63
		BK	46	16	44	63
Makoto Kobayashi	¥ 225	MUFG	¥ 25	¥ 5	¥ 32	¥ 50
		SCHD	13	3	16	25
		MUMSS	¥ 13	¥ 2	¥ 16	¥ 25
Yoshitaka Shiba	¥ 119	MUFG	¥ 61	¥ 15	¥ 14	¥ 29
Tetsuya Yonehana	¥ 123	MUFG	¥ 39	¥ 12	¥ 9	¥ 18
		BK	22	5	6	12
Takayuki Yasuda	¥ 140	MUFG	¥ 38	¥ 7	¥ 15	¥ 18
		TB	21	20	9	12
Yasushi Itagaki	¥ 152	MUFG	¥ 45	¥ 9	¥ 16	¥ 12
		BK	43	6	13	8
Seiichiro Akita	¥ 147	MUFG	¥ 37	¥ 8	¥ 14	¥ 10
		BK	32	30	9	7
Yutaka Miyashita	¥ 102	MUFG	¥ 34	¥ 8	¥ 7	¥ 13
		BK	19	7	5	9
Fumitaka Nakahama	¥ 102	MUFG	¥ 34	¥ 8	¥ 8	¥ 13
		BK	19	6	5	9
Hiroyuki Seki	¥ 103	MUFG	¥ 34	¥ 8	¥ 8	¥ 12
		BK	19	8	5	9
Shuichi Yokoyama	¥ 101	MUFG	¥ 28	¥ 7	¥ 7	¥ 10
		BK	15	8	5	11
		SCHD	10	—	—	—

Note: (1) The following abbreviations are used in the table above:  
 “BK” refers to MUFG Bank, Ltd. (or its former name The Bank of Tokyo-Mitsubishi UFJ, Ltd.)  
 “TB” refers to Mitsubishi UFJ Trust and Banking Corporation.  
 “SCHD” refers to Mitsubishi UFJ Securities Holdings Co., Ltd.  
 “MUMSS” refers to Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.

### Annual Base Salary

Annual base salaries were paid to our directors (including outside directors) and corporate executives in the form of monthly cash installment payments.

### Performance-based Stock Compensation Plans

Under our performance-based stock compensation plans, qualified directors (excluding outside directors and directors serving as audit committee members), corporate executives and others of MUFG and its major domestic subsidiaries are assigned, on a monthly

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basis, (1) points based on their job responsibilities, or non-adjustable points, and (2) additional points based on their job responsibilities which are adjusted at the end of each fiscal year and at the end of each plan period to reflect the extent to which a financial target measured under Japanese GAAP, an ESG performance target or other factors determined by the compensation committee are attained, or adjustable points. Each plan period corresponds to the period covered by the three-year medium-term business plan of MUFG. Each accumulated point represents a right to receive one share of MUFG common stock from a trust established in Japan to administer the plan grants as determined by the compensation committee.

The right to receive shares of MUFG common stock in exchange for non-adjustable points becomes vested and non-forfeitable, and the shares are delivered, upon the grantee's departure from his or her job responsibilities based on which the right was granted. The right to receive shares of MUFG common stock in exchange for adjustable points becomes vested and non-forfeitable, and the shares are delivered, at the end of each plan period. The vesting in either case is subject to conditions imposed by the compensation committee, including non-engagement in misconduct. A portion of the shares subject to a grantee's vested right may be delivered in cash.

The grantees are entitled to "dividend equivalent credits" on their granted but unvested rights under the plan when MUFG pays dividends to its shareholders. The credit is equal to the dividends that the grantees would have received on the shares had the shares been issued to the grantees in exchange for their granted but unvested rights under the plan, less expenses relating to the administration of the plan. Accumulated dividend equivalents are paid to grantees at the time of the delivery of the shares.

The shares to be delivered to grantees are purchased on the open market by the trustee of a trust pursuant to a trust agreement among MUFG, the trustee and the independent caretaker of the trust. Each plan is funded in cash up to a maximum aggregate amount determined by our compensation committee.

The initial performance-based stock compensation plan commenced on July 1, 2016. The grants under the plan were tied to MUFG's previous medium-term business plan for the three-year period ended March 31, 2018. The trust for the plan was funded with ¥9.8 billion in cash, and 18,785,400 shares of MUFG common stock were purchased by the trustee of the plan trust in May 2016. The plan was adopted after our compensation committee decided in May 2016 to cease to provide any additional stock acquisition rights under our previous stock-based compensation structure and to introduce the performance-based stock compensation plan.

The second performance-based stock compensation plan commenced on December 1, 2016. The trust for the plan was funded with 8.8 billion in cash, and an aggregate of 13,004,300 shares of MUFG common stock were purchased by the trustee of the plan trust in November 2016 and May 2017. The plan was adopted to replace the outstanding stock acquisition rights under our previous stock-based compensation structure. Upon the adoption of the plan, the stock acquisition rights that had been allotted to grantees but remained unexercised under the then-outstanding stock-based compensation plans were exchanged for points under the performance-based stock compensation plan, and the rights to receive shares of MUFG common stock represented by these points were vested. The outstanding stock acquisition rights of grantees who were on overseas assignments at the time of the adoption of the plan were exchanged for points under the performance-based stock compensation plan upon their return to Japan. Each grantee receives shares of MUFG common stock in exchange for points upon the grantee's departure from his or her job responsibilities based on which the right to receive such shares was granted.

On May 15, 2018, the compensation committee approved additional grants under the initial performance-based stock compensation plan, which was amended in connection with the launch of MUFG's previous medium-term business plan for the three-year period ended March 31, 2021. The trust period of the plan trust was extended until August 31, 2021, and the maximum amount of funds to be contributed to the plan trust was reset at ¥26.3 billion. The formula for determining adjustable points under the plan was also revised. In May 2018, the plan trust was funded with ¥9.6 billion in cash, and 13,049,600 shares of MUFG common stock were purchased by the trustee of the plan trust.

On May 17, 2021, the compensation committee approved additional grants under the initial performance-based stock compensation plan, which was amended in connection with the launch of MUFG's previous medium-term business plan for the three-year period ended March 31, 2024. The trust period of the plan trust was extended until August 31, 2024, and the maximum amount of funds to be contributed to the plan trust was reset at ¥26.6 billion. The formula for determining adjustable points under the plan was also revised. In May 2021, the plan trust was funded with ¥8.3 billion in cash, and 13,381,500 shares of MUFG common stock were purchased by the trustee of the plan trust.

On May 15, 2024, the compensation committee approved additional grants under the initial performance-based stock compensation plan, which was amended in connection with the launch of MUFG's new medium-term business plan for the three-year period ending March 31, 2027. The trust period of the plan trust was extended until August 31, 2027, and the maximum amount of funds to be contributed to the plan trust was reset at ¥34.4 billion. The formula for determining adjustable points under the plan was also revised. In May 2024, the plan trust was funded with ¥14.1 billion in cash, and 9,080,700 shares of MUFG common stock were purchased by the trustee of the plan trust.

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For more information on the Performance-based Stock Compensation Plans, see “Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers.”

### *Cash Bonuses*

We from time to time pay cash bonuses to our directors and corporate executives to further motivate them to contribute to the improvement of our stock prices and profits if such bonuses are deemed appropriate based on a balanced scorecard approach taking into account the results of operations of the MUFG Group and each director’s or corporate executive’s individual performance of his or her duties as a director or corporate executive in light of both quantitative and qualitative criteria, including our medium-term strategy for improving our corporate value. None of the outside directors is eligible to receive a cash bonus. The compensation committee determines the cash bonus for each director and corporate executive based on our financial results and his or her job performance for the preceding fiscal year as well as his or her seniority and experience.

### **MUFG Americas Holdings Corporation Stock Bonus Plan**

Under the MUFG Americas Holdings Corporation Stock Bonus Plan, qualified key employees of MUFG Americas Holdings are granted Restricted Share Units, or RSUs, representing a right to receive American Depositary Receipts, or ADRs, evidencing ADSs, each exchangeable for one share of MUFG common stock, from an independent trust established to administer the plan grants, upon the satisfaction of vesting conditions, to be determined pursuant to the plan as well as a Restricted Share Unit Agreement between MUFG Americas Holdings and the grantees.

Unless otherwise provided in the relevant Restricted Share Unit Agreement, RSUs become vested and non-forfeitable as follows: one-third (33 1/3%) of a grantee’s RSUs vests on May 20 of each of the three years following the date of the grant such that all of the RSUs become fully vested after three years from the grant date so long as the grantee satisfies the specified continuous service requirements and any other conditions under the applicable plan documents, subject to certain claw-back and notice period provisions.

Under the plan, the grantees are entitled to “dividend equivalent credits” on their granted but unvested RSUs when MUFG pays dividends to its shareholders. The credit is equal to the dividends that the grantees would have received on the shares had the shares been issued to the grantees in exchange for their granted but unvested RSUs. Accumulated dividend equivalents are paid to grantees in whole shares on an annual basis. Any fractional share will be paid to the participants in cash.

Grants made under the plan are not entitled to any dividend rights, voting rights, or other stockholder rights unless and until RSUs are vested and ADSs are delivered to grantees.

The ADSs to be delivered to grantees will be purchased on the open market by the trustee of the independent trust pursuant to a trust agreement between MUFG Americas Holdings and the trustee. As of June 30, 2024, 152,998,705 RSUs have been granted under the plan, of which 10,657,980 RSUs were outstanding as of June 30, 2024.

For more information on the plan, see “Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers.”

### **Share-Based Compensation Plan for Domestic Employees of Major Subsidiaries**

Under the share-based compensation plan commencing in July 2024, qualified domestic employees holding managerial positions at our major subsidiaries, MUFG Bank, Mitsubishi UFJ Trust and Banking, and Mitsubishi UFJ Morgan Stanley Securities, are assigned, on a monthly basis, pre-determined points in equal installments during the plan period, which is from July 2024 to June 2027. The points accumulated through the end of the share-based compensation plan period by grantees who satisfy applicable conditions will be exchanged for shares of MUFG common stock. Each accumulated point represents a right to receive one share of MUFG common stock from a trust established in Japan in May 2024 to administer the plan grants. Eligibility requirements are determined by each subsidiary.

The right to receive shares of MUFG common stock in exchange for points becomes vested and non-forfeitable, and the shares will be delivered, at the end of the plan period. The vesting is subject to conditions imposed by each subsidiary, including non-engagement in misconduct. A portion of the shares subject to a grantee’s vested right may be delivered in cash.

The grantees are not entitled to any dividends on their granted but unvested rights to receive shares under the plan when MUFG pays dividends to its shareholders. Dividends on such granted but unvested rights are used to cover expenses relating to the administration of the plan or acquire shares for the plan.

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The shares to be delivered to grantees are purchased on the open market by the trustee of a trust pursuant to a trust agreement among MUFG, the trustee and the independent caretaker of the trust. Each plan is funded in cash up to a maximum aggregate amount determined by each subsidiary.

The trust for the plan was funded with ¥ 4.3 billion in cash, and an aggregate of 2,786,900 shares of MUFG common stock were purchased by the trustee of the plan trust in May 2024.

For more information on the plan, see “Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers.”

### **Share Ownership**

As of July 1, 2024, our directors and corporate executives held the following numbers of shares of our common stock:

	<b>Number of Shares Registered</b>
<b><u>Directors</u></b>	
Mariko Fujii	—
Keiko Honda	—
Kaoru Kato	—
Satoko Kuwabara	—
Hirofumi Nomoto	25,000
Mari Elka Pangestu	—
Hiroshi Shimizu	—
David Sneider	—
Koichi Tsuji	—
Kenichi Miyanaga	183,678
Ryoichi Shinke	1,100
Iwao Nagashima	283,681
Junichi Hanzawa	236,500
Makoto Kobayashi	287,958
<b><u>Corporate Executives</u></b>	<b>Number of Shares Registered</b>
Kanetsugu Mike	398,362
Hironori Kamezawa	247,339
Hiroshi Mori	39,585
Yutaka Miyashita	57,700
Fumitaka Nakahama	42,569
Hiroyuki Seki	54,450
Shuichi Yokoyama	71,100
Yasushi Itagaki	42,000
Kenji Horikawa	102,367
Seiichiro Akita	23,012
Takashi Ihara	52,120
Jun Togawa	82,700
Keitaro Tsukiyama	57,269
Toshiki Ochi	46,900
Hideaki Takase	38,100
Tadashi Yamamoto	37,400
Katsunori Yokomaku	29,317



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None of the shares of our common stock held by our directors and corporate executives have voting rights that are different from shares of our common stock held by any other shareholder.

For information on the performance-based stock compensation for our directors and corporate executives, see “—Performance-based Stock Compensation Plans.”

### **C. Board Practices**

Our articles of incorporation provide for a board of directors with statutorily mandated nominating committee, which we call the nominating and governance committee, audit committee and compensation committee, each consisting of members of the board of directors. We have also elected, though not statutorily mandated under the Companies Act of Japan, to establish a risk committee consisting of directors and external experts. We also have a U.S. risk committee pursuant to the U.S. Enhanced Prudential Standards for foreign banking organizations. Our corporate executives are responsible for executing and managing our business operations based on a delegation of authority by the board of directors, and our directors set our key management policies and oversee the execution of duties by these corporate executives.

In June 2015, our shareholders approved an amendment to our articles of incorporation to adopt our current governance framework with a board of directors and the above-mentioned three board committees. We previously had a governance framework with a board of directors and a board of corporate auditors. The Companies Act permits three types of governance system for large companies such as MUFG: (1) a company with a nominating committee, an audit committee and a compensation committee, (2) a company with a board of corporate auditors, and (3) a company with an audit and supervisory committee. Our previous governance framework was based on the second system, and our current governance system is based on the first system.

With respect to companies adopting the first system, including MUFG, each of the nominating, audit and compensation committees must consist of members of the board of directors, and the majority of the members of each committee must be outside directors as defined by the Companies Act.

An “outside director” is defined by the Companies Act as a person who meets all of the following conditions:

- the person is not currently, and has not been in the ten years prior to his or her assumption of office as outside director, an executive director (meaning a director concurrently performing an executive role) (*gyomu shikko torishimariyaku*), a corporate executive, a manager (*shihainin*), or any other type of employee of the company or any of its subsidiaries;
- if the person has been a director, a corporate auditor, or an accounting adviser (*kaikai sanyo*) (other than a person who has been an executive director, a corporate executive, a manager or any other type of employee) of the company or any of its subsidiaries within the ten years prior to his or her assumption of office as outside director, the person was not an executive director, a corporate executive, a manager or any other type of employee of the company or any of its subsidiary in the ten years prior to his or her assumption of office as such;
- the person is not a natural person who controls the company, or a director, a corporate executive, a manager or any other type of employee of the company’s “parent company, etc.” (meaning the company’s parent company or a natural person who controls the company)
- the person is not an executive director, a corporate executive, a manager or any other type of employee of another subsidiary of the company’s parent company or another company controlled by a natural person who controls the company; and
- the person is not the spouse or a family member within the second degree of kinship of a director, a corporate executive, a manager, or any other type of important employee of the company, or a natural person who controls the company.

Further, companies listed on the Prime Market of the Tokyo Stock Exchange, including us, must have the majority of each of nominating and compensation committee members in principle qualify as outside directors who are considered independent based on such internal standards as each company establishes pursuant to the Tokyo Stock Exchange requirements, or independent outside directors, or publicly disclose the reason for not having such directors on each such committee.

The board of directors must appoint corporate executives (*shikkoyaku*) to execute and manage the business operations of the company under the authority delegated by the board of directors. Based on this system, our current governance framework is designed to facilitate more flexible and swifter decision-making and increase transparency in our management processes.

### **Board of Directors**

Our board of directors consists of directors who are elected at a general meeting of shareholders. Under our articles of incorporation, the number of directors may not exceed 20. We currently have 15 directors, nine of whom are independent outside directors and two of whom are internal non-executive directors. Companies listed on the Prime Market of the Tokyo Stock Exchange,

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including us, must have one third (or, in cases where such companies deem appropriate, the majority) of directors qualify as independent outside directors, or publicly disclose the reason for not having such directors on the board of directors.

The regular term of office of a director is one year from the date of election, and directors may serve their terms until the close of the annual general meeting of shareholders held for the following year after their election. Directors may serve any number of consecutive terms.

Under the Companies Act, the board of directors has the authority to determine our basic management policy, make decisions on the execution and management of our business operations, and oversee the execution by the corporate executives of their duties. The board of directors may delegate, to the extent permitted by the Companies Act, the authority to make decisions on the execution and management of our business operations. Our board of directors has delegated most of this authority to the corporate executives.

The board of directors elects the Chairman and the Deputy Chairman from among its members and appoints key management members based on recommendations submitted to it by the nominating committee.

Under the Companies Act, a resolution of the board of directors is required if any director wishes to engage in any business that is in competition with us or any transaction with us. Additionally, no director may vote on a proposal, arrangement or contract in which that director is deemed to be particularly interested.

Neither the Companies Act nor our articles of incorporation contain special provisions as to the borrowing power exercisable by a director, the retirement age of our directors, or a requirement of our directors to hold any shares of our capital stock.

Under the Companies Act and our articles of incorporation, we may exempt, by resolution of the board of directors, our directors from liabilities to MUFG arising in connection with their failure to execute their duties in good faith and without gross negligence within the limits stipulated by applicable laws and regulations. In addition, we have entered into a liability limitation agreement with each outside director and non-executive director which limits the maximum amount of their liability to MUFG arising in connection with a failure to execute their duties in good faith and without gross negligence to the greater of either ¥10 million or the aggregate sum of the amounts prescribed in Paragraph 1 of Article 425 of the Companies Act and Articles 113 and 114 of the Companies Act Enforcement Regulations.

None of our directors is party to a service contract with MUFG or any of its subsidiaries that provides for benefits upon end of their director term.

### **Nominating Committee**

Our nominating committee, which we call the nominating and governance committee, determines the contents of proposals regarding the election and removal of director candidates to be submitted to general meetings of shareholders. The committee also considers and makes recommendations to the board of directors regarding the appointment and removal of the Chairman and the Deputy Chairman of the board of directors and the President & Group CEO of MUFG as well as the chairman and the deputy chairman of the board of directors, the president and others of each of our major subsidiaries. In addition, the committee discusses and makes recommendations to the board of directors on matters pertaining to our governance policy and framework.

Under the Companies Act, the nominating committee must consist of at least three directors, and the majority of its members must be outside directors. Further, companies listed on the Prime Market of the Tokyo Stock Exchange, including us, must have the majority of nominating committee members in principle qualify as independent outside directors or publicly disclose the reason for not having such directors on the nominating committee. Our nominating committee, which we call the nominating and governance committee, currently consists of five directors. The chairman of the committee is Hirofumi Nomoto, an independent outside director. The other members of this committee are Mariko Fujii, Kaoru Kato and Satoko Kuwabara, who are independent outside directors, and Hironori Kamezawa, Director, President & Group CEO. Between April 2023 and March 2024, the nominating and governance committee met 10 times.

### **Audit Committee**

The audit committee determines the contents of proposals pertaining to the election, termination and non-appointment of our independent auditor to be submitted to general meetings of shareholders. The committee also monitors and audits the execution by the directors and the corporate executives of their duties and prepares audit reports to the board of directors. In order to effectively perform its duties, the committee reviews, inspects and investigates, as necessary, the management of the operations of MUFG and its subsidiaries, including financial reporting and internal controls. In addition, the committee has the power to consent to decisions on the compensation to be paid to our independent auditor.

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Under the Companies Act, the audit committee must consist of at least three non-executive directors, and the majority of its members must be outside directors. Our committee currently has five members. The chairman of the committee is Koichi Tsuji, an independent outside director. The other members of the committee are Keiko Honda and Kaoru Kato, who are independent outside directors, and Kenichi Miyanaga and Ryoichi Shinke, who are non-executive directors. Between April 2023 and March 2024, the audit committee met 16 times.

### **Compensation Committee**

The compensation committee establishes our policy regarding the determination of the compensation of MUFG's directors, corporate executives, executive officers (*shikko yakuin*) and others and also determines the details of individual compensation based on the policy. The committee discusses and makes recommendations to the board of directors regarding the establishment, revision and abolition of compensation systems for the chairman, the deputy chairman, the president and others of each of our major subsidiaries.

Under the Companies Act, the compensation committee must consist of at least three directors, and the majority of its members must be outside directors. Further, companies listed on the Prime Market of the Tokyo Stock Exchange, including us, must have the majority of compensation committee members in principle qualify as independent outside directors or publicly disclose the reason for not having such directors on the compensation committee. Our compensation committee currently consist of five directors. The chairperson of the committee is Satoko Kuwabara, an independent outside director. The other members of this committee are Mariko Fujii, Kaoru Kato and Hirofumi Nomoto, who are independent outside directors, and Hironori Kamezawa, Director, President & Group CEO. Between April 2023 and March 2024, the compensation committee met 7 times.

### **Risk Committee**

In addition to the foregoing three committees, which are mandated by the Companies Act, we have a risk committee, which was initially established under our previous governance framework and which we continue to have under our current governance framework on a voluntary basis. The risk committee deliberates and makes recommendations to the board of directors on matters regarding group-wide risk management as well as top risk matters.

MUFG Corporate Governance Policies provide that the committee shall consist of directors and external experts. The committee currently has eight members. The chairperson of the committee is Mariko Fujii, an independent outside director. The other members of this committee are Mari Elka Pangestu, Hiroshi Shimizu and David Sneider, who are independent outside directors, Hideaki Takase, Managing Corporate Executive and Group CSO, and Shinichi Koide, Takeo Hoshi and Keishi Hotsuki, who are external experts. Between April 2023 and March 2024, the risk committee met four times.

### **U.S. Risk Committee**

The U.S. risk committee oversees the risk management function for our combined U.S. operations. Its oversight role includes, but is not limited to, all roles and responsibilities required under the FRB's final rules for Enhanced Prudential Standards for foreign banking organizations. The committee monitors liquidity and all other types of risk exposures, reviews the risk management policies and procedures, and oversees compliance with such policies and procedures for our combined U.S. operations. The committee is a subcommittee of the board of directors of MUFG, and reports and makes recommendations to MUFG's board of directors and MUFG's risk committee.

The members of the U.S. risk committee are appointed by MUFG's board of directors after consideration of member candidates reviewed and recommended by MUFG's risk committee and nominating and governance committee. The committee shall consist of five or more members including delegate(s) from MUFG and at least one independent member.

### **Corporate Executives**

Our corporate executives are responsible for executing and managing our business operations within the scope of the authority delegated to them by the board of directors.

Under the Companies Act, at least one corporate executive must be appointed by a resolution of the board of directors. We currently have 17 corporate executives. Under our articles of incorporation, the board of directors shall appoint a representative corporate executive who may represent us severally and may appoint a president and a deputy president and others. The term of office of each corporate executive expires at the conclusion of the first meeting of the board of directors convened after the ordinary general meeting of shareholders for the last fiscal year that ends within one year following the corporate executive's assumption of office.

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Under the Companies Act, a resolution of the board of directors is required if any corporate executive wishes to engage in any business that is in competition with us or any transaction with us.

Under the Companies Act and our articles of incorporation, we may exempt, by resolution of the board of directors, our corporate executives from liabilities to MUFG arising in connection with their failure to execute their duties in good faith and without gross negligence within the limits stipulated by applicable laws and regulations. We, however, currently have no such arrangements with any of our corporate executives.

### **Executive Committee**

The executive committee, as the primary decision-making body for the business execution of the MUFG Group, discusses and makes decisions about important matters related to the execution and management of our business operations and governance. The chairperson of the committee is Hironori Kamezawa, President & Group CEO. The committee members primarily consist of all representative corporate executives and such corporate executives and executive officers as designated by the president. The President & Group CEO may, as necessary, request our Group C-suite executives to attend committee meetings, and the members of the audit committee are also allowed to attend. The executive committee normally meets once every other week.

### **D. Employees**

As of March 31, 2024, we had approximately 140,000 employees, an increase of approximately 18,200 employees compared with the number of employees as of March 31, 2023 primarily due to the acquisition of HC Consumer Finance Philippines, Inc. by Krungsri in June 2023. In addition, as of March 31, 2024, we had approximately 27,500 part-time and temporary employees. The following tables show the percentages of our employees across our different business units and in different locations as of March 31, 2024:

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### **Business unit**

#### **MUFG Bank:**

Retail & Commercial Banking Business Unit	10%
Japanese Corporate & Investment Banking Business Unit	3
Global Corporate & Investment Banking Business Unit	2
Global Commercial Banking Business Unit	48
Global Markets Business Unit	1
Digital Service Business Unit	4
Corporate Center/Corporate Staff	12

#### **Mitsubishi UFJ Trust and Banking:**

Trust-Banking	3
Trust Assets	5
Real Estate	1
Global Markets	0
Administration and subsidiaries	2

#### **Mitsubishi UFJ Securities Holdings:**

Retail & Commercial Banking Business Unit	2
Japanese Corporate & Investment Banking Business Unit	1
Global Corporate & Investment Banking Business Unit	0
Global Commercial Banking Business Unit	0
Trust Assets Business Unit	0
Global Markets Business Unit	1
Digital Service Business Unit	0
Corporate Center/Corporate Staff	1

#### **Mitsubishi UFJ NICOS:**

Business Marketing Division	1
Credit Risk Management & Risk Assets Administration Division	1
Operations Division	0
Systems & Systems Integration Division	0
Corporate Division	0
Others	0

<b>Others</b>	<b>2</b>
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100%

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### **Location**

<b>MUFG Bank:</b>	
Japan	21%
United States	4
Europe	2
Asia/Oceania excluding Japan	53
Other areas	1
<b>Mitsubishi UFJ Trust and Banking:</b>	
Japan	7
United States	1
Europe	1
Asia/Oceania excluding Japan	1
<b>Mitsubishi UFJ Securities Holdings:</b>	
Japan	4
United States	0
Europe	1
Asia/Oceania excluding Japan	0
<b>Mitsubishi UFJ NICOS:</b>	
Japan	2
United States	0
Europe	0
Asia/Oceania excluding Japan	0
<b>Others</b>	2
	<u>100%</u>

Most of our employees are members of an employees' union, which negotiates on behalf of employees in relation to remuneration and working conditions. We believe our labor relations to be good.

### **E. Share Ownership**

The information required by this item is set forth in “—B. Compensation.”

### **F. Disclosure of a Registrant's Action to Recover Erroneously Awarded Compensation**

As described elsewhere in this annual report, we have restated our consolidated financial statements for the fiscal year ended March 31, 2023. As a result, the independent directors on the compensation committee considered whether incentive-based compensation was erroneously awarded and whether recovery would be required under the executive compensation recovery policy adopted by the compensation committee, effective October 2, 2023, in accordance with the NYSE listing standards implementing Rule 10D-1 under the U.S. Securities Exchange Act. These directors have concluded that, because the restatement does not impact any of the factors that were considered in determining the incentive-based compensation amounts, no incentive-based compensation was erroneously-awarded and, therefore, no compensation recovery is required under the executive compensation recovery policy.



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### Item 7. Major Shareholders and Related Party Transactions.

#### A. Major Shareholders

As of March 31, 2024, we had 1,329,155 registered shareholders of our common stock. The ten largest holders of our common stock appearing on the register of shareholders as of March 31, 2024, and the number and the percentage of such shares held by each of them, were as follows:

Name	Number of shares held	Percentage of total shares in issue <sup>(3)</sup>
The Master Trust Bank of Japan, Ltd. (Trust account) <sup>(1)</sup>	1,827,847,300	14.81%
Custody Bank of Japan, Ltd. (Trust account) <sup>(1)</sup>	657,884,500	5.33%
THE BANK OF NEW YORK MELLON AS DEPOSITARY BANK FOR DR HOLDERS <sup>(2)</sup>	237,478,862	1.92%
STATE STREET BANK WEST CLIENT - TREATY 505234	228,117,391	1.84%
SSBTC CLIENT OMNIBUS ACCOUNT	195,443,497	1.58%
The Master Trust Bank of Japan, Ltd. (Meiji Yasuda Life Insurance Company retirement benefit trust account)	175,000,000	1.41%
JP MORGAN CHASE BANK 385781	159,326,950	1.29%
GOVERNMENT OF NORWAY	157,536,315	1.27%
Toyota Motor Corporation	149,263,153	1.20%
Nippon Life Insurance Company	142,562,953	1.15%
Total	<u>3,930,460,921</u>	<u>31.85%</u>

Notes:

- (1) Includes the shares held in trust accounts, which do not disclose the names of beneficiaries.
- (2) An owner of record for our ADSs.
- (3) Numbers are truncated after two decimal points.
- (4) According to a beneficial ownership report on Schedule 13G filed with the SEC by BlackRock Inc. on February 5, 2024, BlackRock and its consolidated subsidiaries beneficially owned an aggregate of 7.0% of the outstanding shares of our common stock as of December 31, 2023. Other than as described in the table above, we have not independently confirmed this beneficial ownership information. According to a beneficial ownership report on Schedule 13G filed with the SEC by Sumitomo Mitsui Trust Holdings, Inc. on February 5, 2024, Sumitomo Mitsui Trust Holdings and its consolidated subsidiaries beneficially owned an aggregate of 4.9% of the outstanding shares of our common stock as of December 31, 2023. Other than as described in the table above, we have not independently confirmed this beneficial ownership information.

As of March 31, 2024, 1,427,095 shares, representing approximately 0.01% of our outstanding common stock, were held by our directors and corporate executives.

As of March 31, 2024, 1,794,127,070 shares, representing 14.54% of our outstanding common stock, were owned by 443 U.S. shareholders of record who are resident in the United States, one of whom is the ADR depository's nominee holding 237,478,862 shares, or 1.92%, of our total issued shares of common stock.

Our major shareholders do not have different voting rights.

#### B. Related Party Transactions

As of March 31, 2024, we held approximately 23.2% of the voting rights in Morgan Stanley and Series C Preferred Stock with a face value of approximately \$521.4 million and 10% dividend. We also have two representatives appointed to Morgan Stanley's board of directors. We adopted the equity method of accounting for our investment in Morgan Stanley beginning with the fiscal year ended March 31, 2012. In April 2018, we entered into a sales plan with Morgan Stanley and Morgan Stanley & Co. LLC, pursuant to which we will sell portions of the shares of Morgan Stanley common stock that we hold to Morgan Stanley through Morgan Stanley & Co. LLC acting as agent for Morgan Stanley to the extent necessary to ensure that our beneficial ownership will remain below 24.9%. In December 2020, this sales plan was suspended upon notice by Morgan Stanley to us in accordance with the terms of the plan.

We and Morgan Stanley have two securities joint venture companies, namely, Mitsubishi UFJ Morgan Stanley Securities and Morgan Stanley MUFG Securities, in Japan. We hold a 60% economic interest in Mitsubishi UFJ Morgan Stanley Securities and Morgan Stanley MUFG Securities, and Morgan Stanley holds a 40% economic interest in Mitsubishi UFJ Morgan Stanley Securities

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and Morgan Stanley MUFG Securities. We hold a 60% voting interest and Morgan Stanley holds a 40% voting interest in Mitsubishi UFJ Morgan Stanley Securities, and we hold a 49% voting interest and Morgan Stanley holds a 51% voting interest in Morgan Stanley MUFG Securities.

We and Morgan Stanley continue to pursue a variety of business opportunities in Japan and abroad in accordance with the global strategic alliance. For a detailed discussion of our global alliance with Morgan Stanley, see “Item 4.B. Information on the Company—Business Overview—Global Strategic Alliance with Morgan Stanley.”

We and our banking subsidiaries had, and expect to have in the future, banking transactions and other transactions in the ordinary course of business with our related parties. Although for the fiscal year ended March 31, 2024, such transactions included, but were not limited to, call money, loans, electronic data processing, leases and management of properties, those transactions were immaterial and were made at prevailing market rates, terms and conditions and do not involve more than the normal risk of collectability or present other unfavorable features.

None of our directors or corporate executives, nor any of the close members of their respective families, has had any transactions or has any presently proposed transactions that are material or any transactions that are unusual in their nature or conditions, involving goods, services or tangible or intangible assets, to which we were, are or will be a party.

No loans have been made to our directors or corporate executives other than in the normal course of business, on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons, involving no more than the normal risk of collectability and presenting no other unfavorable features. In addition, no loans have been made to our directors or corporate executives other than as permitted under Section 13(k) of the U.S. Securities Exchange Act and Rule 13k-1 promulgated thereunder.

No family relationship exists among any of our directors or corporate executives. No arrangement or understanding exists between any of our directors or corporate executives and any other person pursuant to which any director or corporate executive was elected to his or her position at MUFG.

As part of our compensation structure, we have granted performance-based stock compensation rights to our directors and corporate executives. For a detailed discussion of the stock acquisition rights, see “Item 6.B. Directors, Senior Management and Employees—Compensation.”

### **C. Interests of Experts and Counsel**

Not applicable.

## **Item 8. Financial Information.**

### **A. Consolidated Statements and Other Financial Information**

The information required by this item is set forth in our consolidated financial statements starting on page F-1 of this Annual Report and in “Selected Statistical Data” starting on page A-1 of this Annual Report.

Pursuant to Rule 3-09 of Regulation S-X, the financial statements and supplementary data of Morgan Stanley, our equity method investee, as of December 31, 2022 and 2023 and for the fiscal years ended December 31, 2021, 2022 and 2023, are incorporated in this Annual Report as Exhibit 99(c) by reference to Morgan Stanley’s annual report on Form 10-K filed on February 22, 2024.

### **Legal Proceedings**

From time to time, we are involved in various litigation matters and other legal proceedings, including regulatory actions. Although the final resolution of any such matters and proceedings could have a material effect on our consolidated operating results for a particular reporting period, based on our current knowledge and consultation with legal counsel, we believe the current litigation matters and other legal proceedings, when ultimately determined, will not materially affect our results of operations or financial position. For more information, see “Item 3.D. Key Information—Risk Factors—Operational Risk—We may become subject to regulatory actions or other legal proceedings relating to our transactions or other aspects of our operations, which could result in significant financial losses, restrictions on our operations and damage to our reputation.” and Note 26 to our consolidated financial statements.

## **Distributions**

Our board of directors submits a recommendation for a year-end dividend for our shareholders' approval at the ordinary general meeting of shareholders customarily held in June of each year. The year-end dividend is usually distributed immediately following shareholders' approval to holders of record at the end of the preceding fiscal year. In addition to year-end dividends, we may make cash distributions by way of interim dividends to shareholders of record as of September 30 of each year as distribution of surplus by resolution of our board of directors. Year-end dividends in the amount of ¥20.5 per share of our common stock (in addition to interim dividends of ¥20.5 per share of our common stock) for the fiscal year ended March 31, 2024 were approved by shareholders at the ordinary general meeting of shareholders held on June 29, 2024.

See Exhibit 2(c) to this Annual Report for additional information on our dividends policy.

Under the Japanese foreign exchange regulations currently in effect, dividends paid on shares held by non-residents of Japan may be converted into any foreign currency and repatriated abroad. Under the terms of the deposit agreement pursuant to which ADSs are issued, the depository is required, to the extent that in its judgment it can convert Japanese yen on a reasonable basis into U.S. dollars and transfer the resulting U.S. dollars to the United States, to convert all cash dividends that it receives in respect of deposited shares into U.S. dollars and to distribute the amount received, after deduction of any applicable withholding taxes, to the holders of ADSs. See "Item 10.D. Additional Information—Exchange Controls" and Exhibit 2(c) to this Annual Report.

## **B. Significant Changes**

Other than as described in this Annual Report, no significant changes have occurred since the date of our consolidated financial statements included in this Annual Report.

## **Item 9. The Offer and Listing.**

### **A. Offer and Listing Details**

The principal market for our common stock is the Tokyo Stock Exchange in Japan. Our common stock is also listed on the Nagoya Stock Exchange in Japan. The listing code assigned to our common stock in Japan is 8306.

In the United States, ADSs, each representing one share of common stock, are quoted on the New York Stock Exchange under the symbol, "MUFG."

### **B. Plan of Distribution**

Not applicable.

### **C. Markets**

The information required by this item is set forth in "—A. Offer and Listing Details."

### **D. Selling Shareholders**

Not applicable.

### **E. Dilution**

Not applicable.

### **F. Expenses of the Issue**

Not applicable.

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### **Item 10. Additional Information.**

#### **A. Share Capital**

Not applicable.

#### **B. Memorandum and Articles of Association**

##### **Our Corporate Purpose**

Article 2 of our Articles of Incorporation provides that our corporate purpose is to carry on the following businesses:

- administration of management of banks, trust banks, specialized securities companies, insurance companies or other companies which we may own as our subsidiaries under the Banking Act;
- any businesses incidental to the foregoing businesses mentioned in the preceding item; and
- any other businesses in which bank holding companies are permitted to engage under the Banking Act in addition to the foregoing businesses mentioned in the preceding two items.

##### **Board of Directors**

For discussion of the provisions of our Articles of Incorporation as they apply to our directors, see “Item 6.C. Directors, Senior Management and Employees—Board Practices.”

##### **Common Stock**

As of March 31, 2024, a total of 12,337,710,920 shares of common stock (including 610,482,347 shares of common stock held by us and our consolidated subsidiaries as treasury stock) had been issued. Each of the shares issued and outstanding was fully paid and non-assessable.

For a description of our common stock, see Exhibit 2(c) to this Annual Report.

##### **Preferred Stock**

We currently have no shares of preferred stock issued.

For a description of preferred stock we are authorized to issue under our Articles of Incorporation, see Exhibit 2(c) to this Annual Report.

#### **C. Material Contracts**

Except as described elsewhere in this Annual Report, all material contracts entered into by us in the past two years preceding the filing of this Annual Report were entered into in the ordinary course of business.

#### **D. Exchange Controls**

##### **Foreign Exchange and Foreign Trade Law**

The following is a general summary of major Japanese foreign exchange controls regulations applicable to holders of shares of our common stock or voting rights thereunder who are “foreign investors,” as described below. The statements regarding Japanese foreign exchange controls regulations set forth below are based on the laws and regulations in force and as interpreted by the Japanese authorities as of the date of this Annual Report and are subject to subsequent changes in the applicable Japanese laws or interpretations thereof. This summary is not exhaustive of all possible foreign exchange controls considerations that may apply to a particular investor, and potential investors are advised to satisfy themselves as to the overall foreign exchange controls consequences of the acquisition, ownership and disposition of shares of our common stock or voting rights thereunder by consulting their own advisors.

The Foreign Exchange and Foreign Trade Law of Japan and the cabinet orders and ministerial ordinances incidental thereto, collectively known as the Foreign Exchange Law, set forth, among other matters, regulations relating to the receipt by non-residents of Japan of payment with respect to shares to be issued by us and the acquisition and holding of shares and voting rights by non-residents

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of Japan and foreign investors, both as defined below. It also applies to the acquisition and holding of ADSs representing authority to exercise our voting rights by foreign investors that constitutes an “inward direct investment” as described below.

“Non-residents of Japan” are defined as individuals who are not resident in Japan and corporations whose principal offices are located outside Japan. Generally, the branches and offices of non-resident corporations which are located in Japan are regarded as residents of Japan while the branches and offices of Japanese corporations located outside Japan are regarded as non-residents of Japan.

“Foreign investors” are defined as:

- natural persons who are non-residents of Japan;
- corporations which are organized under the laws of foreign countries or whose principal offices are located outside Japan;
- corporations of which 50% or more of the shares are directly or indirectly held by individuals not resident of Japan and corporations which are organized under the laws of foreign countries or whose principal offices are located outside Japan;
- (A) partnerships 50% or more of whose contributions are made by (1) natural persons who are non-residents of Japan, (2) corporations which are organized under the laws of foreign countries or whose principal offices are located outside Japan, (3) corporations of which 50% or more of the shares are directly or indirectly held by individuals not resident of Japan and corporations which are organized under the laws of foreign countries or whose principal offices are located outside Japan, (4) corporations, a majority of the officers (or a majority of the officers having the power to represent the corporation) of which are non-resident individuals, or (5) other partnerships a majority of whose operating partners fall under any of (1) through (4), or (B) partnerships a majority of whose operating partners are (i) any of (1) through (5) above, (ii) other partnerships 50% or more of whose contributions are made by non-residents of Japan or partnerships that are any of (1) through (5) above, or (iii) certain limited liability partnerships under the Limited Liability Partnership Act; and
- corporations, a majority of officers (or a majority of officers having the power of representation) of which are non-resident individuals.

### **Dividends and Proceeds of Sales**

Under the Foreign Exchange Law, dividends paid on, and the proceeds of sales in Japan of, shares held by non-residents of Japan may in general be converted into any foreign currency and repatriated abroad. The acquisition of our shares by non-residents of Japan by way of a stock split is not subject to any notification or reporting requirements.

### **Acquisition of Shares**

In general, a non-resident of Japan who acquires shares from a resident of Japan is not subject to any prior filing requirement, although the Foreign Exchange Law empowers the Minister of Finance of Japan to require a prior approval for any such acquisition in certain limited circumstances.

### **Inward Direct Investment in Shares of Listed Companies**

For the purpose of the regulations in connection with an “inward direct investment” under the Foreign Exchange Law, Japanese listed companies are classified into the following categories:

- (i) companies engaged only in the businesses other than certain businesses (the “Designated Businesses”) designated by the Foreign Exchange Act as Designated Businesses;
- (ii) companies engaged in the Designated Businesses other than the certain Designated Businesses designated by the Foreign Exchange Act as core sector businesses (the “Core Sector Designated Businesses”); and
- (iii) companies engaged in the Core Sector Designated Businesses.

For reference purposes only, the Minister of Finance publishes, and may update from time to time, a list that classifies Japanese listed companies into the above categories, and according to the list published by the Minister of Finance on April 24, 2023, businesses which are currently engaged in by us are classified as category (ii), i.e., the Designated Business other than the Core Sector Designated Businesses.

### **Definition of Inward Direct Investment**

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If a foreign investor acquires shares or voting rights of a Japanese company that is listed on a Japanese stock exchange and, as a result of the acquisition, the foreign investor, in combination with any existing holdings, directly or indirectly holds 1% or more of the issued shares or the total number of voting rights of the relevant company, such acquisition constitutes an “inward direct investment.” In addition, acquisition of the authority to exercise, or instruct to exercise, voting rights held by other shareholders that results in the foreign investor, in combination with any existing shareholding, directly or indirectly holding 1% or more of the total number of voting rights of the relevant company, constitutes an “inward direct investment.”

In addition to the acquisitions of shares or voting rights described above, if a foreign investor (i) is granted the authority to exercise proxy voting rights on behalf of other shareholders of the relevant company regarding certain matters which may control substantially or have material influence on the management of such company such as the election or removal of directors or (ii) obtains consent from another foreign investor holding the voting rights of the relevant company to exercise the voting rights of such company jointly, and, in each case, as a result of any of these arrangements, the number of the voting rights directly or indirectly held by the foreign investor, including the total number of the voting rights subject to such proxy, or the sum of the number of the voting rights directly or indirectly held by the foreign investor and such other foreign investors subject to such joint voting agreement, as the case may be, is 10% or more of the total number of voting rights of the relevant company, each such arrangement regarding voting rights (“voting arrangement”) constitutes an “inward direct investment.” Additionally, if a foreign investor who directly or indirectly holds 1% or more of the total voting rights of a Japanese listed company, at a general meeting of shareholders, consents to certain proposals having material influence on the management of such company such as (i) election of such foreign investor or its related persons (as defined in the Foreign Exchange Act) as directors or corporate auditors of the relevant company or (ii) transfer or discontinuation of its business, such consent will also constitute an “inward direct investment.”

### **Prior Notification Requirements**

If a foreign investor intends to consummate an acquisition of shares or voting rights of a Japanese listed company that constitutes an “inward direct investment” as described above, in certain circumstances, such as where the foreign investor is in a country that is not listed on an exemption schedule in the Foreign Exchange Act or where that Japanese company is engaged in the Designated Businesses, prior notification of the relevant inward direct investment must be filed with the Minister of Finance and any other competent Ministers.

However, a foreign investor seeking to acquire shares or voting rights of a Japanese listed company or the authority to exercise, either directly or through instructions, voting rights held by other shareholders that constitutes an “inward direct investment” may be eligible for the exemptions, if certain conditions are met.

In the case of an acquisition of shares or voting rights or the authority to exercise, voting rights of a Japanese listed company that is engaged in the Designated Businesses other than Core Sector Designated Businesses, like us, the foreign investor may be exempted from the prior notification requirement if such foreign investor complies with the following conditions:

(i) the foreign investor or its closely-related persons (as defined in the Foreign Exchange Law) will not become directors or corporate auditors of the relevant company;

(ii) the foreign investor will not make certain proposals (as prescribed in the Foreign Exchange Law) at a general meeting of shareholders, including transfer or discontinuation of the Designated Businesses of the relevant company; and

(iii) the foreign investor will not access non-public technical information in relation to the Designated Businesses of the relevant company, or take certain other actions that may lead to the leak of such non-public technical information (as prescribed in the Foreign Exchange Law).

Notwithstanding the above, if a foreign investor falls under a category of disqualified investors designated by the Foreign Exchange Law (including (a) investors who have records of certain sanctions due to violations of the Foreign Exchange Law and (b) certain investors who are state-owned enterprises or other related entities excluding those who are accredited by the Minister of Finance), in no event may such foreign investor be eligible for the exemptions described above.

In addition, if a foreign investor intends to make a voting arrangement with respect to a Japanese listed company engaged in the Designated Businesses or consents to a proposal at a general meeting of shareholders of such company, in each case, that constitutes an “inward direct investment” as described above, in certain circumstances, prior notification of the relevant inward direct investment must be filed with the Minister of Finance and any other competent Ministers. However, the exemptions from the prior notification requirements may be available in the cases where the relevant voting arrangement is regarding matters other than certain matters which may control substantially or have material influence on the management of the relevant company, such as the election or removal of directors, which would have required prior notification.

### **Procedures for Prior Notification**



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If such prior notification is filed, the proposed inward direct investment may not be consummated until after 30 days have passed from the date of filing, although this screening period may be shortened to two weeks unless the Ministers deem it necessary to review the proposed inward direct investment. The Ministers may extend the screening period up to five months if they deem it necessary to review the proposed inward direct investment and may recommend any modification or abandonment of the proposed inward direct investment and, if the foreign investor does not accept such recommendation, the Ministers may order the modification or abandonment of such inward direct investment. In addition, if the Ministers consider the proposed inward direct investment to be an inward direct investment that is likely to cause damage to the national security of Japan and, if a foreign investor (i) consummates such inward direct investment without filing the prior notification described above; (ii) consummates such inward direct investment before the expiration of the screening period described above; (iii) in connection with such inward direct investment, makes false statements in the prior notification described above; or (iv) does not follow the recommendation or order issued by the Ministers to modify or abandon such inward direct investment, the Ministers may order such foreign investor to dispose of all or part of the shares acquired or take other measures.

### **Post Facto Reporting Requirements**

A foreign investor who consummates an inward direct investment as described above through an acquisition of shares or voting rights or the authority to exercise, directly or through instructions, voting rights of a Japanese listed company that is engaged in the Designated Businesses, but is not subject to the prior notification requirements described above due to the exemptions from such prior notification requirements, in general, must file a report of the relevant inward direct investment with the Minister of Finance and any other competent Ministers having jurisdiction over such Japanese company within 45 days of such inward direct investment when, as a result of such acquisition, the foreign investor (excluding, in the cases of (i) and (ii) below, a foreign investor who falls under a category of certain foreign financial institutions (as prescribed in the Foreign Exchange Law)) directly or indirectly holds (i) 1% or more but less than 3% of the total number of issued shares or voting rights, for the first time, (ii) 3% or more but less than 10% of the total number of issued shares or voting rights, for the first time, or (iii) 10% or more of the total number of issued shares or voting rights.

### **Deposit and Withdrawal under American Depositary Facility**

The deposit of shares with us, in our capacity as custodian and agent for the depositary, in Tokyo, the issuance of ADSs by the depositary to a non-resident of Japan in respect of the deposit and the withdrawal of the underlying shares upon the surrender of the ADSs, in each case by a foreign investor, where such acquisition of ADSs or withdrawal of the underlying shares constitutes an inward direct investment, in general, a prior notification will be required unless the exemption is available, as noted above, and if such prior notification is not required due to the exemption, a post facto report will be required, as noted above.

### **Reporting of Substantial Shareholdings**

The Financial Instruments and Exchange Act of Japan requires any person who has become, beneficially and solely or jointly, a holder of more than 5% of the total issued shares of capital stock of a company listed on any Japanese financial instruments exchange or whose shares are traded on the over-the-counter market in Japan to file with the director of a competent finance bureau within five business days a report concerning such shareholding.

A similar report must also be filed in respect of any subsequent change of 1% or more in any such holding ratio or any change in material matters set out in reports previously filed, with certain exceptions. For this purpose, shares issuable to such person upon exchange of exchangeable securities, conversion of convertible securities or exercise of share subscription warrants or stock acquisition rights (including those incorporated in bonds with stock acquisition rights) are taken into account in determining both the number of shares held by such holder and the issuer's total issued shares of capital stock.

## **E. Taxation**

### **Japanese Taxation**

The following sets forth the material Japanese tax consequences to owners of shares of our common stock or ADSs who are non-resident individuals or non-Japanese corporations without a permanent establishment in Japan to which the relevant income is attributable, which we refer to as "non-resident holders" in this section. The statements regarding Japanese tax laws below are based on the laws in force and as interpreted by the Japanese taxation authorities as at the date of this Annual Report and are subject to changes in the applicable Japanese laws, double taxation treaties, conventions or agreements or interpretations thereof occurring after that date. This summary is not exhaustive of all possible tax considerations that may apply to a particular investor, and potential investors are advised to satisfy themselves as to the overall tax consequences of the acquisition, ownership and disposition of shares of our common stock or ADSs, including specifically the tax consequences under Japanese law, the laws of the jurisdiction of which they are resident and any tax treaty between Japan and their country of residence, by consulting their own tax advisers.

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Generally, a non-resident holder of shares of our common stock or ADSs is subject to Japanese withholding tax on dividends paid by us. In the absence of any applicable tax treaty, convention or agreement reducing the rate of withholding tax, the rate of Japanese withholding tax applicable to dividends paid by us to non-resident holders is (i) 15.315% for dividends to be paid on or before December 31, 2037 and (ii) 15% for dividends to be paid thereafter, except for dividends paid to any individual non-resident holder who holds 3% or more of our issued shares for which the applicable rate is (a) 20.42% for dividends to be paid on or before December 31, 2037 and (b) 20% for dividends to be paid thereafter, pursuant to Japanese tax law.

The Tax Convention establishes the maximum rate of Japanese withholding tax which may be imposed on dividends paid to a U.S. resident not having a permanent establishment in Japan. Under the Tax Convention, the maximum withholding rate for U.S. holders (as defined below) is generally set at 10% of the gross amount distributed. However, the maximum rate is 5% of the gross amount distributed if the recipient is a corporation and owns directly or indirectly, on the date on which entitlement to the dividends is determined, at least 10% of the voting shares of the paying corporation. Furthermore, the amount distributed shall not be taxed if the recipient is (i) a pension fund which is a U.S. resident, provided that such dividends are not derived from the carrying on of a business, directly or indirectly, by such pension fund or (ii) a company with a 50% or more interest in the paying company and satisfies certain other requirements. U.S. holders (as defined below) are urged to consult their own tax advisors with respect to their eligibility for benefits under the Tax Convention.

Japanese tax law provides in general that if the Japanese statutory rate is lower than the maximum rate applicable under tax treaties, conventions or agreements, the Japanese statutory rate as stated above shall be applicable.

Non-resident holders of shares who are entitled to a reduced rate of Japanese withholding tax on payments of dividends on the shares of our common stock or ADSs by us are required to submit an Application Form for the Income Tax Convention regarding Relief from Japanese Income Tax on Dividends, or an Application Form for the Income Tax Convention, in advance through a paying handling agent to the relevant tax authority before the payment of dividends. A standing proxy for non-resident holders may provide this application service for the non-resident holders. In this regard, a certain simplified special filing procedure is available for non-resident holders to claim treaty benefits of exemption from or reduction of Japanese withholding tax with respect to dividends to be paid on or after January 1, 2014, by submitting a Special Application Form for Income Tax Convention regarding Relief from Japanese Income Tax and Special Income Tax for Reconstruction on Dividends of Listed Stocks (together with any other required forms and documents). With respect to ADSs, this reduced rate or exemption will be applicable to non-resident holders of ADSs if the depositary or its agent submits two Application Forms (one before payment of dividends and the other within eight months after the record date concerning such payment of dividends), together with certain other documents. To claim this reduced rate or exemption, non-resident holders of ADSs will be required to file a proof of taxpayer status, residence and beneficial ownership, as applicable, and to provide other information or documents as may be required by the depositary. Non-resident holders who are entitled, under any applicable tax treaty, to a reduced rate of Japanese withholding tax below the rate otherwise applicable under Japanese tax law, or exemption therefrom, as the case may be, but fail to submit the required application in advance may nevertheless be entitled to claim a refund from the relevant Japanese tax authority of withholding taxes withheld in excess of the rate under an applicable tax treaty (if such non-resident holders are entitled to a reduced treaty rate under the applicable tax treaty) or the full amount of tax withheld (if such non-resident holders are entitled to an exemption under the applicable tax treaty), as the case may be, by complying with a certain subsequent filing procedure. We do not assume any responsibility to ensure withholding at the reduced rate, or an exemption therefrom, for non-resident holders who would be so eligible under an applicable tax treaty but where the required procedures as stated above are not followed.

Gains derived from the sale or other disposition of shares of our common stock or ADSs by a non-resident holder are not, in general, subject to Japanese income or corporation taxes or other Japanese taxes.

Any deposits or withdrawals of shares of our common stock by a non-resident holder in exchange for ADSs are not subject to Japanese income or corporation tax.

Japanese inheritance and gift taxes, at progressive rates, may be payable by an individual who has acquired shares of our common stock or ADSs as legatee, heir or donee, even if none of the individual, the decedent or the donor is a Japanese resident.

### **U.S. Taxation**

The following sets forth the material U.S. federal income tax consequences of the ownership of shares and ADSs by a U.S. holder, as defined below. This summary is based on U.S. federal income tax laws, including the U.S. Internal Revenue Code of 1986, or the Code, its legislative history, existing and proposed Treasury regulations thereunder, published rulings and court decisions, and the Tax Convention (as defined above), all of which are subject to change, possibly with retroactive effect.

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The following summary is not a complete analysis or description of all potential U.S. federal income tax consequences to a particular U.S. holder. It does not address all U.S. federal income tax considerations that may be relevant to all categories of potential purchasers, certain of which (such as banks or other financial institutions, insurance companies, dealers in securities, tax-exempt entities, non-U.S. persons, persons holding a share or an ADS as part of a “straddle,” “hedge,” conversion or integrated transaction, holders whose “functional currency” is not the U.S. dollar, holders liable for alternative minimum tax, holders required to report income no later than when such income is reported on an “applicable financial statement,” and holders of 10% or more of our shares by vote or value) are subject to special tax treatment. This summary does not address any foreign, state, local or other tax consequences of investments in our shares or ADSs.

This summary addresses only shares or ADSs that are held as capital assets within the meaning of Section 1221 of the Code.

As used herein, a “U.S. holder” is a beneficial owner of shares or ADSs, as the case may be, that is:

- a citizen or resident of the United States as determined for U.S. federal income tax purposes;
- a corporation or other entity taxable as a corporation created or organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or a trust
- the administration of which is subject to (1) the supervision of a court within the United States and (2) the control of one or more U.S. persons as described in Section 7701(a)(30) of the Code; or
- that has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If a partnership holds shares or ADSs, the tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. If you are a partner of a partnership holding shares or ADSs, you should consult your tax advisor.

**We urge U.S. holders to consult their own tax advisors concerning the U.S. federal, state and local and other tax consequences to them of the purchase, ownership and disposition of shares or ADSs.**

This summary is based in part on the assumption that each obligation under the deposit agreement and any related agreement will be performed in accordance with its respective terms. Subject to the discussion in the next paragraph, for U.S. federal income tax purposes, holders of ADSs will be treated as the owners of the shares represented by the ADSs. Accordingly, withdrawals or deposits of shares in exchange for ADSs generally will not be subject to U.S. federal income tax.

The U.S. Treasury has expressed concerns that intermediaries in the chain of ownership between the holder of an ADS and the issuer of the security underlying the ADS may be taking actions that are inconsistent with the beneficial ownership of the underlying shares (for example, pre-releasing ADSs to persons who do not have beneficial ownership of the securities underlying the ADSs). Accordingly, the discussion on the creditability of Japanese taxes and the availability of the reduced rate of tax for dividends received by certain non-corporate U.S. holders, each as described below, could be affected by actions taken by intermediaries in the chain of ownership between the holder of ADSs and us if, as a result of such actions, the holders of ADSs are not properly treated as beneficial owners of the underlying shares. We are not aware of any intention to take any such actions, and accordingly, the remainder of this discussion assumes that holders of ADSs will be properly treated as beneficial owners of the underlying shares.

Special adverse U.S. federal income tax rules apply if a U.S. holder holds shares or ADSs of a company that is treated as a “passive foreign investment company” (a “PFIC”) for any taxable year during which the U.S. holder held shares or ADSs, as discussed in more detail below. U.S. holders should consult their own tax advisors as to the potential application of the PFIC rules to their ownership and disposition of shares or ADSs.

### ***Taxation of Dividends***

Subject to the application of the PFIC rules discussed below, U.S. holders will include the gross amount of any distribution received with respect to shares or ADSs (before reduction for Japanese withholding taxes), to the extent paid out of our current or accumulated earnings and profits (as determined for U.S. federal income tax purposes), as ordinary income in their gross income. As discussed below, for certain U.S. holders, dividends may be eligible for a reduced rate of taxation. The amount of distribution of property other than cash will be the fair market value of such property on the date of the distribution. Dividends received by a U.S. holder will not be eligible for the “dividends-received deduction” allowed to U.S. corporations in respect of dividends received from other U.S. corporations. To the extent that an amount received by a U.S. holder exceeds such holder’s allocable share of our current earnings and profits, such excess will be applied first to reduce such holder’s tax basis in its shares or ADSs, thereby increasing the amount of gain or decreasing the amount of loss recognized on a subsequent disposition of the shares or ADSs. Then, to the extent such distribution exceeds such U.S. holder’s tax basis, such excess will be treated as capital gain. However, we do not maintain calculations of our earnings and profits in accordance with U.S. federal income tax principles, and U.S. holders should therefore assume that any distribution by us with respect to shares or ADSs will constitute ordinary dividend income. The amount of the

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dividend will be the U.S. dollar value of the Japanese yen payments received. This value will be determined at the spot Japanese yen/U.S. dollar rate on the date the dividend is received by the depositary in the case of U.S. holders of ADSs, or by the shareholder in the case of U.S. holders of shares, regardless of whether the dividend payment is in fact converted into U.S. dollars at that time. If the Japanese yen received as a dividend are not converted into U.S. dollars on the date of receipt, a U.S. holder will have basis in such Japanese yen equal to their U.S. dollar value on the date of receipt, and any foreign currency gains or losses resulting from the conversion of the Japanese yen will generally be treated as U.S. source ordinary income or loss. If the Japanese yen received as a dividend are converted into U.S. dollars on the date of receipt, a U.S. holder will generally not be required to recognize foreign currency gain or loss in respect of the dividend income.

If a U.S. holder is eligible for benefits under the Tax Convention, the holder may be able to claim a reduced rate of Japanese withholding tax. All U.S. holders should consult their tax advisors about their eligibility for reduction of Japanese withholding tax. A U.S. holder may claim a deduction or a foreign tax credit, subject to other applicable limitations, only for tax withheld at the appropriate rate. A U.S. holder would be allowed a foreign tax credit for withholding tax for any portion of the tax that could have been avoided by claiming benefits under the Tax Convention. For foreign tax credit limitation purposes, the dividend will be income from sources outside the United States. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends we pay will constitute “passive income” or, in the case of certain U.S. holders, “financial services income.” However, recently issued Treasury regulations impose additional requirements for foreign taxes to be eligible for a foreign tax credit, and there can be no assurance that those requirements will be satisfied if a U.S. holder does not elect to apply the benefits of the Tax Convention. Further, in certain circumstances, if a U.S. holder:

- has held shares or ADSs for less than a specified minimum period during which such U.S. holder is not protected from the risk of loss; or
- is obligated to make payments related to the dividends,

such U.S. holder will not be allowed a foreign tax credit for foreign taxes imposed on dividends paid on shares or ADSs. Instead of claiming a foreign tax credit, a U.S. holder may be able to deduct Japanese withholding taxes on dividends in computing such holder’s taxable income, subject to generally applicable limitations under U.S. law (including that a U.S. holder is not eligible for a deduction for creditable foreign income taxes paid or accrued in a taxable year if such U.S. holder claims a foreign tax credit for any foreign income taxes paid or accrued in the same taxable year). The rules governing U.S. foreign tax credits are very complex and U.S. holders should consult their tax advisors regarding the availability of foreign tax credits under their particular circumstances.

Subject to applicable exceptions with respect to short-term and hedged positions, qualified dividends received by non-corporate U.S. holders from a qualified corporation may be eligible for reduced rates of taxation. Qualified corporations include those foreign corporations eligible for the benefits of a comprehensive income tax treaty with the United States that the U.S. Treasury Department determines to be satisfactory for these purposes and that includes an exchange of information provision. The Tax Convention meets these requirements. Subject to the PFIC discussion below, we believe that we are a qualified foreign corporation and that dividends received by U.S. investors with respect to our shares or ADSs will be qualified dividends. Dividends received by U.S. investors from a foreign corporation that was a PFIC in either the taxable year of the distribution or the preceding taxable year are not qualified dividends.

### ***Passive Foreign Investment Company Considerations***

Special adverse U.S. federal income tax rules apply if a U.S. holder holds shares or ADSs of a company that is treated as a PFIC, for any taxable year during which the U.S. holder held shares or ADSs. A foreign corporation will be considered a PFIC for any taxable year in which (i) 75% or more of its gross income is passive income (the “income test”), or (ii) 50% or more of the average fair market value of its assets (determined quarterly) is attributable to assets that produce or are held for the production of passive income (the “asset test”). For this purpose, passive income generally includes dividends, interest, royalties, rents and certain gains from the sale of stock and securities. If a foreign corporation owns at least 25% (by value) of the stock of another corporation, the corporation will be treated, for purposes of the PFIC tests, as owning a proportionate share of the other corporation’s assets and receiving its proportionate share of the other corporation’s income. The determination of whether a foreign corporation is a PFIC is made annually.

Multiple sets of proposed Treasury regulations and an earlier IRS notice would convert what would otherwise be passive income into non-passive income when such income is banking income earned by an active bank. The various proposed Treasury regulations and IRS notice have different (and in some respects inconsistent) requirements for qualifying as an active bank, and for determining the banking income that may be excluded from passive income under this special rule for active banks. Moreover, the proposed Treasury regulations (some of which have been outstanding since 1995, and others of which were recently issued in 2021) will not be effective unless finalized. There can be no assurance that the proposed Treasury regulations will be finalized in their current form. Because final regulations have not been issued, the definition of banking income for purposes of the active bank exception is unclear under both the proposed Treasury regulations and the notice. Based upon certain management estimates and assumptions, we do not believe that we were a PFIC for the year ended March 31, 2024. The determination of whether we are a PFIC must be made annually



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and involves a fact-intensive analysis based upon, among other things, the composition of our income and assets and the value of our assets from time to time. It is possible that we may become a PFIC in the fiscal year ending March 31, 2025 or any future taxable year due to changes in our income or asset composition or changes to applicable Treasury and IRS guidance (including as a result of the final regulations). In addition, a decrease in the price of our shares may also result in our becoming a PFIC. If we were classified as a PFIC in any year during which a U.S. holder owns shares or ADSs and the U.S. holder does not make a “mark-to-market” election, as discussed below, we generally would continue to be treated as a PFIC as to such U.S. holder in all succeeding years, regardless of whether we continue to meet the income or asset test discussed above. U.S. Holders are urged to consult their own tax advisors with respect to the tax consequences to them if we were to become a PFIC for any taxable year in which they own our shares or ADSs.

If we were classified as a PFIC for any taxable year during which a U.S. holder holds our shares or ADSs, the U.S. holder would generally not receive capital gains treatment upon the sale of the shares or ADSs and would be subject to increased tax liability (generally including an interest charge) upon the sale or other disposition of the shares or ADSs or upon the receipt of certain distributions treated as “excess distributions,” unless the U.S. holder makes the mark-to-market election described below. An excess distribution generally would be any distribution to a U.S. holder with respect to shares or ADSs during a single taxable year that is greater than 125% of the average annual distributions received by a U.S. holder with respect to shares or ADSs during the three preceding taxable years or, if shorter, during the U.S. holder’s holding period for the shares or ADSs.

*Mark-to-Market Election.* If the shares or ADSs are regularly traded on a registered national securities exchange or certain other exchanges or markets, then such shares or ADSs would constitute “marketable stock” for purposes of the PFIC rules, and a U.S. holder would not be subject to the foregoing PFIC rules if such holder made a mark-to-market election. After making such an election, the U.S. holder generally would include as ordinary income each year during which the election is in effect and during which we are a PFIC the excess, if any, of the fair market value of our shares or ADSs at the end of the taxable year over such holder’s adjusted basis in such shares or ADSs. These amounts of ordinary income would not be eligible for the favorable tax rates applicable to qualified dividend income or long-term capital gains. A U.S. holder also would be allowed to take an ordinary loss in respect of the excess, if any, of the holder’s adjusted basis in our shares or ADSs over their fair market value at the end of the taxable year (but only to the extent of the net amount of income that was previously included as a result of the mark-to-market election). A U.S. holder’s tax basis in our shares or ADSs would be adjusted to reflect any income or loss amounts resulting from a mark-to-market election. If made, a mark-to-market election would be effective for the taxable year for which the election was made and for all subsequent taxable years unless the shares or ADSs cease to qualify as “marketable stock” for purposes of the PFIC rules or the IRS consented to the revocation of the election. In the event that we are classified as a PFIC, U.S. holders are urged to consult their tax advisors regarding the availability of the mark-to-market election, and whether the election would be advisable in the holder’s particular circumstances.

*QEF Election.* The PFIC rules outlined above also would not apply to a U.S. holder if such holder alternatively elected to treat us as a “qualified electing fund” or “QEF.” An election to treat us as a QEF will not be available, however, if we do not provide the information necessary to make such an election. We will not provide U.S. holders with the information necessary to make a QEF election, and thus, the QEF election will not be available with respect to our shares.

Notwithstanding any election made with respect to our shares, dividends received with respect to our shares will not constitute “qualified dividend income” if we are a PFIC in either the year of the distribution or the preceding taxable year. Dividends that do not constitute qualified dividend income are not eligible for taxation at the reduced tax rate described above in “—Taxation of Dividends.” Instead, such dividends would be subject to tax at ordinary income rates.

If a U.S. holder owns shares or ADSs during any year in which we are a PFIC, the U.S. holder must also file IRS Form 8621 regarding distributions received on the shares or ADSs, any gain realized on the shares or ADSs, and any “reportable election” in accordance with the instructions to such form. In addition, each U.S. holder is required to file a separate IRS Form 8621 if such U.S. holder owns shares or ADSs during any year in which we are a PFIC whether or not such U.S. holder received distributions on the shares or ADSs, realized a gain on the shares or ADSs or made a “reportable election” during such year. U.S. holders are urged to consult their own tax advisors concerning the U.S. federal income tax consequences of holding shares or ADSs if the Company were considered a PFIC in any taxable year.

### ***Taxation of Capital Gains***

Subject to the application of the PFIC rules discussed above, upon a sale or other disposition of shares or ADSs, a U.S. holder will recognize a gain or loss in an amount equal to the difference between the U.S. dollar value of the amount realized and the U.S. holder’s tax basis, determined in U.S. dollars, in such shares or ADSs. Such gains or losses will be capital gains or losses and will be long-term capital gains or losses if the U.S. holder’s holding period for such shares or ADSs exceeds one year. Long-term capital gains of non-corporate U.S. holders (including individuals) are generally eligible for reduced rates of taxation. A U.S. holder’s adjusted tax basis in its shares or ADSs will generally be the cost to the holder of such shares or ADSs. Any such gains or losses realized by a U.S. holder upon disposal of the shares or ADSs will generally be income or loss from sources within the United States for foreign tax credit limitation purposes. The deductibility of capital losses is subject to limitations under the Code.

***Information Reporting and Backup Withholding***

Dividends paid on shares or ADSs to a U.S. holder, or proceeds from a U.S. holder's sale or other disposition of shares or ADSs, may be subject to information reporting requirements. Those dividends or proceeds from sale or disposition may also be subject to backup withholding unless the U.S. holder:

- is a corporation or other exempt recipient, and, when required, demonstrates this fact; or
- provides a correct taxpayer identification number on a properly completed U.S. IRS Form W-9 or other appropriate form which certifies that the U.S. holder is not subject to backup withholding and otherwise complies with applicable requirements of the backup withholding rules.

Backup withholding is not an additional tax. Any amount withheld under these rules will be creditable against the U.S. holder's U.S. federal income tax liability or refundable to the extent that it exceeds such liability if the U.S. holder provides the required information to the IRS. If a U.S. holder is required to and does not provide a correct taxpayer identification number, the U.S. holder may be subject to penalties imposed by the IRS. All holders should consult their tax advisors as to their qualification for the exemption from backup withholding and the procedure for obtaining an exemption.

In addition, certain U.S. holders who are individuals that hold certain foreign financial assets (which may include our shares or ADSs) are required to report information relating to such assets, subject to certain exceptions. U.S. holders should consult their tax advisors regarding the effect, if any, of this requirement on their ownership and disposition of our shares and ADSs.

***Additional Tax on Investment Income***

U.S. holders that are individuals, estates or trusts and whose income exceeds certain thresholds will be subject to an additional 3.8% tax on unearned income, including, among other things, dividends on, and capital gains from the sale or other taxable disposition of, shares or ADSs, subject to certain limitations and exceptions.

**F. Dividends and Paying Agents**

Not applicable.

**G. Statement by Experts**

Not applicable.

**H. Documents on Display**

We file periodic reports and other information with the SEC pursuant to the rules and regulations of the SEC that apply to foreign private issuers. The SEC maintains a web site (<http://www.sec.gov>) that contains periodic reports and other information regarding registrants, including us, electronically filed with the SEC. Except otherwise specified in this Annual Report, no information is incorporated by reference in this Annual Report (including, without limitation, information on our website at <https://www.mufg.jp/>).

**I. Subsidiary Information**

Please refer to the discussion under "Item 4.C. Information on the Company—Organizational Structure."

**J. Annual Report to Security Holders**

We furnished an English translation of our local annual report to security holders for the fiscal year ended March 31, 2024 in electronic format as exhibits to a report on Form 6-K, dated May 29, 2024.

Following the filing of our annual report on Form 20-F for the fiscal year ended March 31, 2023, we furnished an English translation of our local annual disclosure document entitled "MUFG Report 2023" in electronic format as an exhibit to a report on Form 6-K, dated August 31, 2023.



**Item 11. Quantitative and Qualitative Disclosures about Credit, Market and Other Risk.**

In the current market and regulatory environment, financial groups such as us are expected to ensure increasingly more sophisticated and comprehensive risk management. Risk management plays an increasingly important role in our operations as a financial group operating globally through various subsidiaries.

We identify various risks arising from businesses based on group-wide uniform criteria and implement integrated risk management to ensure a stronger financial condition and to maximize shareholder value. Based on this approach, we identify, measure, control and monitor a wide variety of risks so as to achieve a stable balance between earnings and risks. We undertake risk management to create an appropriate capital structure and to achieve optimal allocation of resources. However, our risk management measures may not be fully effective in identifying all risks or mitigating the impact of any materialized risk on us.

**Risk Classification**

At the holding company level, we broadly classify and define risk categories faced by the Group, including those that are summarized below. Group companies perform more detailed risk management based on their respective operations.

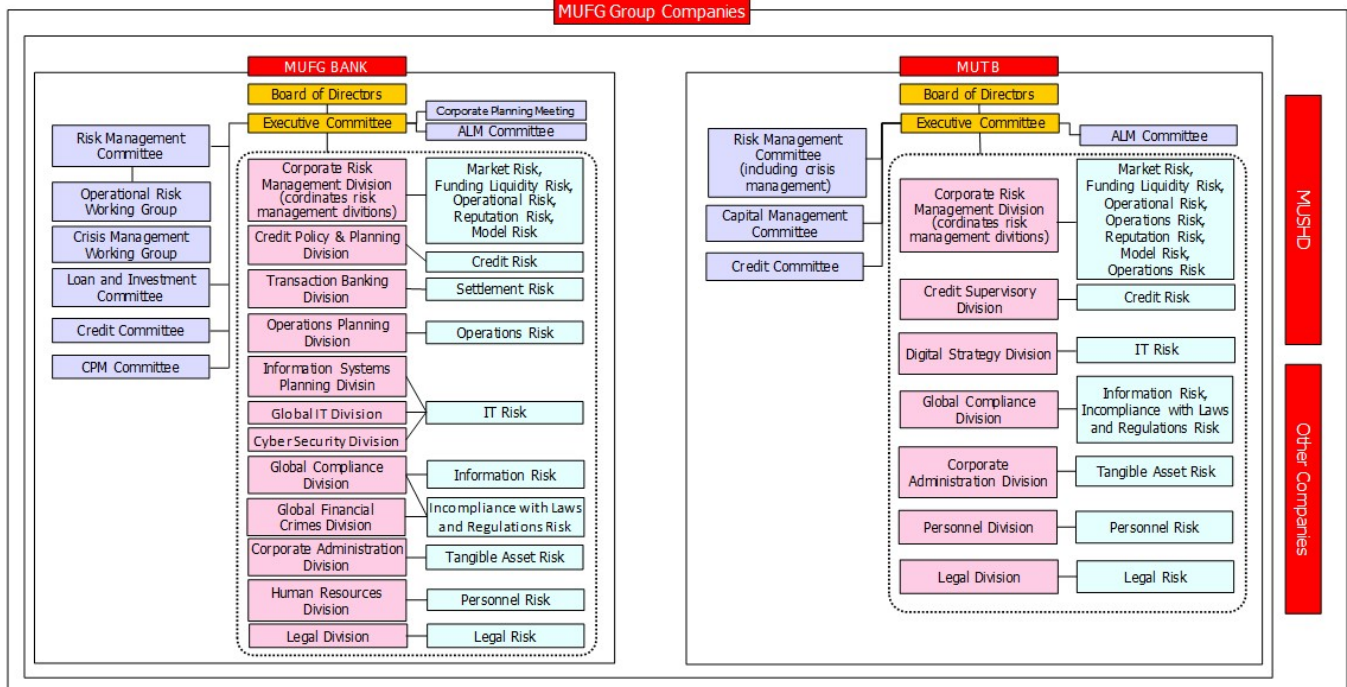
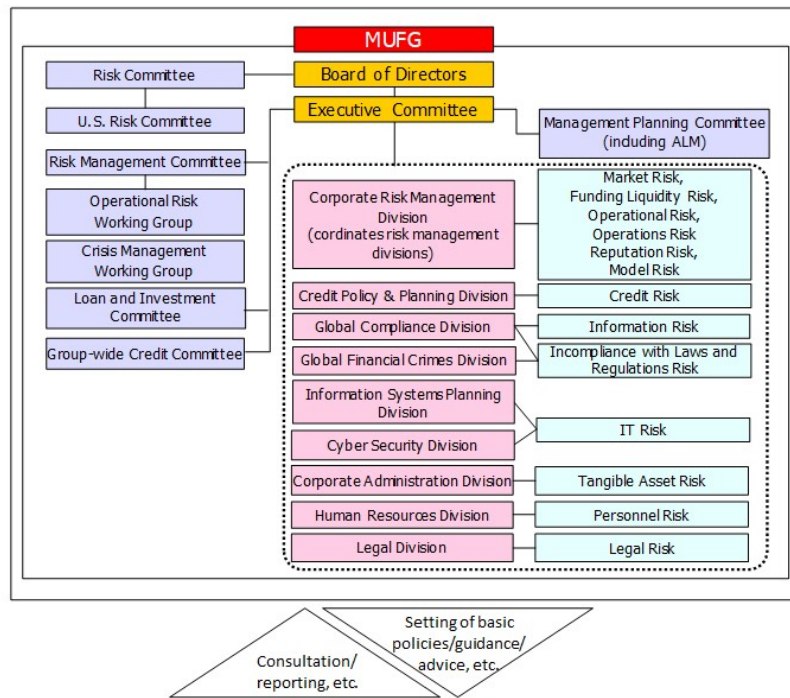
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<b>Type of Risk</b>	<b>Definition</b>
Credit Risk	The risk of financial loss in credit assets (including off-balance sheet instruments) caused by deterioration in the credit condition of counterparties. This category includes country risk.
Market Risk	The risk of financial loss where the value of our assets and liabilities could be adversely affected by changes in market variables such as interest rates, securities prices and foreign exchange rates. Market liquidity risk is the risk of financial loss caused by the inability to secure market transactions at the required volume or price levels as a result of market turbulence or lack of trading liquidity.
Funding Liquidity Risk	The risk of incurring loss if a poor financial position at a group company hampers the ability to meet funding requirements or necessitates fund procurement at interest rates markedly higher than normal.
Operational Risk	The risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events.
• Operations Risk	The risk of incurring losses arising from negligence of correct operational processing, incidents or misconduct involving officers or staff, as well as risks similar to this risk.
• Information Risk	The risk of loss caused by loss, alteration, falsification or leakage of personal or other confidential information, as well as risks similar to such risk.
• IT Risk	The risk of loss arising from destruction, suspension, malfunction or misuse of IT, or unauthorized alteration and leakage of electronic data caused by insufficient IT systems planning, development or operations or by vulnerabilities of or external threats to IT system security, including cybersecurity, as well as risks similar to such risk.
• Tangible Asset Risk	The risk of loss due to damage to tangible assets or deterioration in the operational environment caused by disasters or inadequate asset maintenance, as well as risks similar to this risk. Tangible assets include movable and immovable property, including owned or leased land and buildings, facilities incidental to buildings, and fixtures and fittings.
• Personnel Risk	The risk of loss due to an outflow or loss of human resources or deterioration in employee morale, as well as risks similar to this risk.
• Incompliance with Laws and Regulations Risk	The risk of loss due to failure to comply with laws and regulations, as well as risks similar to such risk.
• Legal Risk	The risk of loss due to failure to identify or address legal issues relating to contracts and other business operations or insufficient handling of lawsuits, as well as risks similar to such risk.
Reputation Risk	The risk of harm to our corporate value arising from perceptions of our customers, shareholders, investors or other stakeholders and in the market or society that we deviate from their expectations or confidence.
Model Risk	The risk of loss due to decision-making based on information provided by an inaccurate model or the misuse of a model.

### ***Risk Management System***

We have adopted an integrated risk management system to promote close cooperation among the holding company and group companies. The holding company and our banking and securities subsidiaries each have appointed a chief risk officer and established an independent risk management division. The board of directors of the holding company determines risk management policies for various types of risks based on the discussions at, and reports and recommendations from, committees established specially for risk management purposes. The holding company has established committees to oversee management in managing risks relevant to the Group. Following the fundamental risk management policies determined by the board of directors, each group company establishes its own systems and procedures for identifying, analyzing and managing various types of risks from both quantitative and qualitative perspectives. The holding company seeks to enhance group-wide risk identification, to integrate and improve the Group's risk management system and related methods, to maintain asset quality, and to eliminate concentrations of specific risks.

The following diagram summarizes our integrated risk management framework:



**Crisis Management Framework**

In order to have a clear critical response rationale and associated decision-making criteria, we have developed systems designed to ensure that our operations are not interrupted or can be restored to normal quickly in the event of a crisis such as a natural disaster, a pandemic of an infectious disease or system failure so as to minimize any disruption to customers and markets. A crisis management team within the holding company is the central coordinating body in the event of any emergency. Based on information collected from crisis management personnel at the major subsidiaries, this central body would assess the overall impact of a crisis on the Group’s business and establish task forces that could implement all countermeasures to restore full operations. We have business continuity

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plans to maintain continuous operational viability in the event of natural disasters, system failures and other types of emergencies. Regular training drills are conducted to upgrade the practical effectiveness of these systems.

We conduct a comprehensive review of our existing business continuity plan to more effectively respond to such extreme scenarios, and contemplate and implement measures to augment our current business continuity management framework, including enhancing our off-site back-up data storage and other information technology systems.

### **Implementation of Basel Standards**

In determining capital ratios under the FSA guidelines implementing Basel III, we and our major banking subsidiaries used the Advanced Internal Ratings-Based approach, or the AIRB approach, to calculate capital requirements for credit risk as of March 31, 2024. As of the same date, we reflected market risk in our risk-weighted assets by using the Standardized Approach and the Simplified Standardized Approach, and reflected operational risk in our risk-weighted assets by using the Standardized Measurement Approach.

Based on the Basel III framework, the Japanese capital ratio framework has been revised to implement the more stringent requirements, which are being implemented in phases beginning on March 31, 2013. Likewise, local banking regulators outside of Japan have begun, or are expected, to revise the capital and liquidity requirements imposed on our subsidiaries and operations in those countries to implement the more stringent requirements of Basel III as adopted in those countries. We intend to carefully monitor further developments with an aim to enhance our corporate value and maximize shareholder value by integrating the various strengths within the Group. For more information on the Basel regulatory framework and requirements, see “Item 4.B. Information on the Company—Business Overview—Supervision and Regulation.”

### **Credit Risk Management**

We have established risk management systems to maintain asset quality, manage credit risk exposure and achieve earnings commensurate with risk.

MUFG and its major banking subsidiaries apply a uniform credit rating system for asset evaluation and assessment, loan pricing, and quantitative measurement of credit risk. This system also underpins the calculation of capital requirements and the management of credit portfolios. We continually seek to upgrade our credit portfolio management, or CPM, expertise to achieve an improved risk-adjusted return based on the Group’s credit portfolio status and flexible response capability to economic and other external changes.

### ***Credit Risk Management System***

The credit portfolios of our banking and securities subsidiaries are monitored and assessed on a regular basis by the holding company to maintain and improve asset quality. A uniform credit rating and asset evaluation and assessment system is used to ensure timely and proper evaluation of all credit risks. Under our credit risk management system, each of our subsidiaries in the banking, securities, consumer finance, and leasing businesses, manages its respective credit risk on a consolidated basis based on the attributes of the risk, while the holding company oversees and manages credit risk on an overall group-wide basis. The holding company also convenes regular committee meetings to monitor credit risk management at banking subsidiaries and to issue guidance where necessary.

Each major banking subsidiary has in place a system of checks and balances in which a credit administration section that is independent of the business promotion sections screens individual transactions and manages the extension of credit. At the management level, regular meetings of the Credit & Investment Management Committee and related deliberative bodies ensure full discussion of important matters related to credit risk management. Besides such checks and balances and internal oversight systems, credit examination sections also undertake credit testing and evaluation to ensure appropriate credit risk management.

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The following diagram summarizes the credit risk management framework for our major banking subsidiaries:



### ***Credit Rating System***

MUFG and its major banking subsidiaries use an integrated credit rating system to evaluate credit risk. The credit rating system consists primarily of borrower rating, facility risk rating, structured finance rating and asset securitization rating.

Country risk is also rated on a uniform group-wide basis. Our country risk rating is reviewed periodically to take into account relevant political and economic factors, including foreign currency availability.

Risk exposure for small retail loans, such as residential mortgage loans, is managed by grouping loans into various pools and assigning ratings at the pool level.

### ***Borrower rating***

Our borrower rating classifies borrowers into 15 grades based on evaluations of their expected debt-service capability over the next three to five years.

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The following table sets forth our borrower grades:

### *Definition of MUFG Borrower Rating*

<b>MUFG Borrower Rating</b>	<b>MUFG Borrower Rating Definition</b>
1	The capacity to meet financial commitments is extremely certain, and the borrower has the highest level of creditworthiness.
2	The capacity to meet financial commitments is highly certain, but there are some elements that may result in lower creditworthiness in the future.
3	The capacity to meet financial commitments is sufficiently certain, but there is the possibility that creditworthiness may fall in the long run.
4	There are no problems concerning the capacity to meet financial commitments, but there is the possibility that creditworthiness may fall in the long run.
5	There are no problems concerning the capacity to meet financial commitments, and creditworthiness is in the middle range.
6	There are no problems concerning the capacity to meet financial commitments presently, but there are elements that require attention if the situation changes.
7	There are no problems concerning the capacity to meet financial commitments presently, but long-term stability is poor.
8	There are no problems concerning the capacity to meet financial commitments presently, but long-term stability is poor, and creditworthiness is relatively low.
9	The capacity to meet financial commitments is somewhat poor, and creditworthiness is the lowest among “Normal” customers.
10 through 12	Borrowers who must be closely monitored because of the following business performance and financial conditions:
	(1) Borrowers who have problematic business performance, such as virtually delinquent principal repayment or interest payment;
	(2) Borrowers whose business performance is unsteady, or who have unfavorable financial conditions;
	(3) Borrowers who have problems with loan conditions and for whom interest rates have been reduced or shelved.
10	Although business problems are not serious or their improvement is seen to be remarkable, there are elements of potential concern with respect to the borrower’s management, and close monitoring is required.
11	Business problems are serious, or require long-term solutions. Serious elements concerning business administration of the borrower have emerged, and subsequent debt repayment needs to be monitored closely.
12	Borrowers who fall under the criteria of Rating 10 or 11 and have a loan concession granted. Borrowers who have “Loans contractually past due 90 days or more.” (As a rule, delinquent borrowers are categorized as “Likely to Become Bankrupt,” but the definition here applies to borrowers delinquent for 90 days or more because of inheritance and other special reasons.)
13	Borrowers who pose a serious risk with respect to debt repayment and with whom loss is likely to occur in the course of transactions. While still not bankrupt, these borrowers are in financial difficulty, with poor progress in achieving restructuring plans, and are likely to become bankrupt in the future.
14	While not legally bankrupt, borrowers who are considered to be virtually bankrupt because they are in serious financial difficulty and have no prospects for an improvement in their business operations.
15	Borrowers who are legally bankrupt (i.e., who have no prospects for continued business operations because of non-payment, suspension of business, voluntary liquidation, or filing for legal liquidation).

Japanese banks were historically required to use the following categories of borrowers under the then applicable FSA inspection manual, which was abolished in December 2019, and are currently expected to use them as a basis for their borrower categorization with appropriate adjustments under the FSA’s discussion paper:

- Normal borrowers (generally corresponding to borrowers in categories 1 through 9 in our ratings), which are borrowers that are performing well, with no significant financial concerns,
- Borrowers requiring close watch (generally corresponding to borrowers in categories 10 through 12 in our ratings), which include loans that have been amended to allow for delays or forgiveness of interest payments, borrowers experiencing difficulty in complying with loan terms and conditions and borrowers that are recording losses or performing badly,
- Borrowers likely to become bankrupt (generally corresponding to borrowers in category 13 in our ratings), which relate to borrowers who pose a serious risk with respect to debt repayment and with whom loss is likely to occur in the course of transactions. While still not bankrupt, these borrowers are in financial difficulty, with poor progress in achieving restructuring plans, and are likely to become bankrupt in the future,
- Virtually bankrupt borrowers (generally corresponding to borrowers in category 14 in our ratings), which are not legally bankrupt, but borrowers who are considered to be virtually bankrupt because they are in serious financial difficulty and have no prospects for an improvement in their business operations, and



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- Bankrupt borrowers or de facto bankrupt borrowers (generally corresponding to borrowers in category 15 in our ratings), which are borrowers who are legally bankrupt (i.e., who have no prospects for continued business operations because of non-payment, suspension of business, voluntary liquidation, or filing for legal liquidation proceedings).

The primary data utilized in our assessment of borrowers include the borrower's financial statements and notes thereto as well as other public disclosure made by the borrower. In addition, when appropriate and possible, we obtain non-public financial and operating information from borrowers, such as the borrower's business plan, borrower's self-evaluation of its operating assets and other borrower information about its business and products.

Based on the borrower and industry information, we assign borrower ratings mainly by applying financial scoring models—either developed internally or by third-party vendors, depending on the borrower's attributes, whether the borrower is domestic or foreign, whether the borrower is a large corporation or a small and medium-sized corporation, and whether the borrower is a corporate entity or another type of legal entity (such as a school, hospital or fund).

For example, for domestic small and medium-sized corporations, which constitute the largest borrower attribute in our current loan portfolio in terms of number of borrowers, we have adopted an internally developed financial scoring model, exclusively designed and developed for such attribute. We have selected various financial ratios that we believe to be useful and meaningful to quantitatively measure and assess the borrowers' financial standing and repayment capability. Such financial ratios represent, among other things, borrowers' growth, profitability, stability, cash flow, company size and capital efficiency. The model is periodically tested against historical results. The following is an illustration of some of the financial ratios we utilize as part of our financial scoring model:

- To measure growth: Sales growth, and growth in total assets,
- To measure profitability: Current profit to sales, and profit before tax to sales, and
- To measure stability: Equity ratio and current ratio.

The financial score obtained through the models is reviewed and, when necessary, adjusted downward to reflect our qualitative assessment of the borrower's financial strength and other factors that could affect the borrower's ability to service the debt. For example, we take into account: capability of turning around the business (in case of borrowers with losses) or recovering positive net worth (in case of borrowers with negative net worth), industry risk, management risk, legal risk, as well as our assessment of the probability of receiving support from parent companies (if the borrower is a subsidiary of a large listed company).

When adjusting the results of primary financial scoring assigned to borrowers with losses, we consider the severity of losses and the possibility of improving operating results. We analyze and assess whether the loss is temporary, the trend in operating results is improving, or the loss is expected to continue for an extended period. When adjusting the results of primary financial scoring assigned to borrowers with losses or borrowers with negative net worth, we also analyze whether the borrower can return to a positive net worth, and the time period needed to achieve such recovery (one to two years, three to five years, or five years or more).

In addition, adjustments based on industry risk are based on future prospects, applicable laws and regulations, and other factors surrounding the industry. Adjustments for management risk reflect our assessment of management's track record, the composition of the management team including the board of directors, any management succession plan as well as the risk management and compliance framework of the borrower. Adjustments for legal risk are made when the borrower is facing a lawsuit and when there is a possibility of a significant claim payment related to product liability, intellectual property, environmental problems, building standard law, and other legal issues.

When assessing the probability of receiving support from parent companies, various factors are examined, such as the parent company's credit standings, whether key management personnel are sent by the parent, whether the borrower is consolidated by the parent, and the proportion of the borrower in consolidated sales and profits of the parent.

In addition, we consider outside ratings, and our internal borrower ratings may be adjusted when deemed appropriate.

### ***Facility risk rating***

Facility risk rating is used to evaluate and classify the quality of individual credit facilities, including guarantees and collateral. Ratings are assigned by quantitatively measuring the estimated loss rate of a facility in the event of a default.

### ***Structured finance rating and asset securitization rating***

Structured finance rating and asset securitization rating are used to evaluate and classify the quality of individual credit facilities, including guarantees and collateral, and focus on the structure, including the applicable credit period, of each credit facility. In

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evaluating the debt service potential of a credit facility, we scrutinize its underlying structure to determine the likelihood of the planned future cash flows being achieved.

### ***Pool assignment***

Each major banking subsidiary has its own system for pooling and rating small retail loans designed to reflect the risk profile of its loan portfolios.

### ***Asset evaluation and assessment system***

The asset evaluation and assessment system is used to classify assets held by us according to the probability of collection and the risk of any impairment in value based on borrower classifications consistent with the borrower ratings and the status of collateral, guarantees, and other factors.

The system is used to conduct write-offs and allocate allowances against credit risk in a timely and adequate manner.

### ***Quantitative Analysis of Credit Risk***

MUFG and its major banking subsidiaries manage credit risk by monitoring credit amount and expected losses, and run simulations based on internal models to estimate the maximum amount of credit risk. These models are used for internal management purposes, including loan pricing and measuring economic capital.

When quantifying credit risk amounts using the internal models, MUFG and its major banking subsidiaries consider various parameters, including the probability of default, loss given default, and exposure at default used in their borrower ratings, facility risk ratings and pool assignments as well as any credit concentration risk in particular borrower groups or industry sectors. MUFG and its major banking subsidiaries also share credit portfolio data in appropriate cases.

### ***Loan Portfolio Management***

We aim to achieve and maintain levels of earnings commensurate with credit risk exposure. Products are priced to take into account expected losses, based on the internal credit ratings.

We assess and monitor loan amounts and credit exposure by credit rating, industry and region. Portfolios are managed to limit concentrations of risk in specific categories in accordance with our Large Credit Guidelines.

To manage country risk, we have established specific credit ceilings by country. These ceilings are reviewed when there is a material change in a country's credit standing, in addition to being subject to a regular periodic review.

### ***Continuous CPM Improvement***

With the prevalence of securitized products and credit derivatives in global markets, we seek to supplement conventional CPM techniques with advanced methods based on the use of such market-based instruments.

Through credit risk quantification and portfolio management, we aim to improve the risk return profile of the Group's credit portfolio, using financial markets to rebalance credit portfolios in a dynamic and active manner based on an accurate assessment of credit risk.

### ***Risk Management of Strategic Equity Portfolio***

We hold shares of various corporate clients for strategic purposes, in particular to maintain long-term relationships with these clients. These investments have the potential to increase business revenue and appreciate in value. At the same time, we are exposed to the risk of price fluctuations in the Japanese stock market. For that reason, in recent years, it has been a high priority for us to reduce our equity portfolio to limit the risks associated with holding a large equity portfolio, but also to respond to applicable regulatory requirements as well as increasing market expectations and demands for us to reduce our equity portfolio. We are required to comply with a regulatory framework that prohibits Japanese banks from holding an amount of shares in excess of their adjusted Tier 1 capital. See "Item 5.B. Operating and Financial Review and Prospects—Liquidity and Capital Resources—Financial Condition—Investment Portfolio."

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We use quantitative analysis to manage the risks associated with the portfolio of equities held for strategic purposes. According to internal calculations, the market value of our strategically held (Tokyo Stock Exchange-listed) stocks (excluding foreign stock exchange-listed stocks) as of March 31, 2024 was subject to a variation of approximately ¥1.9 billion when TOPIX index moves one point in either direction.

We seek to manage and reduce strategic equity portfolio risk based on quantitative analysis such as the sensitivity analysis described above. The aim is to keep this risk at appropriate levels compared with Tier 1 capital while generating returns commensurate with the degree of risk exposure.

### **Market Risk Management**

Management of market risk at MUFG aims to control our risk exposure to fluctuations in market variables across the Group while ensuring that earnings are commensurate with levels of risk.

#### ***Market Risk Management System***

We have adopted an integrated system to manage market risk from our trading and non-trading activities. The holding company monitors group-wide market risk, while each of the major subsidiaries manages its market risks on a consolidated and global basis.

At each of the major subsidiaries, checks and balances are maintained through a system in which back and middle offices operate independently from front offices. In addition, separate Asset-Liability Management, or ALM, Committee and Risk Management Meetings are held at each of the major subsidiaries every month to deliberate important matters related to market risk and control.

The holding company and the major subsidiaries allocate economic capital commensurate with levels of market risk and determined within the scope of their capital bases. The major subsidiaries have established quantitative limits relating to market risk based on their allocated economic capital. In addition, in order to keep losses within predetermined limits, the major subsidiaries have also set limits for the maximum amount of losses arising from market activities. The following diagram summarizes the market risk management system of each major subsidiary:

#### *Market Risk Management System of Our Major Subsidiaries*



### ***Market Risk Management and Control***

At the holding company and the major subsidiaries, market risk exposure is reported to the Chief Risk Officers on a daily basis. At the holding company, the Chief Risk Officer monitors market risk exposure across the Group as well as the major subsidiaries' control over their quantitative limits for market risk and losses. Meanwhile, the Chief Risk Officers at the major subsidiaries monitor their own market risk exposure and their control over their quantitative limits for market risk and losses. In addition, various analyses on risk profiles, including stress testing, are conducted and reported to the Executive Committees and the Corporate Risk Management Committees on a regular basis. At the business unit levels in the major subsidiaries, the market risks on their marketable assets and liabilities, such as interest rate risk and foreign exchange rate risk, are controlled by entering into various hedging transactions using marketable securities and derivatives.

As part of our market risk management activities, we use certain derivative financial instruments to manage our interest rate and currency exposures. We maintain an overall interest rate risk management strategy that incorporates the use of interest rate contracts to

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minimize significant unplanned fluctuations in earnings that are caused by interest rate volatility. We enter into interest rate swaps and other contracts as part of our interest rate risk management strategy primarily to alter the interest rate sensitivity of our loans, investment securities and deposit liabilities. Our principal objectives in risk management include asset and liability management. Asset and liability management is viewed as one of the methods for us to manage our interest rate exposures on interest-earning assets and interest-bearing liabilities. Interest rate contracts, which are generally non-leveraged generic interest rate and basis swaps, options and futures, allow us to effectively manage our interest rate risk position. Option contracts primarily consist of caps, floors, swaptions and options on index futures. Futures contracts used for asset and liability management activities are primarily index futures providing for cash payments based upon the movement of an underlying rate index. We enter into forward exchange contracts, currency swaps and other contracts in response to currency exposures resulting from on-balance sheet assets and liabilities denominated in foreign currencies in order to limit the net foreign exchange position by currency to an appropriate level.

These market risk management activities are performed in accordance with the predetermined rules and procedures. The internal auditors regularly verify the appropriateness of the management controls over these activities and the risk evaluation models adopted.

### ***Market Risk Measurement Model***

To measure market risks, MUFG uses the VaR method which estimates changes in the market value of portfolios within a certain period by statistically analyzing past market data. Since the daily variation in market risk is significantly greater than that in other types of risk, MUFG measures and manages market risk using VaR on a daily basis.

Market risk for trading and non-trading activities is measured using a market risk measurement model. The principal model used for these activities is a historical simulation, or HS, model (Trading activities: holding period, one business day; confidence interval, 95%; and observation period, 250 business days. Non-trading activities (which include available-for-sale debt securities as well as loans, deposits and held-to-maturity debt securities): holding period, 10 business days; confidence interval, 99%; and observation period, 701 business days). The HS model calculates VaR amounts by estimating the profit and loss on the current portfolio by applying actual fluctuations in market rates and prices over a fixed period in the past. This method is designed to capture certain statistically infrequent movements, such as a fat tail. Changes in the fair value of loans, deposits and held-to-maturity debt securities are considered in the Non-trading activities, while such changes are not reflected in our financial statements.

In calculating VaR using the HS method, we have implemented an integrated market risk measurement system throughout the Group. Our major subsidiaries calculate their VaR based on the risk and market data prepared by the information systems of their front offices and other departments. The major subsidiaries provide this risk data to the holding company, which calculates overall VaR, taking into account the diversification effect among all portfolios of the major subsidiaries.

For the purpose of internally evaluating capital adequacy on an economic capital basis in terms of market risk, we use this market risk measurement model to calculate risk amounts based on a holding period of one year and a confidence interval of 99.9%.

Monitoring and managing our sensitivity to interest rate fluctuations is the key to managing market risk in MUFG's non-trading activities. The major banking subsidiaries take the following approach to measuring risks concerning core deposits, loan prepayments and early deposit withdrawals.

To measure interest rate risk relating to deposits without contract-based fixed maturities, the amount of "core deposits" is calculated through a statistical analysis based on deposit balance trend data and the outlook for interest rates on deposits, business decisions, and other factors. The amount of "core deposits" is categorized into various groups of maturity terms of up to ten years to recognize interest rate risk. The calculation assumptions and methods to determine the amount of core deposits and maturity term categorization are regularly reviewed.

Meanwhile, deposits and loans with contract-based maturities are sometimes cancelled or repaid before their maturity dates. To measure interest rate risk for these deposits and loans, we reflect these early termination events mainly by applying early termination rates calculated based on a statistical analysis of historical repayment and cancellation data together with historical market interest rate data.

### ***Summaries of Market Risks***

#### *Trading activities*

The aggregate VaR for our total trading activities as of March 31, 2024 was ¥1.74 billion, comprising interest rate risk exposure of ¥1.51 billion, foreign exchange risk exposure of ¥0.61 billion, and equity-related risk exposure of ¥0.86 billion. Our average daily VaR for the fiscal year ended March 31, 2024 was ¥2.63 billion.

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Due to the nature of trading operations which involves frequent changes in trading positions, market risk may vary substantially during and between measurement periods, depending on our trading positions.

The following tables set forth the VaR related to our trading activities by risk category for the periods indicated:

<u>April 1, 2022—March 31, 2023</u>	<u>Average</u>		<u>Maximum<sup>(1)</sup></u>		<u>Minimum<sup>(1)</sup></u>		<u>March 31, 2023</u>
	(in billions)						
MUFG	¥	2.14	¥	3.25	¥	1.25	¥ 2.88
Interest rate		2.02		2.74		1.36	2.27
Yen		1.19		2.41		0.76	1.21
U.S. Dollars		1.43		1.92		0.89	1.55
Foreign exchange		0.64		1.36		0.21	1.23
Equities		0.22		0.55		0.07	0.25
Commodities		0.00		0.01		0.00	0.00
Less diversification effect		(0.74)		—		—	(0.87)
<u>April 1, 2023—March 31, 2024</u>	<u>Average</u>		<u>Maximum<sup>(1)</sup></u>		<u>Minimum<sup>(1)</sup></u>		<u>March 31, 2024</u>
	(in billions)						
MUFG	¥	2.63	¥	3.45	¥	1.62	¥ 1.74
Interest rate		2.36		3.64		1.27	1.51
Yen		1.44		2.50		0.86	0.86
U.S. Dollars		1.62		3.09		0.71	0.81
Foreign exchange		1.15		1.81		0.60	0.61
Equities		0.31		0.90		0.11	0.86
Commodities		0.00		0.01		0.00	0.00
Less diversification effect		(1.19)		—		—	(1.24)

### Assumptions for VaR calculations:

Historical simulation method

Holding period: 1 business day

Confidence interval: 95%

Observation period: 250 business days

### Note:

- (1) The maximum and minimum VaR overall and for various risk categories were taken from different days. A simple summation of VaR by risk category is not equal to total VaR due to the effect of diversification.

The average daily VaR by quarter in the fiscal year ended March 31, 2024 was as follows:

<u>Quarter</u>	<u>Daily average VaR</u>	
	(in billions)	
April—June 2023	¥	2.83
July—September 2023		3.02
October—December 2023		2.68
January—March 2024		1.97

### *Non-trading Activities*

The aggregate VaR for our total non-trading activities as of March 31, 2024, excluding market risks related to our strategic equity portfolio, was ¥578.2 billion. Market risk related to interest rates equaled ¥501.4 billion and equities-related risk equaled

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¥118.8 billion. Compared with the VaR as of March 31, 2023, market risk decreased in the fiscal year ended March 31, 2024, primarily due to the decrease in U.S. dollar interest rate risk, partially offset by the increase in Japanese yen interest rate risk reflecting greater volatility in interest rates in Japan resulting from the actual or perceived changes in the Bank of Japan's monetary policy.

Based on a simple sum of figures across market risk categories, interest rate risks accounted for approximately 80% of our total non-trading activity market risks as of March 31, 2024. Looking at a breakdown of interest rate related risk by currency, as of March 31, 2024, the Japanese yen accounted for approximately 53% while the U.S. dollar accounted for approximately 45%, and the euro approximately 2%, with a 24 percentage point increase in the Japanese yen, a 22 percentage point decrease in the U.S. dollar and a 2 percentage point decrease in the euro compared to March 31, 2023.

For a description of our strategic equity investment risk management, see “—Risk Management of Strategic Equity Portfolio.”

The following tables set forth the VaR related to our non-trading activities by risk category for the periods indicated:

<u>April 1, 2022—March 31, 2023</u>	<u>Average</u>		<u>Maximum<sup>(1)</sup></u>		<u>Minimum<sup>(1)</sup></u>		<u>March 31, 2023</u>
	<u>(in billions)</u>						
Interest rate	¥	628.4	¥	923.4	¥	463.1	¥ 923.4
Yen		272.0		332.6		207.1	332.6
U.S. Dollars		439.6		751.7		322.9	751.7
Foreign exchange		4.4		7.7		1.6	7.1
Equities <sup>(2)</sup>		156.8		204.9		85.9	85.9
Commodities		0.1		1.2		0.0	0.1
Less diversification effect		(72.4)		—		—	(42.5)
Total		717.3		974.0		551.8	974.0

<u>April 1, 2023—March 31, 2024</u>	<u>Average</u>		<u>Maximum<sup>(1)</sup></u>		<u>Minimum<sup>(1)</sup></u>		<u>March 31, 2024</u>
	<u>(in billions)</u>						
Interest rate	¥	566.0	¥	701.5	¥	477.3	¥ 501.4
Yen		320.3		435.3		235.1	435.3
U.S. Dollars		415.7		501.6		352.3	375.6
Foreign exchange		6.9		10.8		4.1	7.7
Equities <sup>(2)</sup>		96.6		126.2		84.0	118.8
Commodities		0.4		2.7		0.1	0.2
Less diversification effect		(46.9)		—		—	(49.9)
Total		623.0		751.0		551.7	578.2

### Assumptions for VaR calculations:

Historical simulation method

Holding period: 10 business days

Confidence interval: 99%

Observation period: 701 business days

### Notes:

- (1) The maximum and minimum VaR overall for each category and in total were taken from different days. A simple summation of VaR by risk category is not equal to total VaR due to the effect of diversification.
- (2) The equities-related risk figures do not include market risk exposure from our strategic equity portfolio.

The average daily interest rate VaR by quarter in the fiscal year ended March 31, 2024 was as follows:



<b>Quarter</b>	<b>Daily average VaR (in billions)</b>
April—June 2023	¥ 599.94
July—September 2023	604.48
October—December 2023	552.32
January—March 2024	506.60

### ***Limitations of the Market Risk Measurement Model and Related Measures***

Actual losses may exceed the value at risk obtained by the application of an HS VaR model 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 assumed in the model. In order to complement these weaknesses of the HS-VaR model and measure potential losses that the model is not designed to capture, we conduct stress testing, as appropriate, on our HS-VaR model for our non-trading activities by applying various stress scenarios, including those which take into account estimates regarding future market volatility, in order to better identify risks and manage our portfolio in a more stable and appropriate manner. In addition, we utilize back-testing to verify the effectiveness of our VaR measurement model.

### **Funding Liquidity Risk Management**

Our major subsidiaries seek to maintain appropriate liquidity in both Japanese yen and foreign currencies by managing their funding sources and mechanisms, such as deposits, short-term borrowings and long-term debt, liquidity gap, liquidity-supplying products such as commitment lines, and buffer assets, primarily government bonds.

We have established a group-wide system for managing liquidity risk by categorizing the risk in the following three stages: normal, concern and crisis. The front offices and risk management offices of the major subsidiaries and the holding company exchange information and data on liquidity risk even at the normal stage. At higher alert stages, we centralize information about liquidity risk and discuss issues relating to group-wide liquidity control actions, including formulating contingency plans, among Group companies, if necessary. We have also established a system for liaison and consultation on funding in preparation for contingency, such as natural disasters, wars and terrorist attacks. The holding company and the major subsidiaries conduct group-wide contingency preparedness drills on a regular basis to ensure smooth implementation in the event of an emergency.

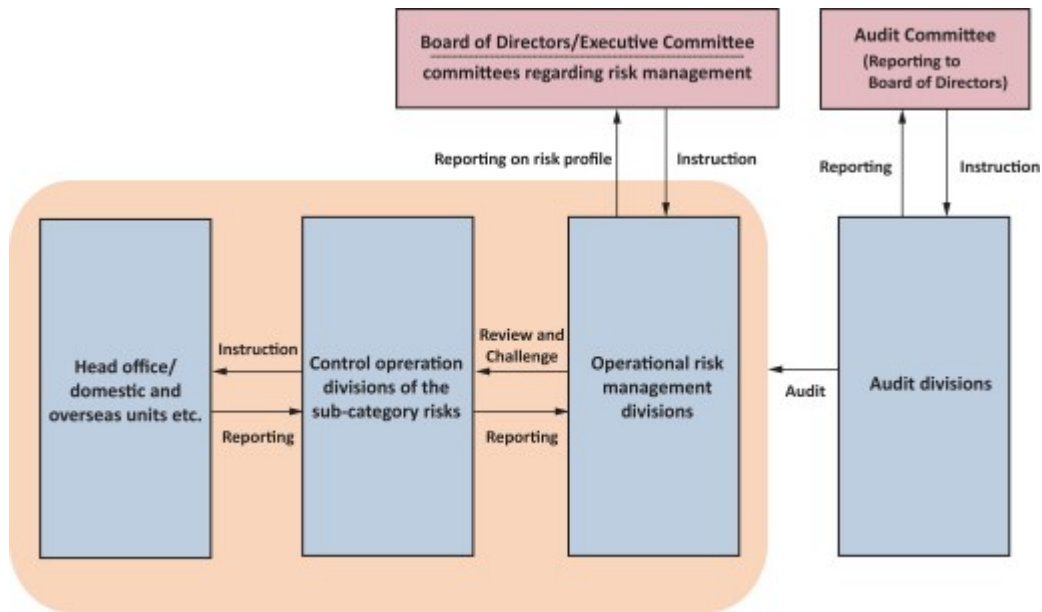
In addition, we have established a group-wide system for ensuring compliance with the minimum regulatory LCR and NSFR requirements by categorizing the risk in the following three stages: sufficient, concern and insufficient. The holding company and the major subsidiaries exchange information and data on LCR and NSFR even at the sufficient stage. At higher alert stages, we hold group-wide LCR and NSFR liaison meetings to discuss issues relating to LCR and NSFR and, based on the discussion as well as the information and data that have been shared, take countermeasures to improve LCR and NSFR as necessary.

For more information, see “Item 5.B. Operating and Financial Review and Prospects—Liquidity and Capital Resources—Financial Condition—Sources of Funding and Liquidity.” See also “Item 3.D. Key Information—Risk Factors—Funding Liquidity Risk—Deterioration in market liquidity or other external circumstances or an actual or perceived decline in our creditworthiness could negatively affect our ability to access and maintain liquidity.”

### **Operational Risk Management**

The holding company has established, based on its Executive Committee’s determination, the MUFG Operational Risk Management Policy as a group-wide policy for managing operational risk. This policy sets forth the core principles regarding operational risk management, including the definition of operational risk, and the risk management system and processes. Under the policy, the board of directors and the Executive Committee formulate fundamental principles of operational risk management and establish and maintain an appropriate risk management system. The Chief Risk Officer is responsible for recognizing, evaluating, and appropriately managing operational risk in accordance with the fundamental principles formulated by the board of directors and the Executive Committee. A division in charge of operational risk management has been established that is independent of business promotion sections to manage overall operational risk in a comprehensive manner. These fundamental principles have also been approved by the boards of directors of the major subsidiaries, providing a consistent framework for operational risk management of the Group. The diagram below sets forth the operational risk management system of each major banking subsidiary:

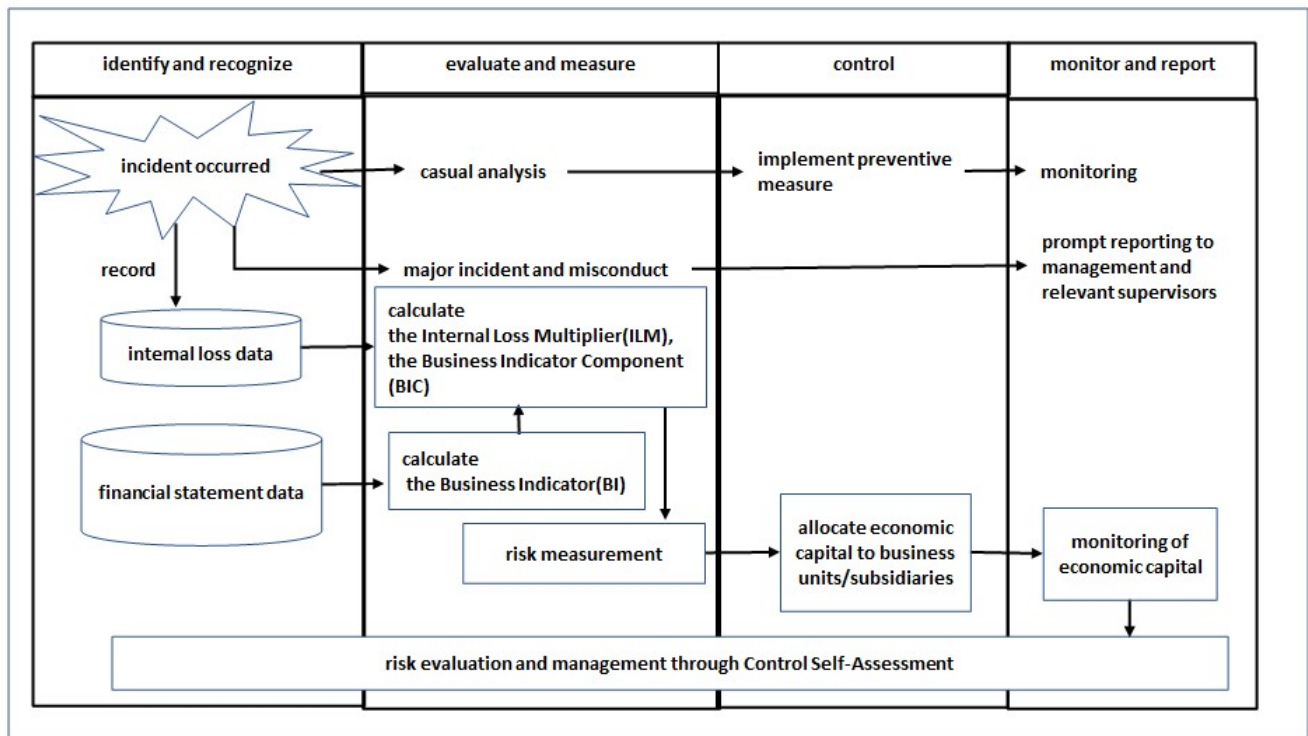
*Operational Risk Management System of Our Major Banking Subsidiaries*



As set forth in the following diagram, we have established a risk management framework for loss data collection, control self-assessment, and measurement of operational risk in order to appropriately identify, recognize, evaluate, measure, control, monitor and report operational risk.

We have also established group-wide reporting guidelines with respect to loss data collection and its monitoring. We focus our efforts on ensuring accurate assessment of the status of operational risk losses and the implementation of appropriate countermeasures, while maintaining databases of internal and external loss events.

The following diagram summarizes our operational risk management framework:



**Operations Risk Management**

The Group companies offer a wide range of financial services, ranging from commercial banking products such as deposits, exchange services and loans to trust and related services covering pensions, securities, real estate and securitization, as well as transfer agent services. Cognizant of the potentially significant impact that operations risk-related events could have in terms of both economic losses and damage to our reputation, our major subsidiaries continue to work on improving their management systems to create and apply appropriate operations risk-related controls.

Specific ongoing measures to reduce operations risk include the development of databases to manage, analyze and prevent the recurrence of related loss events; efforts to tighten controls over administrative procedures and related operating authority, while striving to improve human resources management, investments in systems to improve the efficiency of administrative operations, and programs to expand and upgrade internal auditing and operational guidance systems.

Senior management receives regular reports on the status of our businesses from an operations risk management perspective. We work to promote the sharing within the Group of information and expertise concerning any operational incidents and the measures implemented to prevent any recurrence.

Efforts to upgrade the management of operations risk continue with the aim of providing our customers with a variety of high-quality services.

**Information Risk Management**

Complying with laws and regulations requiring proper handling of customer information, we implement information security management measures, including the establishment of an information risk management framework, enhancement of our internal operational procedures, and training courses mandatory for all officers and staff.

We have also formulated our Personal Information Protection Policy as the basis for our ongoing programs designed to protect the confidentiality of personal information.

With the aim of preventing any recurrence and minimizing risk or loss, we also work to promote sharing on a group-wide basis of experience, knowledge and expertise related to information risk incidents.

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### ***IT Risk Management***

IT risk refers to the following risks:

- Loss arising from destruction of, suspension of services reliant on, defects in, or misuse of IT,
- Unauthorized alteration, leakage or loss of electronic data caused by insufficient IT systems planning, development or operations, and
- External threats to or vulnerabilities in IT systems security, including cybersecurity.

Systems planning, development and operations include appropriate design and extensive testing phases to ensure that systems are designed to help prevent failures while providing sufficient safeguards for the security of electronic data including personal information. System development projects are managed and overseen by a team dedicated to performing such management and oversight functions, and the development status of any mission-critical IT systems is reported regularly to senior management.

Disaster countermeasure systems development and investments for redundancy of the Group's IT infrastructure are designed to minimize damage in the event of any system failure. Emergency drills are conducted to help increase staff preparedness. Group-wide sharing of experience, knowledge and expertise related to system failures is promoted with the aim of preventing recurrence of, and minimizing, risk or loss. Contingency plans, including alternatives for both operations and systems, are designed to ensure operational resilience, enable quick recovery and reduce impact in the event of a system failure.

In addition, the risk of increasingly sophisticated cyber-attacks is a significant focus of the Board of Directors, and the Board regularly receives reports regarding our cybersecurity risk management program. We continue to work to strengthen measures designed to address and mitigate the risk, including the establishment of MUFG-CERT, our Computer Emergency Response Team, implementation of multi-layered defense and detection measures, enhancement of monitoring systems, and cooperation with global organizations with relevant expertise. MUFG-CERT is responsible for taking prompt action to coordinate and manage response to cyber security incidents to mitigate their impact. For more information, see "Item 16K. Cybersecurity."

We continue to develop our risk management capabilities for emerging technologies, such as artificial intelligence (AI), robotic process automation (RPA) and blockchain, considering, among other things, the maturity and usage of such technologies.

### ***Tangible Asset Risk Management***

Tangible assets include movable physical properties and immovable properties, owned or leased, such as land, buildings, equipment attached to buildings, fixtures and furniture. We recognize the potentially significant impact tangible asset risk-related events can have on the management and execution of the Group's businesses, which in turn can result in economic losses to, or diminished market confidence in, the Group. Accordingly, we continue to improve our risk control framework designed to appropriately manage such risk.

### ***Personnel Risk Management***

We recognize the potentially significant impact personnel risk-related events can have on the management and execution of the Group's businesses, which in turn can result in economic losses to, or diminished market confidence in, the Group. Accordingly, we continue to work on improving our risk control framework designed to appropriately manage such risk.

### ***Incompliance with Laws and Regulations Risk Management***

We recognize the potentially significant impact compliance risk-related events can have on the management and execution of the Group's businesses, which in turn can result in economic, reputation and other losses to, or diminished market confidence in, the Group. Accordingly, we continue to work on improving our compliance risk control framework designed to appropriately manage such risk.

Specifically, we have established our MUFG Group Code of Conduct as the basic guideline for the Group's directors and employees. In addition, a compliance management division has been established at each of the holding company and the major subsidiaries. See "—Compliance" below.

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### ***Legal Risk Management***

The legal division at each of the holding company and the major subsidiaries centrally and uniformly evaluates legal issues prior to entering into contracts or commencing new business operations, deals with legal disputes and manages other legal matters. With the aim of effectively managing our legal risk arising from our globally expanding business operations, we have established a global and group-wide legal risk management framework and promote sharing of experience, knowledge and practices relating to legal risk issues on a global and group-wide basis.

### ***The Standardized Approach for Operational Risk***

We adopted the Standardized Measurement Approach, or SMA, as of March 31, 2024, in place of the Advanced Measurement Approach that we had previously used, for calculation of the operational risk capital amount in measuring our capital adequacy ratios under applicable Japanese regulatory requirements based on the Basel III Standards. The SMA is intended to reduce complexity and variability in the calculation of operational risk capital amount and replace all previously permitted approaches.

Succinctly put, under the SMA, operational risk capital amount is calculated based on a bank's income, expense items and historical loss amounts. Using a bank's income and expense items as inputs, a financial statement-based proxy for the bank's operational risk exposure, which is referred to as the Business Indicator, is calculated based on a prescribed formula. The Business Indicator is multiplied by an applicable coefficient or coefficients (between 12% and 18%) to arrive at the value referred to as the Business Indicator Component (BIC). The calculated BIC is then multiplied by a scaling factor referred to as the Internal Loss Multiplier (ILM), which is calculated based on a prescribed formula using the bank's average historical operational risk losses over the last 10 years, or a conservative estimate value with a lower bound of 1, as an input.

Based on the foregoing, operational risk capital amount is calculated by multiplying the BIC and the ILM, and the risk weighted assets for operational risk are defined as the product of operational risk capital and 12.5.

### **Reputation Risk Management**

Reputation risk refers to the risk of harm to our corporate value arising from perceptions of our customers, shareholders, investors or other stakeholders and in the market or society that we deviate from their expectations or confidence. We recognize that such risk, if materialized, can have a material negative impact on our business and continue to work on enhancing our framework designed to appropriately manage the risk based on MUFG Way, MUFG Group Code of Conduct, and other rules and codes of the Group.

Specifically, in order to manage our reputation risk effectively on a group-wide basis, we have established a risk management system designed to ensure mutual consultation and reporting if a reputation risk-related event occurs or is anticipated and, through this system, share relevant information within the Group.

Through the risk control framework and risk management system, we seek to prevent reputation risk-related events and minimize damage to the corporate value of the Group by promptly obtaining an accurate understanding of relevant facts relating to risk events and disclosing information concerning such events and the measures we take in response to such events in an appropriate and timely manner.

### **Model Risk Management**

We recognize the potentially significant impact model risk-related events can have on the management and execution of the Group's businesses, which in turn can result in economic losses to, or diminished market confidence in, the Group. Models are used for increasingly wider and more important purposes, including valuing exposures, instruments and positions, measuring risks, and determining capital adequacy. Accordingly, we continue to work on improving our risk control framework.

### **Compliance**

#### ***Basic Policy***

In April 2021, MUFG renamed its Corporate Vision as "MUFG Way" and newly defined its social purpose—the purpose of its existence, along with its shared values and medium- to long-term goal. MUFG Way serves as the group's basic policy in conducting its business activities and provides guidelines for all group activities. Furthermore, we have established MUFG Group Code of Conduct as the guidelines for how the Group's directors and employees act to realize the Corporate Vision, in which we have expressed our commitment to complying with laws and regulations, to acting with honesty and integrity, and to behaving in a manner that supports and strengthens the trust and confidence of society.

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In addition, as we expand the geographic scope of our business globally, we are committed to keeping abreast of developments in laws and regulations of the jurisdictions in which we operate including anti-money laundering and anti-bribery, as well as paying attention to trends in financial crimes.

See “Item 3.D. Key Information—Risk Factors—Operational Risk—Legal and regulatory changes could have a negative impact on our business, financial condition and results of operations.” and “Item 3.D. Key Information—Risk Factors—Operational Risk—We may become subject to regulatory actions or other legal proceedings relating to our transactions or other aspects of our operations, which could result in significant financial losses, restrictions on our operations and damage to our reputation.” See also “Item 4.B. Information on the Company—Business Overview—Supervision and Regulation.”

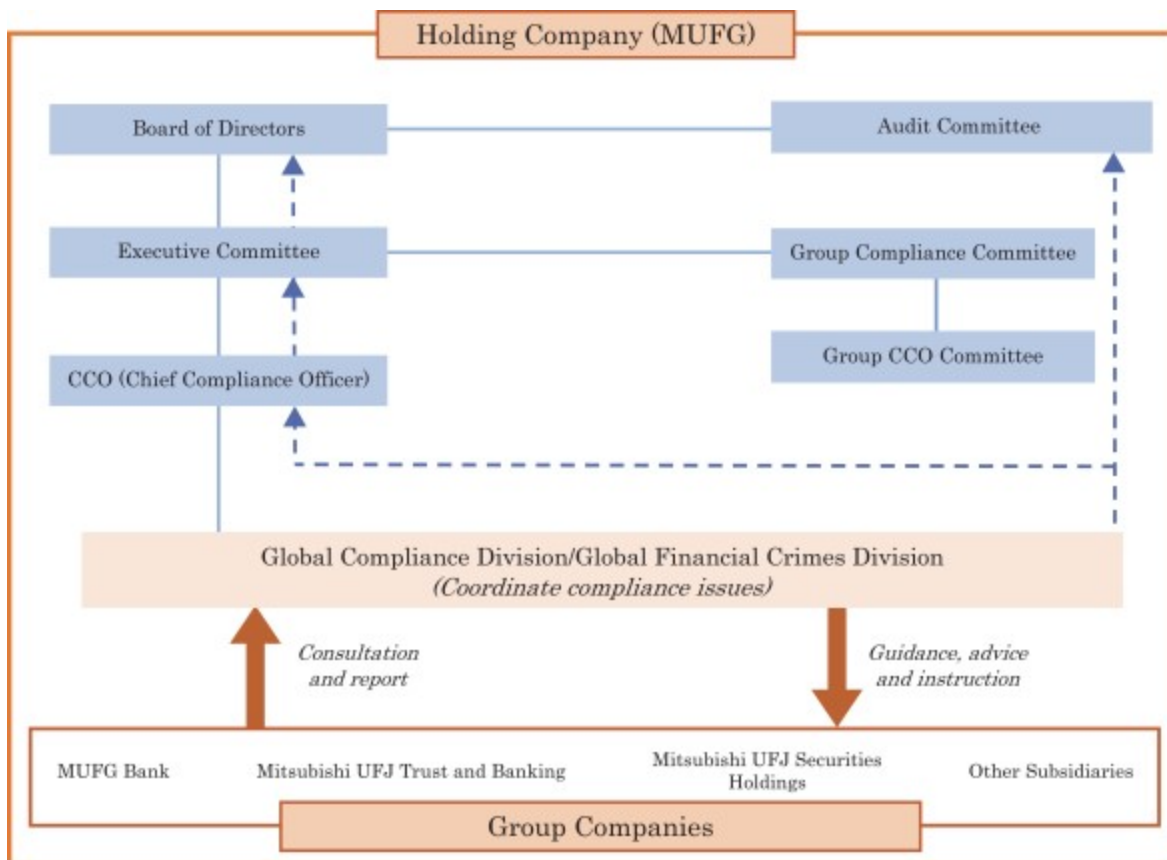
### **Compliance Framework**

Management and coordination of compliance-related matters are the responsibility of separate compliance management divisions established at the holding company and the major subsidiaries. Each compliance management division formulates compliance programs and organizes training courses to promote compliance, and regularly reports to each company’s board of directors and Executive Committee on the status of compliance activities.

The holding company has established a Group Compliance Committee and each major subsidiary has established a Compliance Committee for deliberating key issues related to compliance. Additionally, the holding company has a Group Chief Compliance Officer, or CCO, Committee, which consists of the CCO of the holding company acting as committee chair and the CCOs of the major subsidiaries. The Group CCO Committee deliberates important matters related to compliance and compliance-related issues for which the Group should share a common understanding.

The following diagram summarizes our compliance framework:

### *Compliance Framework*



### **Internal Reporting System and Accounting Auditing Hotline**



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The major subsidiaries have established internal reporting systems that aim to identify compliance issues early so that any problems can be quickly rectified. This system includes an independent external compliance hotline. Furthermore, the holding company has set up an MUFG Group Compliance Helpline that acts in parallel with group-company internal reporting systems and provides a reporting channel for directors and employees of Group companies. In the holding company, the contents of the reported cases as well as the results of surveys are reported to the audit committee on a regular basis or whenever necessary.

In addition to these internal reporting systems, the holding company has also established an accounting auditing hotline that provides a means to report any problems related to MUFG's accounting practices.

### ***MUFG Accounting Auditing Hotline***

MUFG has set up an accounting auditing hotline to be used to make reports related to instances of improper practices (violations of laws and regulations) and inappropriate practices, or of practices raising questions about such impropriety or inappropriateness, regarding accounting and internal control or audits related to accounting in Group companies. The audit committee oversees the reporting process to ensure the appropriateness and effectiveness of the reporting process and monitors the reports received through the hotline. The reporting process works as follows, and may be carried out via letter or e-mail:

#### **Hokusei Law Office, P.C.**

Address: Sanshikaikan Bldg. 8th Floor 1-9-4 Yurakucho, Chiyoda-ku, Tokyo  
e-mail: MUFG-accounting-audit-hotline@hokusei-law.com

*When reporting information please pay attention to the following:*

- Matters subject to reporting are limited to instances regarding the Group companies.
- Please provide detailed information with respect to the matter. Without detailed factual information there is a limit to how much our investigations can achieve.
- Anonymous information will be accepted.
- No information regarding the identity of the informant will be passed on to third parties without the approval of the informant him- or herself. However, this excludes instances where disclosure is legally mandated, or to the extent that the information is necessary for surveys or reports, when data may be passed on following the removal of the informant's name.
- Please submit reports in either Japanese or English.
- If the informant wishes, we will endeavor to report back to the informant on the response taken within a reasonable period of time following the receipt of specific information, but cannot promise to do so in all instances.

## **Internal Audit**

### ***Role of Internal Audit***

Internal Audit aims to evaluate and assist in the improvement of the effectiveness of governance, risk management and control processes with high proficiency and independence, thereby contributing to the enhancement of the corporate value of the MUFG Group and to the achievement of MUFG Way. Internal Audit covers all aspects of the Group's business activities and discusses and evaluates the management and operational frameworks and the implementation of business operations from legal compliance, rationality and efficiency perspectives, beyond checking compliance with defined procedures.

In addition, Internal Audit provides instructions and recommendations for operational improvement to audited divisions and reports to senior management on such instructions and recommendations, thereby contributing to safeguarding and development of the Group's assets.

### ***Three Lines of Defense Framework***

Risk management is conducted at multiple levels within a business organization, including front-office divisions in charge of managing specific categories of risk, a compliance division, and an internal audit division.

As for financial institutions, including the MUFG Group, based on the experience of past financial crises, the traditional risk management structure that was heavily dependent on front-office divisions has been under close scrutiny. As a result, there is an increasing expectation for financial institutions to achieve more effective risk management through, for example, appropriate allocation of risk management roles and responsibilities among various divisions.

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Cognizant of the importance of these developments, we have adopted the concept of “Three Lines of Defense” where the roles and responsibilities of each division in risk management are defined, classifying divisions within a financial institution into “the 1st Line of Defense”, “the 2nd Line of Defense” and “the 3rd Line of Defense”.

<b>Line</b>	<b>Divisions</b>	<b>Roles</b>
The 1st Line of Defense	Business divisions and client-facing divisions	<ul style="list-style-type: none"><li>• Undertake risks within the extent of risk exposure assigned</li><li>• Responsible and accountable for identifying, evaluating and controlling business risks</li></ul>
The 2nd Line of Defense	Risk management division, compliance division, etc.	<ul style="list-style-type: none"><li>• Ensure that risks are appropriately identified and managed by the 1st Line of Defense</li></ul>
The 3rd Line of Defense	Internal audit division	<ul style="list-style-type: none"><li>• Independently evaluate the effectiveness of the governance, risk management, and control processes implemented by the 1st and 2nd Lines of Defense</li></ul>

Internal Audit plays an essential role in the Group’s risk management through ongoing communications with the 1st and 2nd Lines of Defense, while maintaining independence.

### ***Group Internal Audit Framework***

The MUFG Group has internal audit functions at the holding company level as well as at the subsidiary level, which are designed to ensure proficiency and independence through effective collaboration.

The internal audit division of the holding company receives reports from the internal audit divisions of subsidiaries on the status and results of their internal audits and provides them with instructions and evaluations as needed.

### ***Reports to the Audit Committee***

The holding company has an audit committee within its board of directors as required by the Companies Act of Japan, and each of the major subsidiaries has established an audit and supervisory committee. Within each of the holding company and the major subsidiaries, the internal audit division reports to the committee on important matters, including governing principles for internal audit plans and the status and results of internal audits.

### ***MUFG Internal Audit Activity Charter***

In April 2019, we adopted “MUFG Internal Audit Activity Charter”, which defines our basic policies for Internal Audit, including its mission, purposes, responsibilities, and roles.

This charter is designed to encourage Internal Audit staff to conduct internal audits in accordance with the global standards set by the Institute of Internal Auditors, an international organization established for, among other purposes, formulating practical internal audit standards.

## **Item 12. Description of Securities Other than Equity Securities.**

### **A. Debt Securities**

Not applicable.

### **B. Warrants and Rights**

Not applicable.

### **C. Other Securities**

Not applicable.

**D. American Depositary Shares**

For a description of ADSs, each representing one share of our common stock, see Exhibit 2(c) to this Annual Report.

***Fees, charges and other payments relating to ADSs***

As a holder of our ADSs, you will be required to pay to The Bank of New York Mellon, as depositary for the ADRs, or the Depositary, either directly or indirectly, the following fees or charges. The Depositary collects its fees for delivery and surrender of ADRs directly from investors depositing shares or surrendering ADRs for the purpose of withdrawal or from intermediaries acting for them. The Depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees.

<u>ADS holders must pay:</u>	<u>For:</u>
\$5.00 (or less) per 100 ADSs (or portion thereof)	Each issuance of an ADR, including as a result of a distribution of shares or rights or other property
	Each cancellation of an ADR, including if the agreement terminates
\$0.02 (or less) per ADS	Any cash distribution, to the extent permitted by any securities exchange on which the ADSs may be listed for trading
A fee equivalent to the fee that would be payable if securities distributed to the ADS holder had been shares and the shares had been deposited for issuance of ADRs	Distribution of securities distributed to holders of deposited securities which are distributed by the Depositary to registered ADS holders
Registration or transfer fees	Transfer and registration of shares on the share register from your name to the name of The Bank of New York Mellon or its agent and vice versa when you deposit or withdraw shares
Expenses of The Bank of New York Mellon	Conversion of foreign currency to U.S. dollars, as well as cable, telex and facsimile transmission expenses
Taxes and other governmental charges The Bank of New York Mellon or MUFG Bank, as custodian, have to pay on any ADS or share underlying an ADS, for example, stock transfer taxes, stamp duty or withholding taxes	As necessary

***Fees Waived or Paid by the Depositary***

The Depositary has agreed to waive the standard out-of-pocket administrative, maintenance and other expenses for providing services to the registered holders of our ADSs, which include the expenses relating to the delivery of annual reports, dividend fund remittances, stationery, postage and photocopying. For the fiscal year ended March 31, 2024, the Depositary waived \$131,096.31 of standard out-of-pocket expenses.

The Depositary has also agreed to reimburse us for expenses related to the administration and maintenance of the ADS program, including investor relations expenses, the annual New York Stock Exchange listing fees and other program-related expenses. There is a limit on the amount of expenses for which the Depositary will reimburse us based and conditioned on the number of outstanding ADSs and the amount of dividend fees collected by the Depositary. For the fiscal year ended March 31, 2024, the Depositary reimbursed us \$1.0 million for such expenses.

**PART II**

**Item 13. Defaults, Dividend Arrearages and Delinquencies.**

None.

**Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds.**

None.

**Item 15. Controls and Procedures.**

***Disclosure Controls and Procedures***

An evaluation was carried out under the supervision and with the participation of our management, including the Chief Executive Officer, or CEO, and the Chief Financial Officer, or CFO, of the effectiveness of our disclosure controls and procedures, as defined in Rule 13a-15(e) under the U.S. Securities Exchange Act of 1934, as of the end of the period covered by this Annual Report.

Based on that evaluation, our CEO and CFO concluded that our disclosure controls and procedures were not effective as of March 31, 2024 due to the material weakness in our internal control over financial reporting as described below. In addition, our CEO and CFO concluded that our disclosure controls and procedures were not effective as of March 31, 2023.

***Management's Annual Report on Internal Control Over Financial Reporting***

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) under the U.S. Securities Exchange Act of 1934. Our internal control over financial reporting is a process designed by, or under the supervision of, MUFG's principal executive and principal financial officers, and effected by MUFG's board of directors, management, and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP and includes those policies and procedures that:

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of MUFG,
- (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of MUFG are being made only in accordance with authorizations of management and directors of MUFG, and
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of MUFG's assets that could have a material effect on the financial statements.

Because of inherent limitations, internal control over financial reporting, no matter how well designed, may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management evaluated the effectiveness of our internal control over financial reporting as of March 31, 2024 based on the criteria established in "Internal Control—Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission. As disclosed in Note 1A to our financial statements, we are restating our consolidated financial statements for the fiscal year ended March 31, 2023 to correct an error related to the accounting treatment for the elimination of the three-month reporting lag in connection with the sale of MUFG Union Bank, N.A. Our management concluded that our internal control over financial reporting was not effective as of March 31, 2024, due to a material weakness which our management identified relating to a deficiency in the design of an existing internal control over the review and approval of non-routine US GAAP accounting treatment considerations, which led to the restatement. The error resulting in the restatement of our March 31, 2023 financial statements was identified after March 31, 2024 and, therefore, management concluded that our internal control over financial reporting was also not effective as of March 31, 2023 and that the material weakness remained unremediated as of March 31, 2024.

More specifically, our internal control was not designed sufficiently to:

- 1 evaluate whether the selection of accounting treatment may result in quantitative or qualitative factors that would impact the users of our financial statements,
- 2 identify circumstances where additional research should be performed to consider whether there is other public information that may indicate that an alternative accounting treatment may be appropriate, and

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- 3 identify circumstances where certain matters that are particularly challenging or complex would require additional layers of escalation for review and approval.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

The effectiveness of our internal control over financial reporting as of March 31, 2024 has been audited by Deloitte Touche Tohmatsu LLC, an independent registered public accounting firm, as stated in its report, presented on page [153](#).

### ***Changes in Internal Control Over Financial Reporting***

During the period covered by this Annual Report, there has been no change in our internal control over financial reporting that has materially affected or is reasonably likely to materially affect our internal control over financial reporting.

### ***Management's Plan to Remediate the Material Weakness***

We are in the process of implementing remediation actions to address this material weakness to prevent similar errors from occurring again in the future. Such remediation actions include enhancement of the design of our internal control over the review and approval of non-routine US GAAP accounting treatment considerations sufficiently to:

- 1 evaluate whether the selection of accounting treatment may result in quantitative or qualitative factors that would impact the users of our financial statements,
- 2 identify circumstances where additional research should be performed to consider whether there is other public information that may indicate that an alternative accounting treatment may be appropriate, and
- 3 identify circumstances where certain matters that are particularly challenging or complex would require additional layers of escalation for review and approval.

We will consider the material weakness remediated after the applicable controls operate for a sufficient period of time and management is able to conclude, through testing, that the controls are operating effectively.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and the Shareholders of  
Mitsubishi UFJ Financial Group, Inc.  
(Kabushiki Kaisha Mitsubishi UFJ Financial Group):

### Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Mitsubishi UFJ Financial Group, Inc. (Kabushiki Kaisha Mitsubishi UFJ Financial Group) ("MUFJ") and subsidiaries (together, the "MUFJ Group") as of March 31, 2024, based on criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). In our opinion, because of the effect of the material weakness identified below on the achievement of the objectives of the control criteria, the MUFJ Group has not maintained effective internal control over financial reporting as of March 31, 2024, based on criteria established in Internal Control—Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated financial statements as of and for the year ended March 31, 2024, of the MUFJ Group and our report dated July 30, 2024, expressed an unqualified opinion on those financial statements.

### Basis for Opinion

The MUFJ Group's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the MUFJ Group's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the MUFJ Group in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Material Weakness

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the MUFJ Group's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in management's assessment related to a deficiency in the design of an existing internal control over the review and approval of non-routine US GAAP accounting treatment considerations. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements as of and for the year ended March 31, 2024, of the MUFJ Group, and this report does not affect our report on such financial statements.

/s/Deloitte Touche Tohmatsu LLC



Tokyo, Japan  
July 30, 2024

**Item 16A. Audit Committee Financial Expert.**

Our board of directors has determined that Mr. Koichi Tsuji, an outside director, is an “audit committee financial expert” as defined in Item 16A of Form 20-F and is, and has remained since his assumption of office as a member of our audit committee, “independent” as defined in the listing standards of the NYSE. Mr. Tsuji has spent most of his professional career as a certified public accountant in Japan, auditing Japanese corporations, including those registered with the U.S. Securities and Exchange Commission. Mr. Tsuji is also the chair of our audit committee.

**Item 16B. Code of Ethics.**

We have adopted a code of ethics, which consists of internal rules named MUFU Group Code of Conduct, compliance rules, compliance manual and rules of employment. Each of these rules applies to our principal executive officer, principal financial officer, principal accounting officer and persons performing similar functions. The MUFU Group Code of Conduct was most recently amended on April 1, 2024 primarily to make updates consistent with the revision of MUFU Way, where the element of agility in our effort to accelerate transformation and innovation has been added to the values comprising MUFU Way, and update and streamline explanatory commentaries. A copy of the MUFU Group Code of Conduct and the sections of our compliance rules, compliance manual and rules of employment relating to the “code of ethics” (as defined in paragraph (b) of Item 16B of Form 20-F) is attached as Exhibit 11(a) to this Annual Report.

No waivers of the MUFU Group Code of Conduct or the relevant sections of our compliance rules, compliance manual and rules of employment were granted to our principal executive officer, principal financial officer, principal accounting officer, directors or corporate auditors during the fiscal year ended March 31, 2024.

**Item 16C. Principal Accountant Fees and Services.**

***Fees and Services of Deloitte Touche Tohmatsu LLC***

The aggregate fees billed by Deloitte Touche Tohmatsu LLC, our independent registered public accounting firm and its affiliates, for the fiscal years ended March 31, 2023 and 2024 are presented in the following table:

	2023		2024	
	(in millions)			
Audit fees	¥	9,077	¥	8,981
Audit-related fees		591		578
Tax fees		105		104
Total	¥	9,774	¥	9,663

The description of our fees billed for each category described above is as follows:

*Audit fees*—Audit fees are primarily for an annual audit of our financial statements, review of our semi-annual condensed financial statements, statutory audit of our financial statements and audits of our subsidiary financial statements and attestation services relating to the internal controls over financial reporting under Section 404 of the U.S. Sarbanes-Oxley Act of 2002.

*Audit-related fees*—Audit-related fees primarily include accounting consultations, assurance services and agreed upon procedures on internal controls, employee benefit plan audit, and advisory services relating to internal control reviews.

*Tax fees*—Tax fees relate primarily to tax compliance, including assistance with preparation of tax return filings, tax advisory and tax planning services.

***Pre-Approval Policies and Procedures for Services by Deloitte Touche Tohmatsu LLC***

Our audit committee performs the pre-approval function required by applicable SEC rules and regulations. Our audit committee has established pre-approval policies and procedures that MUFU and its subsidiaries must follow before engaging Deloitte Touche Tohmatsu LLC to perform audit and permitted non-audit services.

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Prior to December 22, 2023, when MUFG or a subsidiary intended to engage Deloitte Touche Tohmatsu LLC to perform audit and permitted non-audit services, our audit committee approved service applications submitted to it by MUFG or such subsidiary prior to engagement on either a periodic or case-by-case basis.

- *Periodic application* was an application for pre-approval made each fiscal year for services that were expected to be provided by Deloitte Touche Tohmatsu LLC for proposed fees and engagement periods during the next fiscal year.
- *Case-by-case application* was an application for pre-approval made on a case-by-case basis for services to be provided by Deloitte Touche Tohmatsu LLC for proposed fees and engagement periods that were not covered by the periodic application.

Engagements of Deloitte Touche Tohmatsu LLC were documented and reported to our audit committee on an annual basis.

Pre-approval was resolved in principle by our audit committee prior to engagement, although if necessary a full-time member of our audit committee considered any case-by-case application for pre-approval on behalf of the audit committee prior to the next scheduled audit committee meeting. Such decisions made individually by a full-time member of our audit committee were reported to the audit committee as appropriate at the next scheduled audit committee meeting.

On December 22, 2023, our audit committee replaced the foregoing pre-approval policies and procedures with new pre-approval policies and procedures based on a pre-approved list of specified services as well as on an individual application for pre-approval.

- Our audit committee annually reviews and, where appropriate, pre-approves a proposed list of specific services and specific categories of services that are expected to be provided by Deloitte Touche Tohmatsu LLC and sets budgeted fee levels and engagement periods for such services and categories of services.
- Our audit committee reviews and, where appropriate, pre-approves an individual application for a service to be provided by Deloitte Touche Tohmatsu LLC that is not covered by the annually pre-approved service list, including any fee level or engagement period adjustment that has not been pre-approved.

Engagements of Deloitte Touche Tohmatsu LLC are documented and reported to our audit committee on an annual basis.

Pre-approval is resolved in principle by our audit committee prior to engagement, although if necessary a full-time member of our audit committee may consider any individual application for pre-approval on behalf of the audit committee prior to the next scheduled audit committee meeting. Such decisions made individually by a full-time member of our audit committee are reported to the audit committee as appropriate at the next scheduled audit committee meeting.

Fees approved pursuant to the procedures described in paragraph 2-01(c)(7)(i)(C) of Regulation S-X, which provides for an exception to the general requirement for pre-approval in certain circumstances, were less than 0.1% of the total fees paid to Deloitte Touche Tohmatsu LLC for each of the fiscal years ended March 31, 2023 and 2024.

### **Item 16D. Exemptions from the Listing Standards for Audit Committees.**

Not applicable.

### **Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers.**

#### *Issuer Purchases of Common Stock*

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	Total Number of Shares Purchased <sup>(1)</sup>	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs <sup>(2)</sup>
April 1 to April 30, 2023	1,699	¥ 862.56	—	—
May 1 to May 31, 2023	1,245	886.05	—	—
June 1 to June 30, 2023	2,511	981.83	—	—
July 1 to July 31, 2023	3,491	1,066.94	—	—
August 1 to August 31, 2023	2,756	1,122.46	—	—
September 1 to September 30, 2023	2,692	1,261.29	—	—
October 1 to October 31, 2023	2,603	1,258.77	—	—
November 1 to November 30, 2023	40,216,196	1,268.52	40,214,100	359,785,900
December 1 to December 31, 2023	105,609,070	1,227.09	105,606,200	254,179,700
January 1 to January 31, 2024	56,421,555	1,293.02	56,418,900	197,760,800
February 1 to February 29, 2024	53,488,734	1,429.12	53,485,700	144,275,100
March 1 to March 31, 2024	44,924,468	1,558.47	44,921,500	99,353,600
Total	300,677,020	¥ 1330.45	300,646,400	—

### Notes:

- (1) The shares purchased were shares constituting less than one unit (100 shares) purchased from registered holders of the shares, each at the current market price, in addition to those purchased as part of the publicly announced program described in Note (2) below.
- (2) During November 2023 to March 2024, we repurchased 300,646,400 shares of our common stock for ¥399,999,861,554 under a share repurchase program that was adopted on November 14, 2023 and completed in March 2024. Under the program, we were authorized by the Board of Directors to repurchase up to the lesser of 400,000,000 shares of our common stock and ¥400 billion between November 15, 2023 and March 31, 2024. In addition, we cancelled 350,000,000 shares of our common stock held in treasury on November 30, 2023.
- (3) On May 15, 2024, the Board of Directors approved a share repurchase program under which we were authorized to repurchase up to the lesser of 80,000,000 shares of our common stock and ¥100 billion between May 16, 2024 and June 30, 2024. Under the program, we have repurchased an aggregate of 62,666,100 shares for ¥99,999,986,737 as of June 30, 2024.

We did not make any purchases of shares of our common stock other than as shown in the above table for the fiscal year ended March 31, 2024.

In connection with the Performance-based Stock Compensation Plans, there were no stock purchases during the fiscal year ended March 31, 2024. In May 2024, 9,080,700 shares of MUFG common stock were purchased by the trustee of the plan trust.

In connection with the Share-Based Compensation Plan for Domestic Employees of Major Subsidiaries, 2,786,900 shares of MUFG common stock were purchased by the trustee of the plan trust in May 2024.

In connection with the MUFG Americas Holdings Corporation Stock Bonus Plan, 8,466,010 ADSs were purchased by the trustee of the independent trust between April 1, 2023 and March 31, 2024.

For descriptions of our stock compensation, share-based compensation and stock bonus plans, see “Item 6.B. Directors, Senior Management and Employees—Compensation.”

### **Item 16F. Change in Registrant's Certifying Accountant.**

None.

### **Item 16G. Corporate Governance.**

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The NYSE allows NYSE-listed companies that are foreign private issuers, such as MUFG, with certain exceptions, to follow home-country practices in lieu of the corporate governance practices followed by U.S. companies pursuant to the NYSE's Listed Company Manual. The following is a summary of the significant differences between MUFG's corporate governance practices and those followed by U.S. listed companies under the NYSE's Listed Company Manual.

***1. A NYSE-listed U.S. company must have a majority of directors that meet the independence requirements under Section 303A of the NYSE's Listed Company Manual.***

As of the date of this Annual Report, we have nine outside directors as members of our board of directors, which consists of a total of sixteen members. Under our governance system, we are required to have independent outside directors on each of our nominating, audit and compensation committees, constituting a majority of its members. For a description of an outside director, see "Item 6.C. Directors and Senior Management—Board Practices."

The Tokyo Stock Exchange rules require listed companies, including us, to identify at least one individual who the company believes is unlikely to have a conflict of interest with general shareholders and have such individual serve as an independent director or outside corporate auditor.

Further, companies listed on the Prime Market of the Tokyo Stock Exchange, including us, must have one third (or, in cases where such companies deem appropriate, the majority) of directors qualify as outside directors who are considered independent based on such internal standards as each company establishes pursuant to the Tokyo Stock Exchange requirements, or independent outside directors, or publicly disclose the reason for not having such directors on the board of directors. We have adopted and made public our corporate governance policy providing, among other things, that, in general, the majority of the members of our board of directors will be independent outside directors.

***2. A NYSE-listed U.S. company must have an audit committee composed entirely of independent directors.***

Under the Companies Act, we are required to have an audit committee consisting of at least three non-executive directors, and the majority of its members must be outside directors. Currently, our audit committee consists of three outside directors and two non-executive directors. Our audit committee satisfies the requirements of Rule 10A-3 under the U.S. Securities Exchange Act of 1934, including the independence requirements thereunder.

***3. A NYSE-listed U.S. company must have a compensation committee composed entirely of independent directors.***

Under the Companies Act, we are required to have a compensation committee consisting of at least three directors, and the majority of its members must be outside directors. Further, companies listed on the Prime Market of the Tokyo Stock Exchange, including us, must have the majority of compensation committee members in principle qualify as independent outside directors or publicly disclose the reason for not having such directors on the compensation committee. Currently, our compensation committee consists of five directors, four of whom are independent outside directors.

***4. A NYSE-listed U.S. company must have a nominating or corporate governance committee composed entirely of independent directors.***

Under the Companies Act, we are required to have a nominating committee consisting of at least three directors, and the majority of its members must be outside directors. Further, companies listed on the Prime Market of the Tokyo Stock Exchange, including us, must have the majority of nominating committee members in principle qualify as independent outside directors or publicly disclose the reason for not having such directors on the nominating committee. Currently, our nominating committee, which we call the nominating and governance committee, consists of five directors, four of whom are independent outside directors.

***5. A NYSE-listed U.S. company must obtain shareholder approval with respect to any equity compensation plan.***

Under the Companies Act, an equity compensation plan for directors and corporate executives is deemed to be compensation for the services performed by the company's directors and corporate executives. Our compensation committee establishes the policy with respect to the determination of the individual compensation of our directors and corporate executives, including equity compensation in the form of performance-based stock compensation plan, and determines individual compensation in accordance with the policy. Under the Companies Act, a public company with board audit, compensation and nominating committees seeking to introduce a performance-based stock compensation plan must obtain the approval of its compensation committee, not its shareholders.

***6. A NYSE-listed U.S. company must adopt and disclose Corporate Governance Guidelines and a Code of Business Conduct and Ethics, and it must also disclose any exemptions granted to directors or executives.***

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Our corporate governance policies, which are called the “MUFG Corporate Governance Policies,” are based on applicable home-country rules, particularly the Tokyo Stock Exchange rules, which require listed companies, such as us, to adopt a corporate governance code setting forth fundamental principles designed to establish an effective corporate governance system or explain in their corporate governance reports the reasons for not adopting such a code. We disclose these policies on our website. The Tokyo Stock Exchange rules regarding corporate governance became stricter for companies listed on the Prime Market, including us, starting in April 2022, including without limitation those discussed in 1, 3 and 4 above.

We have adopted a code of conduct, compliance rules, compliance manual and rules of employment, which meet the definition of “code of ethics” in “Item 16B. Code of Ethics.”

***7. A NYSE-listed U.S. company must hold regularly scheduled executive sessions where participants are limited to non-management directors.***

Under the Companies Act, Japanese corporations are not obliged to hold executive sessions where participants are limited to non-management directors. Such executive sessions are also not required under our internal corporate governance rules.

### **Item 16H. Mine Safety Disclosure.**

Not Applicable.

### **Item 16I. Disclosure Regarding Foreign Jurisdictions That Prevent Inspections.**

Not Applicable.

### **Item 16J. Insider Trading Policies.**

We currently have in place insider trading policies and procedures called MUFG Insider Trading Control Policy and Insider Trading Control Rule. These policies and procedures apply to our directors, senior management, and employees and are designed to promote compliance with applicable insider trading laws, rules and regulations, and the listing standards applicable to us. A copy of MUFG Insider Trading Control Policy and Insider Trading Control Rule is attached as Exhibit 11(b) to this Annual Report.

### **Item 16K. Cybersecurity**

#### **Overview**

As a financial institution operating globally, we are exposed to various cybersecurity risks, including ransomware, phishing, and distributed denial of service attacks. These risks are often influenced by criminal activity, international conflicts and other threat environments but are becoming increasingly more sophisticated and complex to deal with. We take seriously our responsibilities for securing the assets entrusted to us by our customers against cybersecurity threats and our obligation to provide secure and stable financial services. We have identified risks and threats posed by cyber-attacks and other relevant events as one of our top risks and have been developing and implementing cybersecurity measures under management leadership. During the fiscal year ended March 31, 2024, we did not identify any cybersecurity threats that have materially affected, or were reasonably likely to materially affect, our business strategy, results of operations or financial condition. While we endeavor to remain vigilant for, and continue to develop and implement measures to address, cybersecurity risk, we may not be able to prevent or mitigate a future cybersecurity incident that could have a material adverse impact on our business strategy, performance, and financial stability. See “Item 3.D. Key Information—Risk Factors—Operational Risk—Our operations are highly dependent on our information, communications and transaction management systems and are subject to an increasing risk of cyber-attacks and other information security threats and to changes in the business and regulatory environment.”

#### **Cybersecurity Risk Management Process**

We manage cybersecurity risk as a subset of IT risk, which is included in the broader risk category of operational risk. Operational risk is defined as the risk of potential loss resulting from inadequate or ineffective internal processes, people and systems, or due to external events. Cybersecurity risk management is integrated into our comprehensive risk management framework where we have adopted a three lines of defense approach. The first line of defense is the Cyber Security Division, which is the team primarily responsible for identifying and mitigating risks as well as designing and executing controls to manage cybersecurity risk. The second line of defense is the Corporate Risk Management Division, which is responsible for assessing and monitoring cybersecurity risk as well as testing the effectiveness of cybersecurity risk controls independently from the first line. The third line of defense is the Internal Audit Division, which audits the effectiveness of first-line and second-line cybersecurity risk management.

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Our cybersecurity risk management program incorporates features based on globally recognized standards such as those issued by the National Institute of Standards and Technology (NIST). Based on such globally recognized standards, the Cyber Security Division, which is supervised by the Group Chief Information Security Officer (CISO), establishes policies and standards to protect our information systems and conducts cybersecurity risk assessments. Among its other responsibilities, the Division also focuses on threat intelligence, including centralized information collection and impact analysis on newly discovered vulnerabilities and past experience, and prevention and remediation of such impacts on a global group-wide basis. Additionally, the Division conducts daily monitoring of our external-facing systems to identify and prevent any flaws in security updates or configuration settings. In an effort to enhance our round-the-clock monitoring and incident response capabilities on a global group-wide basis, we have established the MUFG Cyber Security Fusion Center (MUFG CSFC), which specializes in cybersecurity threat analysis and information security solutions. At the subsidiary level, the Computer Security Incident Response Teams (CSIRTs) have been established within subsidiaries to receive, investigate and implement measures in response to reports of cybersecurity incidents from within such respective subsidiaries in coordination with the MUFG Computer Security Incident Response Team (MUFG-CERT), a team established within the Cyber Security Division for centralizing our cybersecurity incident responses.

We regularly conduct exercises and drills designed to ensure our ability to effectively perform cybersecurity incident response functions. We have also expanded our collaborative activities with government agencies, other companies in the financial industry and other information security communities, including the Financial Services Information Sharing and Analysis Center (FS-ISAC), the Financials Information Sharing and Analysis Center Japan (F-ISAC), the Forum of Incident Response and Security Teams (FIRST) and the Japan Computer Emergency Response Team Coordination Center (JPCERT/CC). Furthermore, in order to minimize third-party risks, we conduct risk assessments on third-party vendor contracts prior to contract initiation and subsequently conduct annual reviews to identify any significant changes in the risk environment. We also require our vendors to adhere to the standards set by us in order to ensure that our risk management protocols are consistently maintained. Along with regularly conducted internal reviews of our cybersecurity risk management program against market trends and best practices, we engage audit firms and external consultants as needed, receive evaluations, and utilize the results of these evaluations to continuously ensure and enhance the effectiveness of our program.

### **Governance**

The Group Chief Information Officer (CIO) is responsible for operating and maintaining our cybersecurity risk management program and regularly reports on significant cybersecurity-related matters to the Board of Directors as well as the Executive Committee. In the fiscal year ended March 31, 2024, the cybersecurity-related matters reported on by the Group CIO to the Board of Directors included the progress and future policy directions of various key measures, such as those designed to protect public internet assets with subject to significant attack risk, to strengthen the security posture of our internal information security environment, and to improve the security posture of our overseas facilities. As the most senior manager responsible for cybersecurity risk, the Group CISO supervises the Cyber Security Division and directly reports to the Group CIO. The Cyber Security Division receives information on cybersecurity incidents from the CSIRTs in accordance with our policies and procedures, supervises and coordinates incident response at our group companies, and provides relevant information to the Group CISO, the Group CIO, the Corporate Risk Management Division and, as appropriate, other senior management members. Our current Group CIO has over twenty years of experience in IT management, including cybersecurity risk management, and has experience as a member of a government information security organization. Similarly, the current Group CISO and senior members of the Cyber Security Division have extensive cybersecurity management experience and expertise, with many members participating in financial industry information security organizations, including the F-ISAC.

The Board of Directors decides key management policies and is responsible for management oversight. Decisions on particularly important matters, such as decisions on key management policies as cybersecurity risk management policy for the entire Group, and oversight of the execution of duties related to cybersecurity by directors and corporate executive officers are performed by the Board of Directors. In addition, the Risk Committee and the Audit Committee are established under the Board of Directors to assist the Board with oversight. The Risk Committee discusses and makes recommendations to the Board of Directors on material matters, including cybersecurity, relating to the risk management operations, matters relating to top risk matters and any other material matters that require discussion, and any other material matters that require discussion by the Risk Committee. The Audit Committee obtains reports from management, the Internal Audit Division and the external auditor on any cybersecurity risks and the risk management and corporate governance frameworks and the operation of such frameworks, and oversees them, and assists oversight of the Board of Directors.

Our cybersecurity risk management program is also operated and maintained under the supervision of the Board of Directors with the report on significant cybersecurity-related matters by the Group CIO and the assistance of the Risk Committee and the Audit Committee.



**PART III****Item 17. Financial Statements.**

In lieu of responding to this item, we have responded to Item 18 of this Annual Report.

**Item 18. Financial Statements.**

Our consolidated financial statements are included in this Annual Report, as required by this item, starting on page F-1.

Pursuant to Rule 3-09 of Regulation S-X, the financial statements and supplementary data of Morgan Stanley, our equity method investee, as of December 31, 2022 and 2023 and for the fiscal years ended December 31, 2021, 2022 and 2023, are incorporated in this Annual Report as Exhibit 99(c) by reference to Morgan Stanley's annual report on Form 10-K filed on February 24, 2024.

**Item 19. Exhibits.**

<b>Exhibit</b>	<b>Description</b>
1(a)	Articles of Incorporation of Mitsubishi UFJ Financial Group, Inc., as amended on June 29, 2022 (English translation)
1(b)	Board of Directors Regulations of Mitsubishi UFJ Financial Group, Inc., as amended on June 25, 2015 (English translation)*
1(c)	Corporation Meetings Regulations of Mitsubishi UFJ Financial Group, Inc., as amended on April 1, 2022 (English translation)**
1(d)	Share Handling Regulations of Mitsubishi UFJ Financial Group, Inc., as amended on August 2, 2022 (English Translation)
1(e)	Charter of the Audit Committee of Mitsubishi UFJ Financial Group, Inc., as amended on July 1, 2024 (English translation)
1(f)	Charter of the Compensation Committee of Mitsubishi UFJ Financial Group, Inc., as amended on July 1, 2018 (English translation)*
1(g)	Charter of the Nominating and Governance Committee of Mitsubishi UFJ Financial Group, Inc., as amended on July 1, 2018 (English translation)*
1(h)	Charter of the Risk Committee of Mitsubishi UFJ Financial Group, Inc., as amended on July 1, 2018 (English translation)*
2(a)	Form of American Depositary Receipt*
2(b)	Form of Deposit Agreement, amended and restated as of December 22, 2004, among Mitsubishi Tokyo Financial Group, Inc. (subsequently renamed Mitsubishi UFJ Financial Group, Inc.), The Bank of New York Mellon and the holders from time to time of American Depositary Receipts issued thereunder*
2(c)	Description of Securities
8	Subsidiaries of the Company—see “Item 4.C. Information on the Company—Organizational Structure.”
11(a)	MUFG Group Code of Conduct, Compliance Rules, Compliance Manual, and Rules of Employment of Mitsubishi UFJ Financial Group, Inc. applicable to its principal executive officer, principal financial officer, principal accounting officer and persons performing similar functions (English translation of relevant sections)
11(b)	MUFG Insider Trading Control Policy and Insider Trading Control Rule
12	Certifications required by Rule 13a-14(a) (17 CFR 240.13a-14(a)) or Rule 15d-14(a) (17 CFR 240.15d-14(a))
13	Certifications required by Rule 13a-14(b) (17 CFR 240.13a-14(b)) or Rule 15d-14(b) (17 CFR 240.15d-14(b)) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350)
15(a)	Consent of independent registered public accounting firm (Deloitte Touche Tohmatsu LLC)
15(b)	Consent of independent registered public accounting firm (Deloitte & Touche LLP)
97	MUFG Executive Compensation Recovery Policy
99(a)	Capitalization and Indebtedness of Mitsubishi UFJ Financial Group, Inc. as of March 31, 2024***
99(b)	Unaudited Reverse Reconciliation of Selected Financial Information of Mitsubishi UFJ Financial Group, Inc. as of and for the fiscal year ended March 31, 2024****
99(c)	Financial Statements and Supplementary Data of Morgan Stanley*****

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<u>Exhibit</u>	<u>Description</u>
101.INS	Inline XBRL Instance Document—the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	The cover page for the Company’s Annual Report on Form 20-F for the year ended March 31, 2024, has been formatted in Inline XBRL

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### Notes:

- \* Incorporated by reference to our annual report on Form 20-F (File No. 000-54189) filed on July 12, 2018.
- \*\* Incorporated by reference to our annual report on Form 20-F (File No. 000-54189) filed on July 8, 2022.
- \*\*\* Deemed to be incorporated by reference into the registration statement on Form F-3 (No. 333-273681) of Mitsubishi UFJ Financial Group, Inc. and to be a part thereof.
- \*\*\*\* Deemed to be incorporated as Annex A to the registration statement on Form F-3 (No. 333-273681) of Mitsubishi UFJ Financial Group, Inc. and to be a part thereof.
- \*\*\*\*\* Incorporated by reference to Morgan Stanley’s annual report on Form 10-K (File No. 001-11758) filed on February 22, 2024.

**SELECTED STATISTICAL DATA**

Due to close integration of our foreign and domestic activities, it is difficult to make a precise determination of the assets, liabilities, income and expenses of our foreign operations. The foreign operations as presented include the business conducted by overseas subsidiaries and branches, and the international business principally conducted by the international banking-related divisions headquartered in Japan. Our management believes that the results appropriately represent our domestic and foreign activities.

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### I. Distribution of Assets, Liabilities and Equity; Interest Rates and Interest Differential

#### Average Balance Sheets, Interest and Average Rates

The following table shows our average balances, interest and average interest rates for the fiscal years ended March 31, 2022, 2023 and 2024. Average balances are generally based on a daily average while a month-end average is used for certain average balances when it is not practicable to obtain applicable daily averages. Average balances in the tables include those relating to the assets and liabilities held for sale of MUFG Union Bank. For more information, see Note 2 to our consolidated financial statements included elsewhere in this Annual Report.

	Fiscal years ended March 31,								
	2022			2023			2024		
	Average balance	Interest income	Average rate	Average balance	Interest income	Average rate	Average balance	Interest income	Average rate
(in millions, except percentages)									
<b>Assets:</b>									
<b>Interest-earning assets:</b>									
Interest-earning deposits in other banks:									
Domestic	¥ 41,455,342	¥ 35,325	0.09 %	¥ 36,816,513	¥ 29,336	0.08 %	¥ 37,958,267	¥ 41,525	0.11 %
Foreign	12,303,262	22,067	0.18	14,346,858	329,718	2.30	13,605,507	668,294	4.91
Total	53,758,604	57,392	0.11	51,163,371	359,054	0.70	51,563,774	709,819	1.38
Call loans and funds sold:									
Domestic	1,083,472	62	0.01	1,196,362	3,677	0.31	2,009,892	2,342	0.12
Foreign	396,886	4,356	1.10	583,746	16,177	2.77	702,673	29,481	4.20
Total	1,480,358	4,418	0.30	1,780,108	19,854	1.12	2,712,565	31,823	1.17
Receivables under resale agreements:									
Domestic	5,112,747	(4,910)	(0.10)	5,937,814	(21,614)	(0.36)	6,390,270	(13,661)	(0.21)
Foreign	7,263,156	24,401	0.34	7,790,682	137,645	1.77	9,151,180	411,774	4.50
Total	12,375,903	19,491	0.16	13,728,496	116,031	0.85	15,541,450	398,113	2.56
Receivables under securities borrowing transactions:									
Domestic	1,789,988	2,487	0.14	2,115,629	16,330	0.77	2,169,748	27,039	1.25
Foreign	1,232,193	507	0.04	1,815,906	27,114	1.49	2,033,933	96,316	4.74
Total	3,022,181	2,994	0.10	3,931,535	43,444	1.11	4,203,681	123,355	2.93
Trading account assets:									
Domestic	9,980,365	48,607	0.49	11,245,370	57,270	0.51	12,257,370	59,742	0.49
Foreign	23,319,951	351,578	1.51	21,076,033	494,102	2.34	21,972,439	742,712	3.38
Total	33,300,316	400,185	1.20	32,321,403	551,372	1.71	34,229,809	802,454	2.34
Investment securities <sup>(1)</sup> :									
Domestic	49,365,484	145,586	0.29	50,504,454	165,188	0.33	48,966,375	175,044	0.36
Foreign	9,417,502	168,910	1.79	12,603,729	382,800	3.04	12,562,197	545,364	4.34
Total	58,782,986	314,496	0.54	63,108,183	547,988	0.87	61,528,572	720,408	1.17
Loans <sup>(2)</sup> :									
Domestic	66,686,589	598,484	0.90	68,042,979	746,937	1.10	68,605,472	917,073	1.34
Foreign	46,772,112	1,133,478	2.42	56,942,271	2,226,730	3.91	55,073,019	3,404,029	6.18
Total	113,458,701	1,731,962	1.53	124,985,250	2,973,667	2.38	123,678,491	4,321,102	3.49
Total interest-earning assets:									
Domestic	175,473,987	825,641	0.47	175,859,121	997,124	0.57	178,357,394	1,209,104	0.68
Foreign	100,705,062	1,705,297	1.69	115,159,225	3,614,286	3.14	115,100,948	5,897,970	5.12
Total	276,179,049	2,530,938	0.92	291,018,346	4,611,410	1.58	293,458,342	7,107,074	2.42
<b>Non-interest-earning assets:</b>									
Cash and due from banks	51,911,727			54,355,901			54,547,884		
Other non-interest-earning assets	43,795,286			52,138,693			56,174,603		
Allowance for credit losses	(1,297,725)			(1,361,071)			(1,286,011)		
Total non-interest-earning assets	94,409,288			105,133,523			109,436,476		
<b>Total assets</b>	<b>¥370,588,337</b>			<b>¥396,151,869</b>			<b>¥402,894,818</b>		

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### Notes:

- (1) Tax-exempt income of tax-exempt investment securities has not been calculated on a tax equivalent basis because the effect of such calculation would not be material.
- (2) Average balances on loans outstanding include all nonaccrual loans and loans modified into troubled debt restructurings. The amortized portion of net loan origination fees (costs) is included in interest income on loans, which accounts for an immaterial amount of an adjustment to the yields.

	Fiscal years ended March 31,								
	2022			2023			2024		
	Average balance	Interest expense	Average rate	Average balance	Interest expense	Average rate	Average balance	Interest expense	Average rate
	(in millions, except percentages)								
<b>Liabilities and equity:</b>									
<b>Interest-bearing liabilities:</b>									
Deposits:									
Domestic	¥142,382,405	¥ 34,432	0.02 %	¥143,977,238	¥ 100,837	0.07 %	¥148,636,503	¥ 243,534	0.16 %
Foreign	48,644,527	182,159	0.37	54,856,782	1,069,318	1.95	55,965,408	2,271,878	4.06
Total	191,026,932	216,591	0.11	198,834,020	1,170,155	0.59	204,601,911	2,515,412	1.23
Call money and funds purchased:									
Domestic	1,756,392	(259)	(0.01)	2,876,551	(238)	(0.01)	3,201,180	(70)	—
Foreign	357,691	944	0.26	156,406	4,021	2.57	28,351	2,366	8.35
Total	2,114,083	685	0.03	3,032,957	3,783	0.12	3,229,531	2,296	0.07
Payables under repurchase agreements:									
Domestic	15,565,212	20,883	0.13	20,895,775	308,826	1.48	19,048,334	525,262	2.76
Foreign	10,153,952	6,226	0.06	10,566,506	169,171	1.60	12,015,767	545,349	4.54
Total	25,719,164	27,109	0.11	31,462,281	477,997	1.52	31,064,101	1,070,611	3.45
Payables under securities lending transactions:									
Domestic	362,987	402	0.11	451,216	486	0.11	771,495	1,698	0.22
Foreign	80,008	4,066	5.08	50,939	687	1.35	83,190	5,698	6.85
Total	442,995	4,468	1.01	502,155	1,173	0.23	854,685	7,396	0.87
Commercial paper:									
Domestic	1,232,999	(76)	(0.01)	1,414,564	(439)	(0.03)	1,324,375	287	0.02
Foreign	3,181,684	4,980	0.16	4,863,555	130,175	2.68	5,700,860	312,229	5.48
Total	4,414,683	4,904	0.11	6,278,119	129,736	2.07	7,025,235	312,516	4.45
Due to trust account, other short-term borrowings and trading account liabilities:									
Domestic	18,302,064	27,177	0.15	14,486,918	31,123	0.21	11,608,055	45,169	0.39
Foreign	3,016,333	19,897	0.66	3,777,939	27,939	0.74	3,047,445	43,601	1.43
Total	21,318,397	47,074	0.22	18,264,857	59,062	0.32	14,655,500	88,770	0.61
Long-term debt:									
Domestic	32,236,949	194,458	0.60	34,480,413	331,588	0.96	37,478,426	459,134	1.23
Foreign	2,486,297	65,068	2.62	2,022,887	48,502	2.40	1,503,254	56,989	3.79
Total	34,723,246	259,526	0.75	36,503,300	380,090	1.04	38,981,680	516,123	1.32
Total interest-bearing liabilities:									
Domestic	211,839,008	277,017	0.13	218,582,675	772,183	0.35	222,068,368	1,275,014	0.57
Foreign	67,920,492	283,340	0.42	76,295,014	1,449,813	1.90	78,344,275	3,238,110	4.13
Total	279,759,500	560,357	0.20	294,877,689	2,221,996	0.75	300,412,643	4,513,124	1.50
<b>Non-interest-bearing liabilities</b>									
	74,559,613			84,973,687			83,175,726		
<b>Total equity</b>									
	16,269,224			16,300,493			19,306,449		
<b>Total liabilities and equity</b>									
	¥370,588,337			¥396,151,869			¥402,894,818		
<b>Net interest income and interest rate spread</b>									
		¥1,970,581	0.72 %		¥2,389,414	0.83 %		¥2,593,950	0.92 %
<b>Net interest income as a percentage of total interest-earning assets</b>									
			0.71 %			0.82 %			0.88 %

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The percentage of total average assets attributable to foreign activities was 32.5%, 35.3% and 35.1% respectively, for the fiscal years ended March 31, 2022, 2023 and 2024.

The percentage of total average liabilities attributable to foreign activities was 32.8%, 35.2% and 31.5%, respectively, for the fiscal years ended March 31, 2022, 2023 and 2024.

### *Analysis of Net Interest Income*

The following table shows changes in our net interest income by changes in volume and by changes in interest rate for the fiscal year ended March 31, 2023 compared to the fiscal year ended March 31, 2022, and the fiscal year ended March 31, 2024 compared to the fiscal year ended March 31, 2023.

	Fiscal year ended March 31, 2022 versus fiscal year ended March 31, 2023			Fiscal year ended March 31, 2023 versus fiscal year ended March 31, 2024		
	Increase (decrease) due to changes in			Increase (decrease) due to changes in		
	Volume <sup>(1)</sup>	Rate <sup>(1)</sup>	Net change	Volume <sup>(1)</sup>	Rate <sup>(1)</sup>	Net change
	(in millions)					
<b>Interest income:</b>						
Interest-earning deposits in other banks:						
Domestic	¥ (3,790)	¥ (2,199)	¥ (5,989)	¥ 936	¥ 11,253	¥ 12,189
Foreign	4,265	303,386	307,651	(17,880)	356,456	338,576
Total	475	301,187	301,662	(16,944)	367,709	350,765
Call loans and funds sold:						
Domestic	7	3,608	3,615	1,689	(3,024)	(1,335)
Foreign	2,789	9,032	11,821	3,777	9,527	13,304
Total	2,796	12,640	15,436	5,466	6,503	11,969
Receivables under resale agreements:						
Domestic	(913)	(15,791)	(16,704)	(1,541)	9,494	7,953
Foreign	1,899	111,345	113,244	27,809	246,320	274,129
Total	986	95,554	96,540	26,268	255,814	282,082
Receivables under securities borrowing transactions:						
Domestic	531	13,312	13,843	428	10,281	10,709
Foreign	352	26,255	26,607	3,625	65,577	69,202
Total	883	39,567	40,450	4,053	75,858	79,911
Trading account assets:						
Domestic	6,368	2,295	8,663	5,004	(2,532)	2,472
Foreign	(36,604)	179,128	142,524	21,830	226,780	248,610
Total	(30,236)	181,423	151,187	26,834	224,248	251,082
Investment securities <sup>(2)</sup> :						
Domestic	3,423	16,179	19,602	(5,147)	15,003	9,856
Foreign	70,141	143,749	213,890	(1,265)	163,829	162,564
Total	73,564	159,928	233,492	(6,412)	178,832	172,420
Loans:						
Domestic	12,400	136,053	148,453	6,224	163,912	170,136
Foreign	286,034	807,218	1,093,252	(75,368)	1,252,667	1,177,299
Total	298,434	943,271	1,241,705	(69,144)	1,416,579	1,347,435
<b>Total interest income:</b>						
Domestic	18,026	153,457	171,483	7,593	204,387	211,980
Foreign	328,876	1,580,113	1,908,989	(37,472)	2,321,156	2,283,684
<b>Total</b>	<b>¥ 346,902</b>	<b>¥ 1,733,570</b>	<b>¥ 2,080,472</b>	<b>¥ (29,879)</b>	<b>¥ 2,525,543</b>	<b>¥ 2,495,664</b>

Notes:



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- (1) Volume/rate variance is allocated based on the percentage relationship of changes in volume and changes in rate to the total “net change.”
- (2) Tax-exempt income of tax-exempt investment securities has not been calculated on a tax equivalent basis because the effect of such calculation would not be material.

	Fiscal year ended March 31, 2022 versus fiscal year ended March 31, 2023			Fiscal year ended March 31, 2023 versus fiscal year ended March 31, 2024		
	Increase (decrease) due to changes in			Increase (decrease) due to changes in		
	Volume <sup>(1)</sup>	Rate <sup>(1)</sup>	Net change	Volume <sup>(1)</sup>	Rate <sup>(1)</sup>	Net change
	(in millions)					
<b>Interest expense:</b>						
Deposits:						
Domestic	¥ 390	¥ 66,015	¥ 66,405	¥ 3,366	¥ 139,331	¥ 142,697
Foreign	26,146	861,013	887,159	22,039	1,180,521	1,202,560
Total	26,536	927,028	953,564	25,405	1,319,852	1,345,257
Call money and funds purchased:						
Domestic	(122)	143	21	(24)	192	168
Foreign	(812)	3,889	3,077	(5,267)	3,612	(1,655)
Total	(934)	4,032	3,098	(5,291)	3,804	(1,487)
Payables under repurchase agreements:						
Domestic	9,520	278,423	287,943	(29,494)	245,930	216,436
Foreign	263	162,682	162,945	26,164	350,014	376,178
Total	9,783	441,105	450,888	(3,330)	595,944	592,614
Payables under securities lending transactions:						
Domestic	95	(11)	84	491	721	1,212
Foreign	(1,118)	(2,261)	(3,379)	673	4,338	5,011
Total	(1,023)	(2,272)	(3,295)	1,164	5,059	6,223
Commercial paper:						
Domestic	(13)	(350)	(363)	26	700	726
Foreign	3,979	121,216	125,195	25,724	156,330	182,054
Total	3,966	120,866	124,832	25,750	157,030	182,780
Due to trust account, other short-term borrowings and trading account liabilities:						
Domestic	(6,470)	10,416	3,946	(7,172)	21,218	14,046
Foreign	5,435	2,607	8,042	(6,267)	21,929	15,662
Total	(1,035)	13,023	11,988	(13,439)	43,147	29,708
Long-term debt:						
Domestic	14,376	122,754	137,130	30,734	96,812	127,546
Foreign	(11,427)	(5,139)	(16,566)	(14,678)	23,165	8,487
Total	2,949	117,615	120,564	16,056	119,977	136,033
<b>Total interest expense:</b>						
Domestic	17,776	477,390	495,166	(2,073)	504,904	502,831
Foreign	22,466	1,144,007	1,166,473	48,388	1,739,909	1,788,297
Total	¥ 40,242	¥ 1,621,397	¥ 1,661,639	¥ 46,315	¥ 2,244,813	¥ 2,291,128
<b>Net interest income:</b>						
Domestic	¥ 250	¥ (323,933)	¥ (323,683)	¥ 9,666	¥ (300,517)	¥ (290,851)
Foreign	306,410	436,106	742,516	(85,860)	581,247	495,387
Total	¥ 306,660	¥ 112,173	¥ 418,833	¥ (76,194)	¥ 280,730	¥ 204,536

Note:

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- (1) Volume/rate variance is allocated based on the percentage relationship of changes in volume and changes in rate to the total “net change.”

## II. Investments in Debt Securities

The following table presents the book values, maturities and weighted average yields of Available-for-sale debt securities and Held-to-maturity debt securities at March 31, 2024. Weighted average yields are calculated based on amortized cost. Yields on tax-exempt obligations have not been calculated on a tax equivalent basis because the effect of such calculation would not be material:

	Maturities within one year		Maturities after one year but within five years		Maturities after five years but within ten years		Maturities after ten years		Total	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
(in millions, except percentages)										
<b>Available-for-sale debt securities:</b>										
Japanese national government and Japanese government agency bonds	¥ 19,201,607	0.00 %	¥ 1,866,783	0.21 %	¥ 361,100	0.35 %	¥ 1,737,910	0.59 %	¥ 23,167,400	0.07 %
Japanese prefectural and municipal bonds	308,671	0.21	487,900	0.12	249,420	0.11	—	—	1,045,991	0.15
Foreign government and official institution bonds	855,008	2.98	1,724,655	2.66	690,737	3.63	8,883	7.27	3,279,283	2.96
Corporate bonds	227,365	0.69	584,486	0.76	203,228	0.59	6,512	0.47	1,021,591	0.71
Residential mortgage-backed securities	—	—	13,379	0.34	143,147	0.29	1,072,999	0.28	1,229,525	0.28
Asset-backed securities	167,816	2.96	1,045,558	3.36	33,772	0.84	—	—	1,247,146	3.24
Other debt securities	274,467	1.45	118,336	6.30	1,030	0.58	10,603	0.17	404,436	2.83
<b>Total</b>	<b>¥ 21,034,934</b>	<b>0.18 %</b>	<b>¥ 5,841,097</b>	<b>1.68 %</b>	<b>¥ 1,682,434</b>	<b>1.74 %</b>	<b>¥ 2,836,907</b>	<b>0.49 %</b>	<b>¥ 31,395,372</b>	<b>0.57 %</b>
<b>Held-to-maturity debt securities:</b>										
Japanese national government and Japanese government agency bonds	¥ 3,497,943	0.14 %	¥ 7,551,905	0.06 %	¥ 4,085,227	0.30 %	¥ 56,666	1.04 %	¥ 15,191,741	0.15 %
Japanese prefectural and municipal bonds	35,140	0.45	829,285	0.19	1,134,757	0.37	—	—	1,999,182	0.30
Corporate bonds	7,090	0.14	112,400	0.44	—	—	—	—	119,490	0.42
Residential mortgage -backed securities	—	—	—	—	—	—	4,952,083	4.73	4,952,083	4.73
Asset-backed securities	—	—	—	—	1,697,855	5.33	883,611	6.79	2,581,466	5.83
<b>Total</b>	<b>¥ 3,540,173</b>	<b>0.14 %</b>	<b>¥ 8,493,590</b>	<b>0.07 %</b>	<b>¥ 6,917,839</b>	<b>1.55 %</b>	<b>¥ 5,892,360</b>	<b>5.00 %</b>	<b>¥ 24,843,962</b>	<b>1.66 %</b>

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### III. Loan Portfolio

The following table shows the maturities of our loan portfolio at March 31, 2024:

	Maturity				Total
	One year or less	One to five years	Five to 15 years	Over 15 years	
	(in millions)				
<b>Commercial</b>					
Domestic	¥ 26,789,279	¥ 20,034,369	¥ 8,986,796	¥ 1,687,846	¥ 57,498,290
Foreign	22,948,480	19,681,604	4,361,209	361,922	47,353,215
<b>Residential</b>	669,394	2,440,768	5,112,885	4,274,331	12,497,378
<b>Card</b>	299,404	179,799	5,647	—	484,850
<b>Krungsri</b>	2,908,152	3,050,280	1,919,145	955,319	8,832,896
<b>Other</b>	708,432	838,387	49,200	162,148	1,758,167
<b>Total</b>	<u>¥ 54,323,141</u>	<u>¥ 46,225,207</u>	<u>¥ 20,434,882</u>	<u>¥ 7,441,566</u>	<u>¥ 128,424,796</u>
Unearned income, unamortized premiums—net and deferred loan fees—net					(488,301)
<b>Total</b>					<u>¥ 127,936,495</u>

The above loans due after one year which had predetermined interest rates and floating or adjustable interest rates at March 31, 2024 are shown below:

	Predetermined rate	Floating or adjustable rate	Total
	(in millions)		
<b>Commercial</b>			
Domestic	¥ 20,025,696	¥ 10,683,315	¥ 30,709,011
Foreign	1,371,475	23,033,260	24,404,735
<b>Residential</b>	1,891,300	9,936,684	11,827,984
<b>Card</b>	185,446	—	185,446
<b>Krungsri</b>	3,154,037	2,770,707	5,924,744
<b>Other</b>	744,897	304,838	1,049,735
<b>Total</b>	<u>¥ 27,372,851</u>	<u>¥ 46,728,804</u>	<u>¥ 74,101,655</u>

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**IV. Allowance for Credit Losses**

The following table shows an allocation of our allowance for credit losses, credit ratios, and components for ratio calculations at March 31, 2023 and 2024:

	2023		2024	
	Amount	% of loans in each category to total loans	Amount	% of loans in each category to total loans
(in millions, except percentages)				
<b>Commercial</b>				
Domestic	¥ 392,723	46.22%	¥ 392,528	44.77%
Foreign	326,866	35.05	352,986	36.87
<b>Residential</b>	59,747	10.70	56,964	9.73
<b>Card</b>	42,469	0.39	36,423	0.38
<b>Krungsri</b>	358,031	6.47	414,471	6.88
<b>Other</b>	93,062	1.17	112,849	1.37
Allowance for credit losses Total	¥ 1,272,898	100.00%	¥ 1,366,221	100.00%
Loans, net of unearned income, unamortized premiums and deferred loan fees	¥ 119,955,460		¥ 127,936,495	
Nonaccrual loans	¥ 1,014,338		¥ 1,325,174	
Allowance for credit losses as a percentage of loans	1.06%		1.07%	
Nonaccrual loans as a percentage of loans	0.85%		1.04%	
Allowance for credit losses as a percentage of Nonaccrual loans	125.49%		103.10%	

The following table shows ratio of net charge-offs to average loans outstanding for the fiscal years ended March 31, 2022, 2023 and 2024:

	Fiscal year ended March 31,		
	2022		
	Net charge-offs	Average loans outstanding	Ratio
(in millions, except percentages)			
<b>Commercial</b>			
Domestic	¥ 24,299	¥ 53,231,613	0.05%
Foreign	21,651	30,604,489	0.07
<b>Residential</b>	2,107	12,967,432	0.02
<b>Card</b>	18,922	487,509	3.88
<b>MUAH</b>	9,676	8,774,764	0.11
<b>Krungsri</b>	60,584	6,388,121	0.95
<b>Other</b>	42,058	1,004,773	4.19
<b>Total</b>	¥ 179,297	¥ 113,458,701	0.16%

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Fiscal years ended March 31,

	2023			2024		
	Net charge-offs	Average loans outstanding	Ratio	Net charge-offs	Average loans outstanding	Ratio
(in millions, except percentages)						
<b>Commercial</b>						
Domestic	¥ 128,300	¥ 54,556,136	0.24 %	¥ 34,267	¥ 55,649,331	0.06 %
Foreign	11,696	41,259,989	0.03	24,037	45,314,415	0.05
<b>Residential</b>	629	13,020,801	0.00	1,283	12,481,513	0.01
<b>Card</b>	17,535	466,042	3.76	20,307	474,628	4.28
<b>Krungsri</b>	70,032	7,319,483	0.96	115,950	8,154,651	1.42
<b>Other</b>	31,416	8,362,799	0.38	21,460	1,603,953	1.34
<b>Total</b>	<u>¥ 259,608</u>	<u>¥124,985,250</u>	0.21 %	<u>¥ 217,304</u>	<u>¥123,678,491</u>	0.18 %



## V. Deposits

The following table shows the average amount of, and the average rate paid on, the following deposit categories for the fiscal years ended March 31, 2022, 2023 and 2024:

	Fiscal years ended March 31,					
	2022		2023		2024	
	Average amount	Average rate	Average amount	Average rate	Average amount	Average rate
(in millions, except percentages)						
<b>Domestic offices:</b>						
Non-interest-bearing demand deposits	¥ 32,195,640	—%	¥ 34,108,393	—%	¥ 35,736,511	—%
Interest-bearing demand deposits	100,484,992	0.01	103,411,286	0.06	107,034,059	0.15
Deposits at notice	1,666,104	0.00	1,556,368	0.03	1,491,428	0.07
Time deposits	38,602,335	0.07	36,563,214	0.11	37,319,953	0.21
Certificates of deposit	1,628,974	0.01	2,446,370	0.01	2,791,063	0.02
<b>Foreign offices:</b>						
Non-interest-bearing demand deposits	4,627,968	—	2,909,735	—	2,598,548	—
Interest-bearing deposits, principally time deposits and certificates of deposit	48,644,527	0.37	54,856,782	1.95	55,965,408	4.06
<b>Total</b>	<u>¥227,850,540</u>		<u>¥235,852,148</u>		<u>¥242,936,970</u>	

Deposits at notice represent interest-bearing demand deposits which require the depositor to give two or more days notice in advance of withdrawal.

The average amounts of total deposits by foreign depositors included in domestic offices for the fiscal years ended March 31, 2022, 2023 and 2024 were ¥757,724 million, ¥945,588 million and ¥1,313,848 million, respectively.

At March 31, 2023 and 2024, our uninsured deposits were ¥147,197 billion and ¥157,797 billion, respectively. Our uninsured deposits consist of (1) the portion of deposits in domestic offices that are in excess of the limit stipulated by the Deposit Insurance Act in Japan and (2) deposits that are otherwise uninsured (including for example, uninsured account deposits in domestic offices, uninsured account deposits in foreign offices, or the portion of deposits in foreign offices that are in excess of any country-specific insurance fund limit). Under the Deposit Insurance Act in Japan, the maximum amount of protection is ¥10 million per customer within one bank. The ¥10 million maximum applies to all deposits in domestic offices, except for non-interest bearing deposits, which are non-interest bearing deposits redeemable on demand and maintained by depositors primarily in settlement accounts for payment and settlement purposes. Domestic office's deposits in settlement accounts are fully protected without a maximum amount limitation. Certain types of deposits in domestic offices are not covered by the deposit insurance system, such as foreign currency deposits and negotiable certificates of deposit.

At March 31, 2024, (1) the portion of time deposits in domestic offices that are in excess of the limit stipulated by the Deposit Insurance Act in Japan and (2) time deposits that are otherwise uninsured (including for example, uninsured account time deposits in domestic offices, uninsured account time deposits in foreign offices, or the portion of time deposits in foreign offices that are in excess of any country-specific insurance fund limit), by remaining maturity, are shown in the following table:

	Portion of time deposits in domestic offices that are in excess of the limit stipulated by the Deposit Insurance Act in Japan		Time deposits that are otherwise uninsured		Total
	(in millions)				
Three months or less	¥	6,090,191	¥	30,216,668	¥ 36,306,859
Over three months through six months		4,650,302		7,219,694	11,869,996
Over six months through twelve months		5,570,130		4,423,983	9,994,113
Over twelve months		4,716,399		902,415	5,618,814
<b>Total</b>	<u>¥</u>	<u>21,027,022</u>	<u>¥</u>	<u>42,762,760</u>	<u>¥ 63,789,782</u>

## CONSOLIDATED FINANCIAL STATEMENTS

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and the Shareholders of  
Mitsubishi UFJ Financial Group, Inc.  
(Kabushiki Kaisha Mitsubishi UFJ Financial Group)

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Mitsubishi UFJ Financial Group, Inc. (Kabushiki Kaisha Mitsubishi UFJ Financial Group) (“MUFG”) and subsidiaries (together, the “MUFG Group”) as of March 31, 2023 and 2024, the related consolidated statements of operations, comprehensive income, equity and cash flows for each of the three years in the periods ended March 31, 2022, 2023 (Restated) and 2024, and the related notes (collectively referred to as the “financial statements”) (all expressed in Japanese yen). In our opinion, the financial statements present fairly, in all material respects, the financial position of the MUFG Group as of March 31, 2023 and 2024, and the results of its operations and its cash flows for each of the three years in the periods ended March 31, 2022, 2023 (Restated) and 2024, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the MUFG Group’s internal control over financial reporting as of March 31, 2024, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated July 30, 2024, expressed an adverse opinion on the MUFG Group’s internal control over financial reporting because of a material weakness.

### Restatement of the March 31, 2023 Financial Statements

As discussed in Note 1A to the financial statements, the accompanying March 31, 2023 financial statements have been restated to correct an error relating to the accounting treatment for the elimination of the three-month reporting lag in connection with the sale of MUFG Union Bank, N.A.

### Basis for Opinion

These financial statements are the responsibility of the MUFG Group’s management. Our responsibility is to express an opinion on the MUFG Group’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the MUFG Group in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

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### ***Allowance for Credit Losses—Commercial and Krungsri Segments — Macroeconomic Variables in Multiple Economic Forecast Scenarios and Weightings Given to Each Scenario—Refer to Notes 1 and 4 to the Financial Statements***

#### *Critical Audit Matter Description*

The MUFG Group has banking subsidiaries that engage in lending as one of their core businesses. It maintains an allowance for credit losses, which is an estimate of the credit losses that are expected over the life, or exposure, of the financial instrument. The estimation of the allowance for credit losses involves significant judgments on a number of assumptions, including the assessment of risk characteristics, assignment of a borrower's internal credit rating, valuation of collateral, expectations of future economic conditions and the development of qualitative adjustments. The MUFG Group divides its loan portfolio into the following segments—Commercial, Residential, Card, Krungsri, and Other—and determines the allowance for credit losses for each segment.

The allowance for credit losses is estimated using quantitative models that incorporate economic forecast scenarios. These economic forecast scenarios include macroeconomic variables that have historically been correlated with historical credit losses. These variables include, but are not limited to, unemployment rates and gross domestic product. As any one economic forecast scenario is inherently uncertain, multiple economic forecast scenarios were leveraged. The macroeconomic variables in multiple economic forecast scenarios and weightings given to each scenario depend on a variety of factors including recent economic conditions and views of internal as well as third-party economists.

The determination of the allowance for credit losses for the Commercial and Krungsri segments required management to make significant judgements due to the subjectivity and uncertainty associated with expectations of future economic conditions. Due to the heightened volatility and uncertainty primarily arising from changes in global economic conditions, inflation, monetary policies, and geopolitical situations, there was a particularly high degree of uncertainty necessitating subjective judgments to be made by management to determine certain macroeconomic variables in the multiple economic forecast scenarios and the weightings given to each scenario.

Thus, we identified certain macroeconomic variables in the multiple economic forecast scenarios and the weightings given to each scenario, which are used to determine the allowance for credit losses for certain loans within the Commercial and Krungsri segments as critical audit matters. Auditing these significant assumptions required a high degree of auditor judgment and an increased extent of effort, including the need to involve our credit specialists, when performing audit procedures to evaluate the reasonableness of these significant assumptions.

#### *How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures related to certain macroeconomic variables in the multiple economic forecast scenarios and the weightings given to each scenario used to determine the allowance for credit losses for certain loans within the Commercial and Krungsri segments included the following, among others:

- We tested the effectiveness of controls, including the review and approval of certain macroeconomic variables in the multiple economic forecast scenarios, and the review and approval of the weightings given to each scenario.
- 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 certain macroeconomic variables in the multiple economic forecast scenarios, such as unemployment rate and gross domestic product, and the reasonableness of the weightings given to each scenario by comparing to macroeconomic forecasts from available external sources.

### ***Allowance for Credit Losses—Commercial and Krungsri Segments — Qualitative Adjustments—Refer to Notes 1 and 4 to the Financial Statements***

#### *Critical Audit Matter Description*

The allowance for credit losses includes qualitative adjustments to cover losses that are expected but were not reflected in the modeled allowance.

The determination of the allowance for credit losses for the Commercial and Krungsri segments required management to make significant judgements due to the subjectivity and uncertainty associated with the development of qualitative adjustments. There was a particularly high degree of uncertainty necessitating subjective judgments to be made by management to develop certain qualitative adjustments to capture the effects on modelled expected credit losses primarily arising from changes in global economic conditions, inflation, monetary policies, and geopolitical situations for the Commercial segment, and the inflation and temporary relief measures for the Krungsri segment.

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Thus, we identified certain qualitative adjustments included in the allowance for credit losses for certain loans within the Commercial and Krungsri segments as a critical audit matter. Auditing these significant assumptions required a high degree of auditor judgment and an increased extent of effort, including the need to involve our credit specialists, when performing audit procedures to evaluate the reasonableness of these significant assumptions.

### *How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures related to certain qualitative adjustments included in the allowance for credit losses for certain loans within the Commercial and Krungsri segments included the following, among others:

- We tested the effectiveness of controls, including the review and approval of the quantitative models and methodologies, and the review and approval of certain qualitative adjustments to modeled results.
- We tested the effectiveness of controls over the completeness and accuracy of the key information used in performing the aforementioned controls.
- With the assistance of our credit specialists, we evaluated the appropriateness of the quantitative models and methodologies 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 credit specialists, we evaluated the reasonableness of the use of qualitative adjustments to modeled results and tested significant judgments applied by management by comparing management's results to available relevant external information.

### ***Allowance for Credit Losses—Commercial Segment—Internal Credit Rating—Refer to Notes 1 and 4 to the Financial Statements***

#### *Critical Audit Matter Description*

The determination of the allowance for credit losses for the Commercial segment required management to make significant judgments, due to the subjectivity and uncertainty associated with the determination of internal credit rating for borrowers who were experiencing weakness in their business performance, which were highly dependent on the estimation of a borrower's performance and business sustainability. When these borrowers' performance and business sustainability were affected by changes in the external and internal business environment, including changes in global economic conditions, inflation, monetary policies, and geopolitical situations, there was a particularly high degree of uncertainty necessitating subjective judgments to be made by management to determine the borrowers' internal credit rating.

Thus, for borrowers who were experiencing weakness in their business performance, we identified the internal credit rating used to determine the allowance for credit losses for certain loans within the Commercial segment as a critical audit matter. Auditing the borrowers' internal credit rating required a high degree of auditor judgment and an increased extent of effort, including the need to involve our credit specialists, when performing audit procedures to evaluate the reasonableness of these significant assumptions.

### *How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures related to the internal credit rating for particular borrowers used to determine the allowance for credit losses for certain loans within the Commercial segment included the following, among others:

- We tested the effectiveness of controls, including the review and approval of the borrowers' internal credit rating.
- 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.
- With the assistance of our credit specialists, we tested significant judgments applied by management to determine the internal credit rating and the appropriateness of the borrowers' underlying information by comparing them with available relevant external information.

### ***Valuation of Level 3 Loans Held for Sale—Refer to Notes 1 and 31 to the Financial Statements***

#### *Critical Audit Matter Description*

The MUFG Group has banking subsidiaries that engage in lending as one of their core businesses. When loans are classified as held for sale, they are measured at the lower of cost or fair value, and no allowance for loan losses is estimated. The fair value is based on secondary market prices, recent transactions or discounted cash flows. Unlike financial instruments whose inputs are readily



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observable and, more easily independently corroborated, the valuation of loans held for sale classified as Level 3 is inherently subjective and often involves the use of unobservable inputs and internal valuation models. Of those level 3 loans held for sale, when borrowers were experiencing weakness in their business performance, and the market credit information of those borrowers was limited, there was a particularly high degree of uncertainty necessitating subjective judgments to be made by management to determine the valuation of loans held for sale.

Thus, for borrowers who were experiencing weakness in their business performance, when the market credit information of those borrowers was limited, we identified the valuation of certain level 3 loans held for sale as a critical audit matter. Auditing the valuation of the loans held for sale required a high degree of auditor judgment and an increased extent of effort, including the need to involve our valuation specialists and credit specialists, when performing audit procedures to evaluate the reasonableness of the valuation.

### *How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures related to the valuation of certain level 3 loans held for sale included the following, among others:

- With the assistance of our valuation specialists and credit specialists, we evaluated the valuation of the level 3 loans held for sale by comparing to those we independently developed using available external inputs and independent valuation models.

/s/Deloitte Touche Tohmatsu LLC

Tokyo, Japan

July 30, 2024

We have served as the MUFG Group's auditor since 1976.

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**
**CONSOLIDATED BALANCE SHEETS  
AS OF MARCH 31, 2023 AND 2024**

(in millions)	2023	2024
<b>ASSETS</b>		
Cash and due from banks (Note 9)	¥ 60,050,640	¥ 4,391,530
Interest-earning deposits in other banks (Note 9)	53,989,863	105,631,633
Cash, due from banks and interest-earning deposits in other banks	114,040,503	110,023,163
Call loans and funds sold	1,802,463	1,738,416
Receivables under resale agreements (Note 15)	14,058,963	18,495,497
Receivables under securities borrowing transactions (Note 15)	4,555,748	5,000,989
Trading account assets (including assets pledged that secured parties are permitted to sell or repledge of ¥11,407,569 and ¥7,370,330 in 2023 and 2024) (including ¥19,691,210 and ¥19,716,612 measured at fair value under the fair value option in 2023 and 2024) (Notes 9, 15, 23 and 31)	46,168,461	49,745,992
Investment securities (Notes 3, 9 and 31):		
Available-for-sale debt securities (including assets pledged that secured parties are permitted to sell or repledge of ¥6,277,947 and ¥6,086,602 in 2023 and 2024)	35,740,802	31,395,372
Held-to-maturity debt securities (including assets pledged that secured parties are permitted to sell or repledge of ¥8,264,085 and ¥7,345,438 in 2023 and 2024) (fair value of ¥21,386,156 and ¥24,557,514 in 2023 and 2024)	21,520,081	24,843,962
Equity securities (including assets pledged that secured parties are permitted to sell or repledge of ¥724 and ¥474 in 2023 and 2024) (including ¥4,619,120 and ¥5,648,879 in 2023 and 2024 measured at fair value)	5,001,048	6,132,092
Total investment securities	62,261,931	62,371,426
Loans, net of unearned income, unamortized premiums and deferred loan fees (including assets pledged that secured parties are permitted to sell or repledge of ¥144,288 and ¥124,818 in 2023 and 2024) (Notes 4 and 9)	119,955,460	127,936,495
Allowance for credit losses (Note 4)	(1,272,898)	(1,366,221)
Net loans	118,682,562	126,570,274
Premises and equipment—net (Notes 5 and 7)	860,578	873,027
Customers' acceptance liability	378,525	430,221
Intangible assets—net (Notes 2 and 6)	1,174,223	1,298,966
Goodwill (Notes 2 and 6)	296,772	490,344
Other assets (net of allowance for credit losses of ¥15,918 and ¥16,757 at March 31, 2023 and 2024) (Notes 7, 8, 9, 13, 14 and 31)	17,455,004	20,398,146
<b>Total assets</b>	<b>¥ 381,735,733</b>	<b>¥ 397,436,461</b>
<b>Assets of consolidated VIEs included in total assets above that can be used only to settle obligations of consolidated VIEs (Note 25)</b>		
Cash and due from banks	¥ 8,243	¥ 10,146
Interest-earning deposits in other banks	52,031	34,166
Trading account assets	1,367,928	1,266,293
Investment securities	2,076,737	2,320,543
Loans	16,598,585	17,514,131
All other assets	998,096	1,463,239
<b>Total assets of consolidated VIEs</b>	<b>¥ 21,101,620</b>	<b>¥ 22,608,518</b>

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**
**CONSOLIDATED BALANCE SHEETS—(Continued)  
AS OF MARCH 31, 2023 AND 2024**

(in millions, except shares)	2023	2024
<b>LIABILITIES AND EQUITY</b>		
Deposits (Notes 9 and 10):		
Domestic offices:		
Non-interest-bearing	¥ 35,186,603	¥ 36,105,211
Interest-bearing	147,716,037	147,169,199
Overseas offices:		
Non-interest-bearing	2,617,346	2,682,164
Interest-bearing	49,756,795	60,460,810
Total deposits	<u>235,276,781</u>	<u>246,417,384</u>
Call money and funds purchased (Notes 9 and 11)	3,437,614	5,094,171
Payables under repurchase agreements (Notes 9, 15 and 16)	40,132,459	35,710,750
Payables under securities lending transactions (Notes 9, 15 and 16)	1,137,693	1,016,931
Due to trust account and other short-term borrowings (including ¥49,555 and ¥54,159 measured at fair value under the fair value option in 2023 and 2024) (Notes 9, 12 and 31)	14,309,258	15,796,947
Trading account liabilities (Notes 15, 23 and 31)	14,178,275	16,587,151
Bank acceptances outstanding	378,525	430,221
Long-term debt (including ¥431,338 and ¥234,909 measured at fair value under the fair value option in 2023 and 2024) (Notes 7, 9, 12 and 31)	39,071,755	39,922,322
Other liabilities (Notes 1, 7, 8, 9, 13, 14, 15, 16, 26 and 31)	<u>17,347,206</u>	<u>17,983,371</u>
Total liabilities	<u>365,269,566</u>	<u>378,959,248</u>
Commitments and contingent liabilities (Notes 24 and 26)		
Mitsubishi UFJ Financial Group shareholders' equity:		
Capital stock (Notes 17 and 18)—common stock authorized, 33,000,000,000 shares; common stock issued, 12,687,710,920 shares and 12,337,710,920 shares at March 31, 2023 and 2024, with no stated value	2,090,270	2,090,270
Capital surplus (Note 18)	4,902,155	4,636,097
Retained earnings (Notes 19 and 33):		
Appropriated for legal reserve	239,571	239,571
Unappropriated retained earnings	8,169,710	9,072,572
Accumulated other comprehensive income, net of taxes (Note 20)	844,192	2,221,263
Treasury stock, at cost—665,392,775 common shares and 610,482,347 common shares at March 31, 2023 and 2024	<u>(482,552)</u>	<u>(614,111)</u>
Total Mitsubishi UFJ Financial Group shareholders' equity	15,763,346	17,645,662
Noncontrolling interests	<u>702,821</u>	<u>831,551</u>
Total equity	<u>16,466,167</u>	<u>18,477,213</u>
<b>Total liabilities and equity</b>	<u>¥ 381,735,733</u>	<u>¥ 397,436,461</u>
<b>Liabilities of consolidated VIEs for which creditors or beneficial interest holders do not have recourse to the general credit of Mitsubishi UFJ Financial Group (Note 25)</b>		
Other short-term borrowings	¥ 45,432	¥ 46,208
Long-term debt	406,429	379,017
All other liabilities	<u>163,075</u>	<u>131,066</u>
<b>Total liabilities of consolidated VIEs</b>	<u>¥ 614,936</u>	<u>¥ 556,291</u>

See the accompanying notes to Consolidated Financial Statements.

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**FOR THE FISCAL YEARS ENDED MARCH 31, 2022, 2023 (RESTATED) AND 2024**

(in millions)	2022	2023 (Restated)	2024
<b>Interest income:</b>			
Loans, including fees (Note 4)	¥ 1,731,962	¥ 2,973,667	¥ 4,321,102
Deposits in other banks	57,392	359,054	709,819
Investment securities:			
Interest	180,959	401,935	572,295
Dividends	133,537	146,053	148,113
Trading account assets	400,185	551,372	802,454
Call loans and funds sold	4,418	19,854	31,823
Receivables under resale agreements and securities borrowing transactions	22,485	159,475	521,468
Total	<u>2,530,938</u>	<u>4,611,410</u>	<u>7,107,074</u>
<b>Interest expense:</b>			
Deposits	216,591	1,170,155	2,515,412
Call money and funds purchased	685	3,783	2,296
Payables under repurchase agreements and securities lending transactions	31,577	479,170	1,078,007
Due to trust account, other short-term borrowings and trading account liabilities	51,978	188,798	401,286
Long-term debt	259,526	380,090	516,123
Total	<u>560,357</u>	<u>2,221,996</u>	<u>4,513,124</u>
<b>Net interest income</b>	<u>1,970,581</u>	<u>2,389,414</u>	<u>2,593,950</u>
<b>Provision for credit losses</b> (Note 4)	<u>277,995</u>	<u>8,148</u>	<u>237,990</u>
<b>Net interest income after provision for credit losses</b>	<u>1,692,586</u>	<u>2,381,266</u>	<u>2,355,960</u>
<b>Non-interest income:</b>			
Fees and commissions income (Note 27)	1,658,863	1,701,637	1,898,974
Foreign exchange gains (losses)—net (Note 28)	106,868	25,232	(294,224)
Trading account losses—net (Notes 28 and 31)	(824,420)	(792,098)	(699,049)
Investment securities gains (losses)—net (Note 3)	(119,026)	(254,178)	1,379,550
Equity in earnings of equity method investees—net (Note 14)	436,583	398,086	463,802
Gains (losses) on sales of loans including valuation adjustment for loans held for sale (Note 4)	16,600	(34,039)	(45,067)
Gain on sale of MUFG Union Bank (Note 2)	—	349,442	—
Other non-interest income	119,321	92,828	163,597
Total	<u>1,394,789</u>	<u>1,486,910</u>	<u>2,867,583</u>
<b>Non-interest expense:</b>			
Salaries and employee benefits (Note 13)	1,277,408	1,343,631	1,397,950
Occupancy expenses—net (Notes 5 and 26)	165,323	162,204	156,027
Fees and commissions expenses	310,861	340,141	385,172
Outsourcing expenses, including data processing	317,995	351,323	320,851
Depreciation of premises and equipment (Note 5)	82,652	73,793	79,587
Amortization of intangible assets (Note 6)	261,026	274,380	288,558
Impairment of intangible assets (Note 6)	33,301	5,151	15,042
Insurance premiums, including deposit insurance	95,551	74,334	91,005
Communications	57,369	58,375	58,608
Taxes and public charges	99,659	100,291	105,420
Impairment of goodwill (Note 6)	—	33,553	—
Provision for off-balance sheet credit instruments	46,339	20,747	32,902
Impairment (reversal of impairment) of assets held for sale (Note 2)	134,141	(134,141)	—
Loss on valuation adjustment for loans held for sale held by MUFG Union Bank (Note 2)	3,165	282,540	—
Other non-interest expenses (Notes 5 and 26)	261,312	433,632	409,827
Total	<u>3,146,102</u>	<u>3,419,954</u>	<u>3,340,949</u>

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS—(Continued)**  
**FOR THE FISCAL YEARS ENDED MARCH 31, 2022, 2023 (RESTATED) AND 2024**

(in millions, except per share amount)	2022	2023 (Restated)	2024
<b>Income (loss) before income tax expense (benefit)</b>	(58,727)	448,222	1,882,594
<b>Income tax expense (benefit)</b> (Note 8)	(14,511)	41,174	501,567
<b>Net income (loss) before attribution of noncontrolling interests</b>	(44,216)	407,048	1,381,027
Net income attributable to noncontrolling interests	39,104	30,413	52,906
<b>Net income (loss) attributable to Mitsubishi UFJ Financial Group</b>	¥ (83,320)	¥ 376,635	¥ 1,328,121
<b>Earnings (loss) applicable to common shareholders of Mitsubishi UFJ Financial Group</b>	¥ (83,320)	¥ 376,635	¥ 1,328,121
<b>Earnings (loss) per common share applicable to common shareholders of Mitsubishi UFJ Financial Group</b> (Notes 19 and 22):			
Basic earnings (loss) per common share—Earnings (loss) applicable to common shareholders of Mitsubishi UFJ Financial Group	¥ (6.51)	¥ 30.58	¥ 110.87
Diluted earnings (loss) per common share—Earnings (loss) applicable to common shareholders of Mitsubishi UFJ Financial Group	(6.93)	30.26	110.58
Weighted average common shares outstanding	12,798	12,318	11,979
Weighted average diluted common shares outstanding	12,798	12,319	11,981

See the accompanying notes to Consolidated Financial Statements.

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE FISCAL YEARS ENDED MARCH 31, 2022, 2023 (RESTATED) AND 2024**

(in millions)	2022	2023 (Restated)	2024
<b>Net income (loss) before attribution of noncontrolling interests</b>	¥ (44,216)	¥ 407,048	¥ 1,381,027
<b>Other comprehensive income, net of tax</b> (Note 20):			
Net unrealized gains (losses) on investment securities	(261,493)	(202,955)	41,949
Net debt valuation adjustments	23,324	17,806	(44,650)
Net unrealized losses on derivatives qualifying for cash flow hedges	(12,774)	(5,117)	(505)
Defined benefit plans (Note 13)	50,949	(20,331)	382,809
Foreign currency translation adjustments	752,479	847,705	1,096,700
Total	<u>552,485</u>	<u>637,108</u>	<u>1,476,303</u>
<b>Comprehensive income</b>	508,269	1,044,156	2,857,330
Net income attributable to noncontrolling interests	39,104	30,413	52,906
Other comprehensive income attributable to noncontrolling interests	35,971	19,949	99,232
<b>Comprehensive income attributable to Mitsubishi UFJ Financial Group</b>	<u>¥ 433,194</u>	<u>¥ 993,794</u>	<u>¥ 2,705,192</u>

See the accompanying notes to Consolidated Financial Statements.



**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF EQUITY**  
**FOR THE FISCAL YEARS ENDED MARCH 31, 2022, 2023 (RESTATED) AND 2024**

(in millions, except per share amount)	2022	2023 (Restated)	2024
<b>Capital stock</b> (Notes 17 and 18):			
Balance at beginning of fiscal year	¥ 2,090,270	¥ 2,090,270	¥ 2,090,270
Balance at end of fiscal year	<u>¥ 2,090,270</u>	<u>¥ 2,090,270</u>	<u>¥ 2,090,270</u>
<b>Capital surplus</b> (Note 18):			
Balance at beginning of fiscal year	¥ 5,533,761	¥ 5,327,772	¥ 4,902,155
Stock-based compensation	1,555	(6,022)	(792)
Retirement of common stock	(204,456)	(418,098)	(265,010)
Other—net	(3,088)	(1,497)	(256)
Balance at end of fiscal year	<u>¥ 5,327,772</u>	<u>¥ 4,902,155</u>	<u>¥ 4,636,097</u>
<b>Retained earnings appropriated for legal reserve</b> (Note 19):			
Balance at beginning of fiscal year	¥ 239,571	¥ 239,571	¥ 239,571
Balance at end of fiscal year	<u>¥ 239,571</u>	<u>¥ 239,571</u>	<u>¥ 239,571</u>
<b>Unappropriated retained earnings</b> (Note 19):			
Balance at beginning of fiscal year	¥ 8,589,900	¥ 8,172,646	¥ 8,169,710
Effect of adopting new guidance on troubled debt restructurings and vintage disclosures	—	—	13,663
Net income (loss) attributable to Mitsubishi UFJ Financial Group	(83,320)	376,635	1,328,121
Cash dividends:			
Common stock—¥26.00 per share in 2022, ¥30.50 per share in 2023, and ¥36.50 per share in 2024	(333,934)	(379,571)	(438,922)
Balance at end of fiscal year	<u>¥ 8,172,646</u>	<u>¥ 8,169,710</u>	<u>¥ 9,072,572</u>

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF EQUITY—(Continued)**  
**FOR THE FISCAL YEARS ENDED MARCH 31, 2022, 2023 (RESTATED) AND 2024**

(in millions)	2022	2023 (Restated)	2024
<b>Accumulated other comprehensive income (loss), net of taxes:</b>			
Balance at beginning of fiscal year	¥ (289,481)	¥ 227,033	¥ 844,192
Net change during the fiscal year	516,514	617,159	1,377,071
Balance at end of fiscal year	<u>¥ 227,033</u>	<u>¥ 844,192</u>	<u>¥ 2,221,263</u>
<b>Treasury stock, at cost:</b>			
Balance at beginning of fiscal year	¥ (503,072)	¥ (452,224)	¥ (482,552)
Purchases of shares of treasury stock (Note 18)	(158,529)	(450,376)	(400,090)
Sales of shares of treasury stock	5,581	2,118	3,835
Retirement of common stock	204,456	418,098	265,010
Net increase resulting from changes in interests in consolidated subsidiaries, consolidated VIEs, and affiliated companies	(660)	(168)	(314)
Balance at end of fiscal year	<u>¥ (452,224)</u>	<u>¥ (482,552)</u>	<u>¥ (614,111)</u>
<b>Total Mitsubishi UFJ Financial Group shareholders' equity</b>	<u>¥ 15,605,068</u>	<u>¥ 15,763,346</u>	<u>¥ 17,645,662</u>
<b>Noncontrolling interests:</b>			
Balance at beginning of fiscal year	¥ 583,605	¥ 691,454	¥ 702,821
Initial subscriptions of noncontrolling interests	5,647	3,316	58,117
Transactions between the consolidated subsidiaries and the related noncontrolling interest shareholders	67,300	(10,174)	(22,204)
Decrease in noncontrolling interests related to deconsolidation of subsidiaries	(14,468)	(9,925)	(32,837)
Decrease in noncontrolling interests related to disposition of subsidiaries	(80)	(2,489)	(816)
Net income attributable to noncontrolling interests	39,104	30,413	52,906
Dividends paid to noncontrolling interests	(25,626)	(18,784)	(25,738)
Other comprehensive income, net of taxes	35,971	19,949	99,232
Other—net	1	(939)	70
Balance at end of fiscal year	<u>¥ 691,454</u>	<u>¥ 702,821</u>	<u>¥ 831,551</u>
<b>Total equity</b>	<u>¥ 16,296,522</u>	<u>¥ 16,466,167</u>	<u>¥ 18,477,213</u>

See the accompanying notes to Consolidated Financial Statements.

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE FISCAL YEARS ENDED MARCH 31, 2022, 2023 (RESTATED) AND 2024**

(in millions)	2022	2023 (Restated)	2024
<b>Cash flows from operating activities:</b>			
Net income (loss) before attribution of noncontrolling interests	¥ (44,216)	¥ 407,048	¥ 1,381,027
Adjustments to reconcile net income before attribution of noncontrolling interests to net cash provided by			
Depreciation and amortization (Notes 5 and 6)	343,678	348,173	368,145
Impairment of goodwill (Note 6)	—	33,553	—
Impairment of intangible assets (Note 6)	33,301	5,151	15,042
Gain on sale of MUFG Union Bank (Note 2)	—	(349,442)	—
Impairment (reversal of impairment) of assets held for sale (Note 2)	134,141	(134,141)	—
Loss on valuation adjustment for loans held for sale held by MUFG Union Bank (Note 2)	3,165	282,540	—
Provision for credit losses (Note 4)	277,995	8,148	237,990
Employee benefit cost (income) for severance indemnities and pension plans (Note 13)	(25,675)	47,740	(27,001)
Investment securities (gains) losses—net	119,026	254,178	(1,379,550)
Amortization of premiums (discounts) on investment securities	72,672	51,514	(43,874)
Changes in financial instruments measured at fair value under fair value option, excluding trading	(55,634)	(37,318)	16,736
Foreign exchange (gains) losses—net	(345,968)	(508,644)	511,334
Equity in earnings of equity method investees—net	(436,583)	(398,086)	(463,802)
Provision (benefit) for deferred income tax expense	(370,668)	(410,275)	93,123
Decrease (increase) in trading account assets, excluding foreign exchange contracts	4,143,581	(184,246)	(3,046,474)
Increase (decrease) in trading account liabilities, excluding foreign exchange contracts	(2,195,400)	2,740,193	2,094,319
Net decrease (increase) in collateral for derivative transactions	(824,720)	713,541	(437,941)
Net decrease (increase) in margin for listed derivative transactions	(103,568)	(136,057)	132,819
Decrease in cash collateral for the use of Bank of Japan's settlement infrastructure	65,838	—	—
Net increase in loans held for sale in the business transferred to U.S. Bancorp (Note 2)	—	(1,499,485)	—
Other—net	118,390	872,051	(942,166)
Net cash provided by (used in) operating activities	<u>909,355</u>	<u>2,106,136</u>	<u>(1,490,273)</u>
<b>Cash flows from investing activities:</b>			
Proceeds from sales of Available-for-sale debt securities (including proceeds from debt securities	58,611,669	56,577,840	62,450,314
Proceeds from maturities of Available-for-sale debt securities (including proceeds from debt securities	36,056,569	32,907,726	31,987,266
Purchases of Available-for-sale debt securities (including purchases of debt securities under the fair	(94,237,804)	(81,038,628)	(87,806,011)
Proceeds from maturities of Held-to-maturity debt securities	565,012	127,815	1,380,753
Purchases of Held-to-maturity debt securities	(1,712,488)	(16,975,528)	(3,889,987)
Proceeds from sales and redemption of Equity securities (including proceeds from equity securities	2,212,801	2,857,748	3,146,236
Purchases of Equity securities (including purchases of equity securities under the fair value option)	(1,503,946)	(1,912,280)	(2,893,370)
Net decrease in cash from sale of MUB	—	(1,711,764)	—
Net cash paid for dispositions of certain business of MUAH	(724,428)	—	—
Acquisition of HC Consumer Finance Philippines, Inc., a subsidiary of BK, net of cash acquired (Note	—	—	(64,104)
Acquisition of PT Home Credit Indonesia, a subsidiary of BK, net of cash acquired (Note 2)	—	—	(28,917)
Acquisition of PT Mandala Multifinance Tbk, a subsidiary of BK, net of cash acquired (Note 2)	—	—	(46,025)
Acquisition of AlbaCore Capital Group., a subsidiary of TB, net of cash acquired (Note 2)	—	—	(42,817)
Net decrease (increase) in loans	164,122	(1,496,724)	(1,709,541)
Net decrease (increase) in call loans, funds sold, and receivables under resale agreements and	1,005,422	(1,297,909)	(3,646,170)
Proceeds from sales of premises and equipment	76,068	32,214	57,728
Capital expenditures for premises and equipment	(102,964)	(116,367)	(113,716)
Purchases of intangible assets	(264,038)	(272,534)	(315,146)
Proceeds from sales and dispositions of investments in equity method investees	65,398	137,992	41,179
Proceeds from sales of consolidated VIEs and subsidiaries—net	42,050	1,697	163,521
Other—net	(16,608)	(34,917)	60,247
Net cash provided by (used in) investing activities	<u>236,835</u>	<u>(12,213,619)</u>	<u>(1,268,560)</u>

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS—(Continued)**  
**FOR THE FISCAL YEARS ENDED MARCH 31, 2022, 2023 (RESTATED) AND 2024**

(in millions)	2022	2023 (Restated)	2024
<b>Cash flows from financing activities:</b>			
Net increase in deposits	1,559,807	6,207,093	3,659,260
Net increase (decrease) in call money, funds purchased, and payables under repurchase agreements and	1,128,806	11,656,491	(6,039,816)
Net increase (decrease) in due to trust account and other short-term borrowings	4,404,313	(8,456,081)	804,718
Proceeds from issuance of long-term debt	4,659,212	7,529,772	3,188,412
Repayments of long-term debt	(5,466,007)	(4,168,619)	(3,962,569)
Proceeds from sales of treasury stock	2,688	1,212	3,327
Payments for acquisition of treasury stock (Note 18)	(158,529)	(450,376)	(400,090)
Dividends paid	(333,844)	(379,490)	(438,716)
Dividends paid by subsidiaries to noncontrolling interests	(25,626)	(18,784)	(25,738)
Other—net	(385,778)	55,059	(39,223)
Net cash provided by (used in) financing activities	<u>5,385,042</u>	<u>11,976,277</u>	<u>(3,250,435)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>1,251,522</u>	<u>1,063,752</u>	<u>1,994,454</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>7,782,754</u>	<u>2,932,546</u>	<u>(4,014,814)</u>
<b>Cash and cash equivalents at beginning of fiscal year</b>	<u>103,328,790</u>	<u>111,111,544</u>	<u>114,044,090</u>
<b>Cash and cash equivalents:</b>			
Cash, due from banks and interest-earning deposits in other banks	109,820,547	114,040,503	110,023,163
Restricted cash included in other assets	5,778	3,587	6,113
Cash and cash equivalents classified as assets held for sale included in other assets (Note 2)	1,285,219	—	—
<b>Cash and cash equivalents at end of fiscal year</b>	<u>¥ 111,111,544</u>	<u>¥ 114,044,090</u>	<u>¥ 110,029,276</u>
<b>Supplemental disclosure of cash flow information:</b>			
<b>Cash paid during the fiscal year for:</b>			
Interest	¥ 596,453	¥ 1,942,163	¥ 4,363,668
Income taxes, net of refunds	220,139	453,869	520,859
<b>Non-cash investing and financing activities:</b>			
Assets acquired under finance lease arrangements (Note 7)	4,055	11,066	16,174
Assets acquired under operating lease arrangements (Note 7)	48,095	35,678	50,996
<b>Reclassification of assets and liabilities in transferred business of MUFG Union Bank to assets and liabilities</b>			
Assets reclassified, excluding cash and cash equivalents	10,336,348	—	—
Liabilities reclassified	11,157,660	—	—
<b>Dispositions of certain business of MUAH</b>			
Assets transferred, excluding cash and cash equivalents	4,477	—	—
Liabilities transferred	758,654	—	—
<b>Sale of MUFG Union Bank (Note 2)</b>			
Assets sold, excluding cash and cash equivalents	—	11,501,815	—
Liabilities sold	—	13,127,973	—
Shares of U.S. Bancorp common stock received	—	276,099	—
Non-interest bearing note receivable from U.S. Bancorp	—	396,601	—
<b>Acquisition of HC Consumer Finance Philippines, Inc., a subsidiary of BK (Note 2)</b>			
Fair value of assets acquired, excluding cash and cash equivalents	—	—	160,036
Fair value of liabilities assumed	—	—	96,152
<b>Acquisition of PT Home Credit Indonesia, a subsidiary of BK (Note 2)</b>			
Fair value of assets acquired, excluding cash and cash equivalents	—	—	59,317
Fair value of liabilities assumed	—	—	30,494
<b>Acquisition of PT Mandala Multifinance Tbk, a subsidiary of BK (Note 2)</b>			
Fair value of assets acquired, excluding cash and cash equivalents	—	—	99,031
Fair value of liabilities assumed	—	—	34,676
Fair value of noncontrolling interests	—	—	10,448
<b>Acquisition of AlbaCore Capital Group, a subsidiary of TB (Note 2)</b>			
Fair value of assets acquired, excluding cash and cash equivalents	—	—	90,197
Fair value of liabilities assumed	—	—	12,187
Fair value of noncontrolling interests	—	—	17,214
Contingent consideration liabilities	—	—	17,979

See the accompanying notes to Consolidated Financial Statements.

**mitsubishi UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1A. RESTATEMENT OF THE MARCH 31, 2023 FINANCIAL STATEMENTS**

Subsequent to the issuance of the March 31, 2023 financial statements, Mitsubishi UFJ Financial Group, Inc. (“MUFG”) concluded it was necessary to restate the March 31, 2023 consolidated financial statements to correct an error related to the accounting treatment for the elimination of the three-month reporting lag in connection with the sale of MUFG Union Bank N.A. (“MUFG Union Bank”) that was completed on December 1, 2022 (the “sale date”).

Prior to the sale of MUFG Union Bank, we treated the December 31 fiscal year end of MUFG Union Bank as coterminous with MUFG’s fiscal year end of March 31 and consolidated the subsidiary on a three-month lag pursuant to ASC 810-10-45-12. Upon deconsolidation of MUFG Union Bank, the profit, loss and other comprehensive income for the three-month period preceding the sale date were not reflected on our consolidated statements of operations and comprehensive income but instead were recognized as direct adjustments to the retained earnings and accumulated other comprehensive income, respectively, as a reduction of the carrying value of MUFG Union Bank, as previously reported in our consolidated financial statements for the fiscal year ended March 31, 2023.

Subsequent to the issuance of our March 2023 financial statements, we received comments on the financial statements from the staff of the Securities and Exchange Commission. In response to these comments, MUFG concluded that the carrying basis of MUFG Union Bank used in the deconsolidation, and resulting measurement of the gain on sale, should have been based on the amounts as of the date three months prior to the sale date. Correction of this error results in amounts previously recognized as direct adjustments to equity, including retained earnings of ¥223,273 million, net of tax, being recognized as reductions of the gain on sale.

The following table presents the adjustments resulting from the correction of the error, the previously reported amounts and the restated amounts, by each financial statement line item and the per-share amounts affected, for the year ended March 31, 2023.

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

(in millions)	March 31, 2023		
	As Previously Reported	Adjustments	As Restated
<b>Consolidated Statement of Operations</b>			
Gain on sale of MUFG Union Bank (Note 2)	¥ 557,954	¥ (208,512)	¥ 349,442
Total Non-interest income	1,695,422	(208,512)	1,486,910
Income (loss) before income tax expense (benefit)	656,734	(208,512)	448,222
Income tax expense (benefit) (Note 8)	26,413	14,761	41,174
Net income (loss) before attribution of noncontrolling interests	630,321	(223,273)	407,048
Net income (loss) attributable to Mitsubishi UFJ Financial Group	599,908	(223,273)	376,635
Earnings (loss) applicable to common shareholders of Mitsubishi UFJ Financial Group	599,908	(223,273)	376,635
Earnings (loss) per common share applicable to common shareholders of Mitsubishi UFJ Financial Group (Notes 19 and 22):			
Basic earnings (loss) per common share—Earnings (loss) applicable to common shareholders of Mitsubishi UFJ Financial Group	¥ 48.70	¥ (18.12)	¥ 30.58
Diluted earnings (loss) per common share—Earnings (loss) applicable to common shareholders of Mitsubishi UFJ Financial Group	48.39	(18.13)	30.26
<b>Consolidated Statement of Comprehensive Income</b>			
Net income (loss) before attribution of noncontrolling interests	¥ 630,321	¥ (223,273)	¥ 407,048
Other comprehensive income, net of tax (Note 20):			
Net unrealized gains (losses) on investment securities	(220,772)	17,817	(202,955)
Net unrealized losses on derivatives qualifying for cash flow hedges	5,398	(10,515)	(5,117)
Defined benefit plans (Note 13)	7,262	(27,593)	(20,331)
Total Other comprehensive income, net of tax (Note 20)	657,399	(20,291)	637,108
Comprehensive income	1,287,720	(243,564)	1,044,156
Comprehensive income attributable to Mitsubishi UFJ Financial Group	1,237,358	(243,564)	993,794
<b>Consolidated Statement of Equity</b>			
Unappropriated retained earnings (Note 19):			
Net income (loss) attributable to Mitsubishi UFJ Financial Group	¥ 599,908	¥ (223,273)	¥ 376,635
Elimination of the difference in reporting periods of the transferred business (Note 2)	(223,273)	223,273	—
Accumulated other comprehensive income (loss), net of taxes:			
Net change during the fiscal year	637,450	(20,291)	617,159
Elimination of the difference in reporting periods of the transferred business (Note 2)	(20,291)	20,291	—
<b>Consolidated Statement of Cash Flows</b>			
Cash flows from operating activities:			
Net income (loss) before attribution of noncontrolling interests	¥ 630,321	¥ (223,273)	¥ 407,048
Adjustments to reconcile net income before attribution of noncontrolling interests to net cash provided by operating activities:			
Gain on sale of MUFG Union Bank (Note 2)	(557,954)	208,512	(349,442)
Provision (benefit) for deferred income tax expense	(427,776)	17,501	(410,275)
Other—net	874,791	(2,740)	872,051



**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**1. BASIS OF FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Description of Business***

MUFG is a holding company for MUFG Bank, Ltd. (“MUFG Bank” or “BK”), Mitsubishi UFJ Trust and Banking Corporation (“Mitsubishi UFJ Trust and Banking” or “TB”), Mitsubishi UFJ Securities Holdings Co., Ltd. (“Mitsubishi UFJ Securities Holdings”), Mitsubishi UFJ NICOS Co., Ltd. (“Mitsubishi UFJ NICOS”), and other subsidiaries. Mitsubishi UFJ Securities Holdings is an intermediate holding company for Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. (“Mitsubishi UFJ Morgan Stanley Securities”). Through its subsidiaries and affiliated companies, MUFG engages in a broad range of financial operations, including commercial banking, investment banking, trust banking and asset management services, securities businesses, and credit card businesses, and it provides related services to individual and corporate customers. See Note 29 for more information by business segment.

***Basis of Financial Statements***

The accompanying consolidated financial statements are presented in Japanese yen, the currency of the country in which MUFG is incorporated and principally operates. The accompanying consolidated financial statements have been prepared on the basis of accounting principles generally accepted in the United States of America (“U.S. GAAP”). In certain respects, the accompanying consolidated financial statements reflect adjustments to conform with U.S. GAAP and therefore such adjustments are not included in the consolidated financial statements issued by MUFG in accordance with accounting principles generally accepted in Japan (“Japanese GAAP”) and certain of its subsidiaries in accordance with the corresponding applicable statutory requirements and accounting practices in their respective countries of incorporation. The major adjustments include those relating to (1) investment securities, (2) derivative financial instruments, (3) allowance for credit losses, (4) income taxes, (5) consolidation, (6) premises and equipment, (7) transfer of financial assets, (8) accrued severance indemnities and pension liabilities, (9) goodwill and other intangible assets and (10) lease transactions.

Fiscal years of certain subsidiaries, which end on December 31, and MUFG’s fiscal year, which ends on March 31, have been treated as coterminous. For the fiscal years ended March 31, 2022, 2023 and 2024, the effect of recording intervening events for the three-month periods ended March 31 on MUFG’s proportionate equity in net income of subsidiaries with fiscal years ended on December 31, would have resulted in a decrease of ¥60.64 billion, an increase of ¥16.56 billion, and an increase of ¥14.95 billion to net income attributable to Mitsubishi UFJ Financial Group, respectively. No intervening events occurred during each of the three-month periods ended March 31, 2022, 2023 and 2024 which, if recorded, would have had material effects on consolidated total assets, loans, total liabilities, deposits or total equity as of March 31, 2022, 2023 and 2024.

***Use of Estimates***

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to management judgment primarily relate to the allowance for credit losses, the accounting for goodwill and the valuation of financial instruments, which are described in “Item 5.E. Critical Accounting Estimates”.

***Summary of Significant Accounting Policies***

Significant accounting policies applied in the accompanying consolidated financial statements are summarized below:

**Consolidation**—The accompanying consolidated financial statements include the accounts of MUFG, its subsidiaries and certain variable interest entities (“VIE”s) (together, the “MUFG Group”). In situations in which the MUFG Group has a controlling financial interest in other entities, including certain VIEs, such entities are consolidated and noncontrolling interests, if any, are recorded in Total equity. Intercompany transactions and balances have been eliminated. Investments in affiliated companies (companies over which the MUFG Group has the ability to exercise significant influence) are accounted for by the equity method of accounting and are reported in Other assets. The MUFG Group’s equity interest in the earnings of these equity investees and other-than-temporary impairment are reported in Equity in earnings of equity method investees-net. The MUFG Group recognizes an impairment loss on investments in equity method investees that is other-than-temporary. The MUFG Group determines whether loss on investments is other-than-temporary, through consideration of various factors, such as inability to recover the carrying amount of the investment, the inability of the investee to sustain an earnings capacity that would justify the carrying amount of the investment, the length of time and the extent to which the fair value has been less than cost, the financial condition and near-term prospects of the investees, and the intent and ability to retain its investment in the investees for a period of time sufficient to allow for any anticipated recovery in the fair

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

value. The MUFG Group also evaluates additional factors, such as the condition and trend of the economic cycle, and trends in the general market.

The MUFG Group consolidates VIEs if it has the power to direct the activities of a VIE which most significantly impact the VIE's economic performance and has the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE. To assess whether a VIE should be consolidated or not, the MUFG Group considers all factors, such as the purpose and design of the VIE, contractual arrangements, and the MUFG Group's involvement in both the establishment of the VIE and day-to-day activities of the VIE. The MUFG Group considers a right to make the most significant decisions affecting a VIE to determine whether it is deemed to have the power to direct the activities of the VIE. Furthermore, the MUFG Group considers its economic interests in the VIE, including investments in debt or equity instruments issued by the VIE, liquidity and credit enhancement, and guarantees to determine whether such interests are potentially significant to the VIE or not.

Assets that the MUFG Group holds in an agency, fiduciary or trust capacity are not assets of the MUFG Group and, accordingly, are not included in the accompanying consolidated balance sheets.

*Cash Flows*—For the purposes of reporting cash flows, cash and cash equivalents consist of Cash and due from banks, Interest-earning deposits in other banks, and certain restricted cash included in Other assets. Restricted cash included in cash and cash equivalents represents cash or deposits subject to withdrawal or usage restrictions, and mainly consist of reserves on deposits with the Bank of Japan and similar reserves required for foreign offices and subsidiaries engaged in banking businesses in foreign countries. Cash flows from qualified hedging activities are classified in the same category as the items being hedged. The cash flows associated with derivative instruments and their related gains and losses are classified in the cash flows from operating activities category.

*Translation of Foreign Currency Financial Statements and Foreign Currency Transactions*—Financial statements of overseas entities are translated into Japanese yen using the respective fiscal year-end exchange rates for assets and liabilities. Income and expense items are translated at average rates of exchange for the respective fiscal years.

Foreign currency translation gains and losses related to the financial statements of overseas entities of the MUFG Group, net of related income tax effects, are credited or charged directly to Foreign currency translation adjustments, a component of Accumulated other comprehensive income ("Accumulated OCI"). Tax effects of gains and losses on foreign currency translation of the financial statements of overseas entities are not recognized unless it is apparent that the temporary differences will reverse in the foreseeable future.

Foreign currency-denominated assets and liabilities are translated into the functional currencies of the individual entities included in consolidation at the respective fiscal year-end foreign exchange rates. Foreign currency-denominated income and expenses are translated using average rates of exchange for the respective fiscal years. Gains and losses from such translation are included in Foreign exchange gains (losses)—net, as appropriate.

*Repurchase Agreements, Securities Lending and Other Secured Financing Transactions*—Securities sold with agreements to repurchase ("repurchase agreements"), securities purchased with agreements to resell ("resale agreements") and securities lending and borrowing transactions are accounted for as secured financing or lending transactions, if the transferor has not surrendered control over the securities. Repurchase agreements and resale agreements are generally carried at the amounts at which the securities will be subsequently sold or repurchased, and securities lending and borrowing transactions are generally carried at the amount of cash collateral advanced or received. If they meet the relevant conditions for the surrender of control, they are accounted for as sales of securities with related off-balance sheet forward repurchase commitments or purchases of securities with related off-balance sheet forward resale commitments. For the fiscal years ended March 31, 2022, 2023 and 2024, there were no such transactions accounted for as sales or purchases.

*Collateral*—For secured lending transactions, including resale agreements, securities borrowing transactions, commercial lending and derivative transactions, the MUFG Group, as a secured party, generally has the right to require the counterparties to provide collateral, including letters of credit, cash, securities and other financial assets. For most secured lending transactions, the MUFG Group maintains strict levels of collateralization governed by a daily mark-to-market analysis. Financial assets pledged as collateral are generally negotiable financial instruments and are permitted to be sold or repledged by secured parties. If the MUFG Group sells these financial assets received as collateral, it recognizes the proceeds from the sale and its obligation to return the collateral. For secured borrowing transactions, principally repurchase agreements and securities lending transactions and derivative transactions, where the secured party has the right to sell or repledge financial assets pledged as collateral, the MUFG Group separately discloses those financial assets pledged as collateral in the accompanying consolidated balance sheets.

*Trading Account Securities*—Securities and money market instruments held in anticipation of short-term market movements and for resale to customers are included in Trading account assets, and short trading positions of these instruments are included in Trading

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

account liabilities. Trading positions are carried at fair value in the accompanying consolidated balance sheets and recorded on a trade date basis. Changes in the fair value of trading positions are recognized in Trading account profits (losses). The MUFG Group has elected the fair value option for certain foreign securities. See Note 31 for a further discussion of fair value option.

*Investment Securities*—Debt securities for which the MUFG Group has both the ability and positive intent to hold to maturity are classified as Held-to-maturity debt securities and are carried at amortized cost. Debt securities that the MUFG Group may not hold to maturity other than those classified as Trading account securities, are classified as Available-for-sale debt securities, and are carried at their fair values, with unrealized gains and losses reported on a net-of-tax basis within Accumulated OCI, which is a component of equity. Available-for-sale debt securities are considered to be impaired if the fair value is less than the amortized cost basis. An impairment loss is recognized in earnings for a security if the MUFG Group has intent to sell such a debt security or if it is more likely than not the MUFG Group will be required to sell such a debt security before recovery of its amortized cost basis. If not, the credit component of an impairment loss is recognized in earnings by recording an allowance for credit losses, limited by the amount of impairment loss. However, the noncredit component of an impairment loss is recognized in Accumulated OCI. In determining whether a credit loss exists, the MUFG Group generally considers factors such as the financial condition of the issuer and the extent of decline in fair value. For Held-to-maturity debt securities, an allowance for expected credit losses over the remaining expected life is required to be provided.

Equity securities include marketable equity investment securities and nonmarketable equity investment securities. Marketable equity investment securities are measured at fair value with unrealized gains or losses reflected in net income. Nonmarketable equity investment securities are primarily measured at cost minus impairment, if any, plus or minus changes resulting from observable price changes. Nonmarketable equity investment securities held by subsidiaries that are investment companies or brokers and dealers, are subject to the specialized industry accounting principles for investment companies and brokers and dealers. Securities of those subsidiaries are carried at their fair values.

Interest and dividends on investment securities are reported in Interest income. Dividends are recognized when the shareholder right to receive the dividend is established. Gains and losses on disposition of investment securities are computed using the average cost method and are recognized on the trade date.

*Derivative Financial Instruments*—The MUFG Group engages in derivative activities involving swaps, forwards, futures, options, and other types of derivative contracts. Derivatives are used in trading activities to generate trading revenues and fee income for its own account and to respond to customers' financial needs. Derivatives are also used to manage counterparty credit risk and market risk exposures to fluctuations in interest and foreign exchange rates, equity and commodity prices.

Derivatives entered into for trading purposes are carried at fair value and are reported as Trading account assets or Trading account liabilities, as appropriate. The fair values of derivative contracts executed with the same counterparty under legally enforceable master netting agreements are presented on a gross basis. Changes in the fair value of such contracts are recognized currently in Foreign exchange gains (losses)—net with respect to foreign exchange contracts and in Trading account profits (losses)—net with respect to interest rate contracts and other types of contracts.

Embedded features that are not clearly and closely related to the host contracts and meet the definition of derivatives are separated from the host contracts and measured at fair value unless the contracts embedding the derivatives are measured at fair value in their entirety.

Derivatives are also used to manage exposures to fluctuations in interest and foreign exchange rates arising from mismatches of asset and liability positions. Certain of those derivatives are designated as hedging instruments and qualify for hedge accounting. The MUFG Group designates a derivative as a hedging instrument at the inception of each such hedge relationship, and it documents, for such individual hedging relationships, the risk management objective and strategy, including the item being hedged, the specific risk being hedged and the method used to assess the hedge effectiveness. In order for a hedging relationship to qualify for hedge accounting, the changes in the fair value of the derivative instruments must be highly effective in achieving offsetting changes in fair values or variable cash flows of the hedged items attributable to the risk being hedged. All qualifying hedging derivatives are valued at fair value and included in Other assets or Other liabilities, as appropriate. For fair value hedges, the changes in the fair value of a hedging instrument are recognized in the same income statement line as the hedged item. For cash flow hedges, the changes in the fair value of a hedging instrument are recognized in Accumulated OCI. Amounts realized on cash flow hedges related to variable rate loans are recognized in Net interest income in the period when the cash flow from the hedged item is realized. Any difference that arises from gains or losses on hedging derivatives offsetting corresponding gains or losses on the hedged items, and gains and losses on derivatives attributable to the risks excluded from the assessment of hedge effectiveness are recognized in earnings.

*Loans*—Loans originated by the MUFG Group (“originated loans”) are carried at the principal amount outstanding, adjusted for unearned income and deferred net nonrefundable loan fees and costs. Originated loans held and intended for dispositions or sale in

**mitsubishi UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

secondary markets are transferred to the held-for-sale classification and carried at the lower of cost or estimated fair value generally on an individual loan basis. Loan origination fees, net of certain direct origination costs, are deferred and recognized over the contractual life of the loan as an adjustment to yield using a method that approximates the interest method.

The MUFG Group classifies its loan portfolio into the following portfolio segments—Commercial, Residential, Card, MUFG Americas Holdings Corporation (“MUFG Americas Holdings” or “MUAH”), Bank of Ayudhya Public Company Limited (“Krungsri”), and Other based on the grouping used by the MUFG Group to determine the allowance for credit losses. The MUFG Group further classifies the Commercial segment into classes based on initial measurement attributes, risk characteristics, and its method of monitoring and assessing credit risk. The MUFG Americas Holdings segment was eliminated due to the transfer of the MUFG Union Bank shares to U.S. Bancorp and the internal reorganization within the MUFG Group during the fiscal year ended March 31, 2023. Please refer to Note 2 and Note 4 for further information of the transfer.

Past due status is determined based on the contractual terms of the loan and the actual number of days since the date the last payment was made.

Originated loans are generally placed on nonaccrual status when substantial doubt exists as to the full and timely collection of either principal or interest, specifically when principal or interest is contractually past due one month or more with respect to loans within all classes of the Commercial segment, three months or more with respect to loans within the Card and Krungsri segments, and six months or more with respect to loans within the Residential segment. A nonaccrual loan may be restored to an accrual status when interest and principal payments become current and management expects that the borrower will make future contractual payments as scheduled. When a loan is placed on nonaccrual status, interest accrued but not received is generally reversed against interest income. Cash receipts on nonaccrual loans, for which the ultimate collectability of principal is uncertain, are applied as principal reductions; otherwise, such collections are credited to income.

*Loan Securitization*—The MUFG Group securitizes and services commercial, industrial, and residential loans in the normal course of business. The MUFG Group accounts for a transfer of loans in a securitization transaction as a sale if it meets relevant conditions for the surrender of control. Otherwise, the transfer is accounted for as a collateralized borrowing transaction. When a securitization is accounted for as a sale, the proceeds from a sale of financial assets consist of the cash and any other assets obtained, including beneficial interests and separately recognized servicing assets, in the transfer less any liabilities incurred, including separately recognized servicing liabilities. All proceeds and reductions of proceeds from a sale shall be initially measured at fair value.

*Allowance for Credit Losses (Loans)*—The MUFG Group maintains an allowance for credit losses, which is a valuation account that is deducted from the amortized cost basis of the loans to present the net amount expected to be collected on the loans. The amount necessary to adjust the allowance for credit losses for management’s current estimate of expected credit losses on loans is reported in net income as a credit loss expense.

Actual credit losses (amounts deemed uncollectible, in whole or in part), net of recoveries, are generally determined based on detailed loan reviews and a credit assessment by management at each balance sheet date and are deducted from the allowance for credit losses as net charge-offs. The MUFG Group generally applies its charge-off policy to all loans in its portfolio regardless of the type of borrower. Management believes that the provision for credit losses is adequate.

Key elements relating to the policies and discipline used in determining the allowance for credit losses are credit classification and the related borrower categorization process. The categorization is based on conditions that may affect the ability of borrowers to service their debt, taking into consideration current financial information, historical payment experience, credit documentation, public information, analyses of relevant industry segments and existing economic conditions. In determining the appropriate level of the allowance, the MUFG Group evaluates the probable loss by collateral value, historical loss experience, probability of insolvency and category of loan based on its type and characteristics.

For the allowance methodology, the MUFG Group uses quantitative models that incorporate economic forecast scenarios. These economic forecast scenarios include macroeconomic variables that have historically been correlated with historical credit losses. These variables include, but are not limited to, unemployment rates and gross domestic product. As any one economic forecast scenario is inherently uncertain, multiple economic forecast scenarios were leveraged. The macroeconomic variables in multiple economic forecast scenarios and weightings given to each scenario depend on a variety of factors including recent economic conditions and views of internal, as well as third-party, economists. The allowance for credit losses for modifications are primarily measured using a discounted cash flow methodology that utilizes a discount rate based on the post-modification contractual interest rate, other than credit losses in the Card segment, for which the allowance is measured using collectively-assessed allowance methodology.



**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

The allowance for credit losses includes qualitative adjustments to cover losses that are expected but were not reflected in the modeled allowance. For example, factors that the MUFG considers include remaining time to maturity and extent of prepayments, credit concentration, the volume and severity of past due, changes in lending policy and procedures, among others.

In all segments, when estimating the allowance for credit losses, significant management assumptions are incorporated into economic variables, qualitative adjustments, or both to capture specific risks or uncertainties.

There are de minimis or zero expected credit losses, for example, for lending and financing transactions, such as Interest-earning deposits in other banks, Call loans and funds sold, Receivables under resale agreements and Receivables under securities borrowing transactions because the term is short and the credit quality of the counterparties is normal.

The methodologies used to estimate the allowance and the charge-off policy for the major portfolio segments are as follows:

*Commercial segment*

In the Commercial segment, expected credit losses of loans are measured on a collective basis when similar risk characteristics exist. Risk characteristics that are considered for aggregation of loans include internal credit ratings, geographical location, and industry of the borrower. The collectively-assessed allowance is measured over the contractual term of the loans that is adjusted for expected prepayments, using probability of default (“PD”), loss given default (“LGD”) and exposure at default (“EAD”) loss forecasting model, which is based on historical information and adjusted to incorporate expectations of future economic conditions considering economic variables such as gross domestic product and unemployment rates. The PD is determined as the marginal PD that denotes the likelihood that a borrower is observed to experience the default during a defined period of time, based on internal credit rating, geographical location, or industry of the borrower. The LGD is determined as the estimated loss on the loan that would be realized upon the default of the borrower, mainly based on the historical experience of collections against loans in default. The PD and LGD are continually reviewed to determine the appropriate level of the allowance for credit loss.

Qualitative adjustments are made to cover losses that are expected but not adequately captured in the quantitative forecasting model or economic assumptions, considering factors such as remaining time to maturity and extent of prepayments, the volume and severity of past due loans, changes in lending policy and procedures, the industry in which a borrower operates, and changes in other external factors. The collectively-assessed allowance methodology incorporates an economic forecast over a three-year period. Beyond the three-year economic forecast, the allowance methodology reverts to an average historical loss information on a straight-line basis over a two-year period. When a loan does not share risk characteristics with other loans, expected credit losses for that loan are measured on an individual basis. Individually-assessed allowance is measured based on the present value of expected future cash flows discounted at the loan’s effective interest rate, or the fair value of the collateral if the loan is collateral dependent.

In relation to loans categorized as Legally/Virtually Bankrupt, the carrying amount of loans less estimated value of the collateral and guaranteed amount is generally considered uncollectible, and is charged off.

*Residential segment*

In the Residential segment, the loans are comprised of smaller-balance homogeneous loans and expected credit losses of loans are measured on a collective basis. The allowance for credit losses is measured over the contractual term of the loans that is adjusted for expected prepayments, using the state transition probability matrix, which captures delinquency status changes and prepayments by loans’ remaining term, and is based on historical information and adjusted to incorporate expectations of future economic conditions considering economic variables, such as unemployment rates. The LGD is also used to capture the estimated loss on the loan that would be realized upon the default of the borrower. The collectively-assessed allowance methodology incorporates an economic forecast over a three-year period. Beyond the three-year economic forecast, the allowance methodology reverts to average historical loss information on a straight-line basis over a two-year period.

In relation to loans that are in past due status over a certain period of time and deemed uncollectible, the carrying amount of loans less estimated value of the collateral and guaranteed amount is generally considered uncollectible and is charged off.

*Card segment*

In the Card segment, the loans are smaller-balance homogeneous loans and expected credit losses of loans are measured on a collective basis. The allowance for credit losses is measured over the contractual term of the loans that is adjusted for expected prepayments, using the state transition probability matrix, which captures delinquency status changes and prepayments by loans’ remaining term, and is based on historical information and adjusted to incorporate expectations of future economic conditions considering economic variables, such as unemployment rate. The collectively-assessed allowance methodology incorporates an

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economic forecast over a three-year period. Beyond the three-year economic forecast, the allowance methodology reverts to average historical loss information.

In relation to loans that are in past due status over a certain period of time and deemed uncollectible, the amount of loans is generally fully charged off.

*Krungsri segment*

In the Krungsri segment, expected credit losses are measured on a collective basis for portfolios of loans that share similar economic risk characteristics. Expected credit losses are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows under the contract and the cash flows expected to be received arising from the weighting of multiple future economic scenarios that consider economic variables such as gross domestic product and unemployment rates, discounted at the loan's effective interest rate. Qualitative adjustments are made to cover losses that are expected but not adequately captured in the quantitative forecasting model. Loans that do not share risk characteristics are evaluated individually to determine the allowance balance. Individually-assessed allowance is measured based on the present value of expected future cash flows discounted at the loan's effective interest rate, or the fair value of the collateral if the loan is collateral dependent.

The allocated allowance for large groups of smaller-balance homogeneous loans is established for smaller balance loans such as housing loans, credit card loans, and personal loans. These loans are managed on a pool basis, and loss factors are based on expected net charge-off ranges.

Loans to customers are charged off when they are determined to be uncollectible considering the financial condition of a borrower.

*Allowance for Off-Balance Sheet Credit Instruments*—The MUFG Group maintains an allowance for credit losses on off-balance sheet credit instruments that are not unconditionally cancellable, including commitments to extend credit, guarantees, standby letters of credit and other financial instruments. The allowance is recorded as a liability in Other liabilities. The MUFG Group adopts the same methodology used in determining the allowance for credit losses on loans. Potential credit losses related to derivatives are considered in the fair value of the derivatives.

*Premises and Equipment*—Premises and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is charged to operations over the estimated useful lives of the related assets. Leasehold improvements are depreciated over the terms of the respective leases or the estimated useful lives of the improvements, whichever is shorter. MUFG, MUFG Bank and Mitsubishi UFJ Trust and Banking apply the declining-balance method in depreciating their premises and equipment, while other subsidiaries mainly apply the straight-line method, at rates principally based on the following estimated useful lives:

	<u>Years</u>
Buildings	15 to 50
Equipment and furniture	2 to 20
Leasehold improvements	5 to 39

Maintenance, repairs and minor improvements are charged to operations as incurred. Major improvements are capitalized. Net gains or losses on dispositions of premises and equipment are included in Other non-interest income or expense, as appropriate.

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of an asset to be held and used is measured by a comparison of the carrying amount to future undiscounted net cash flows expected to be generated by the asset. If an asset is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value. For purposes of recognition and measurement of an impairment loss, a long-lived asset or assets are grouped with other assets and liabilities at the lowest level with independent and identifiable cash flows. Assets to be disposed of by sale are reported at the lower of the carrying amount or fair value less estimated cost to sell.

Asset retirement obligations related to restoration of certain leased properties upon lease termination are recorded in Other liabilities with a corresponding increase in leasehold improvements. The amounts represent the present value of expected future cash flows associated with returning such leased properties to their original condition. The difference between the gross and present value of expected future cash flows is accreted over the life of the related leases as a non-interest expense.



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*Goodwill*—The MUFG Group recognizes goodwill, as of the acquisition date, measured as the excess of the purchase price over the fair value of the net assets acquired. Goodwill related to investments in equity method investees is included in Other assets as a part of the carrying amount of investments in equity method investees.

Goodwill arising from a business combination is not amortized but is tested at least annually for impairment. Goodwill is recorded at a designated reporting unit level for the purpose of assessing impairment.

A reporting unit is an operating segment, or an identified business unit one level below an operating segment. An impairment loss is recognized to the extent that the carrying amount of a reporting unit exceeds its fair value, but not exceeding the total amount of goodwill allocated to that reporting unit.

*Intangible assets*—Intangible assets consist of software, core deposit intangibles, customer relationships, trade names and other intangible assets. These are amortized over their estimated useful lives unless they have indefinite useful lives. Amortization of intangible assets is computed in a manner that best reflects the economic benefits of the intangible assets as follows:

	Useful lives (years)	Amortization method
Software	3 to 10	Straight-line
Core deposit intangibles	9 to 16	Straight-line
Customer relationships	3 to 27	Straight-line, Declining-balance
Trade names	5 to 40	Straight-line

Intangible assets having indefinite useful lives are not amortized but are subject to annual impairment tests. An impairment exists if the carrying value of an indefinite-lived intangible asset exceeds its fair value. For other intangible assets subject to amortization, an impairment is recognized if the carrying amount is not recoverable and the carrying amount exceeds the fair value of the intangible asset.

The MUFG Group capitalizes certain costs associated with the acquisition or development of internal-use software. Costs subject to capitalization are salaries and employee benefits for employees who are directly associated with and who devote time to the internal-use computer software project, to the extent of time spent directly on the project. Once the software is ready for its intended use, the MUFG Group begins to amortize capitalized costs on a straight-line basis.

*Accrued Severance and Pension Liabilities*—The MUFG Group has defined benefit pension plans and other postretirement benefit plans, including severance indemnities plans (“SIPs”). The liabilities related to these plans are computed and recognized based on actuarial computations. Net actuarial gains and losses that arise from differences between actual experience and assumptions are generally amortized over the average remaining service period of participating employees if it exceeds the corridor, which is defined as the greater of 10% of plan assets or the projected benefit obligation. Under the guidance related to employers’ accounting for defined benefit pension and other postretirement plans, the MUFG Group recognizes a net liability or asset to report the funded status of its defined benefit pension and other postretirement plans in the accompanying consolidated balance sheets and mainly recognizes changes in the funded status of defined benefit pension and other postretirement plans in the year in which the changes occur in Accumulated OCI. Based on actuarial computations of current and future employee benefits, the service cost component is charged to Salaries and employee benefits while other components of net pension benefit/cost are charged to Other non-interest expenses. The MUFG Group measures plan assets and benefit obligations as of the date of the consolidated balance sheets.

*Long-Term Debt*—Premiums, discounts and issuance costs of long-term debt are amortized based on the method that approximates the interest method over the term of the long-term debt.

*Obligations under Guarantees*—The MUFG Group provides customers with a variety of guarantees and similar arrangements, including standby letters of credit, financial and performance guarantees, credit protection, and liquidity facilities. The MUFG Group recognizes guarantee fee income over the guarantee period based on the contractual terms of the guarantee contracts. It is the MUFG Group’s business practice to receive a guarantee fee at the inception of the guarantee, which approximates market value of the guarantee and is initially recorded as a liability, which is then recognized as guarantee fee income over the guarantee period.

*Allowance for Repayment of Excess Interest*—The MUFG Group maintains an allowance for repayment of excess interest based on an analysis of past experience of reimbursement of excess interest, borrowers’ profile, recent trend of borrowers’ claims for reimbursement, and management’s future forecasts. The allowance is recorded as a liability in Other liabilities.

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*Fees and Commissions*—The MUFG Group recognizes revenue from contracts with customers in the amount of consideration it expects to receive upon the transfer of control of service. The timing of recognition is dependent on whether the MUFG Group satisfies a performance obligation by transferring control of the product or service to a customer over time or at a point in time.

The following is an explanation of the MUFG Group's key revenue from contracts with customers and the timing of its recognition.

Fees and commissions on deposits consist of fees and commissions charged for transaction-based services such as usage of automated teller machines and withdrawal services, and for periodic account maintenance services. The MUFG Group's performance obligation for transaction-based services is satisfied and the fees and commissions are recognized at the point in time when the MUFG Group's performance under the terms of a contractual arrangement is completed, which is at the settlement of a transaction, while the MUFG Group's performance obligation for maintenance services is satisfied and the fees and commissions are recognized over the course of each month.

Fees and commissions on remittances and transfers consist of fees and commissions charged for settlement transactions such as domestic fund remittances, including electronic banking transactions, and are recognized at the point in time when the MUFG Group's performance under the terms of a contractual arrangement is completed, which is at the settlement of a transaction.

Fees and commissions on foreign trading business consist of fees and commissions charged for fund collection and trade-related financing services related to foreign trading business, and are recognized in the period in which the related service is provided. If they arise from foreign trading business activities under which the customer consumes the related services at a point in time (e.g. foreign exchange fees), such fees are recognized at the same point in time. If they arise from foreign trading business activities under which the customer consumes the related services equally over the period of service (e.g. commercial letters of credit), such fees are recognized over the same period.

Fees and commissions on credit card business consist of fees and commissions such as interchange income, royalty and other service charges from franchisees. Interchange income from the credit card business is recognized as processed transactions are settled through the associated payment networks, while royalty and other service charges related to the credit card business are recognized on a straight-line basis over the period of service.

Fees and commissions on security-related services primarily consist of fees and commissions for sales and transfers of securities including investment funds, underwriting, brokerage and advisory services, arrangement fees on securitizations, and agency services for the calculation and payment of dividends. Fees and commissions on security-related services are recognized in the period in which the related service is provided. If they arise from security-related services under which the customer consumes the related services at a point in time (e.g. sales and transfers of securities are executed at the customer's direction; underwritings of debt and equity securities or securitizations are completed at the trade date; advice is provided to the clients; and dividends are calculated and then paid to investors), such fees are recognized at the same point in time. If they arise from security-related services under which the customer consumes the related services equally over the period of service (e.g. retainer fees on M&A advisory fees), such fees are recognized over the same period. The advisory fees which are paid upon meeting certain performance goals (e.g. success fees on M&A advisory fees) are recognized at the point in time when the performance goals are met.

Fees and commissions on administration and management services for investment funds primarily consist of fees and commissions earned from administering and managing investment funds, including assets under management on behalf of clients. Such fees and commissions are recognized equally over the period of service at the amount calculated primarily based on the outstanding amount of each entrusted asset, the percentage of fees, and the extent of the service provided to administer the investment funds.

Trust fees consist primarily of fees earned by fiduciary asset management and administration services for corporate pension plans and investment funds, and are recognized on an accrual basis, generally based on the volume of trust assets under management and/or the operating performance for the accounting period of each trust account. With respect to the trust accounts with a guarantee of trust principal, trust fees are determined based on the profits earned by individual trust accounts during the trust accounting period, less deductions, including provision for reserves, impairment for individual investments and dividends paid to beneficiary certificate holders. The trust fees for these trust accounts are accrued based on the amounts expected to be earned during the accounting period of each trust account.

Guarantee fees consist of fees related to the guarantee business such as providing guarantees on residential mortgage loans and other loans, and are recognized over the contractual periods of the respective guarantees.

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Insurance commissions consist of commissions earned from third-party insurance companies for marketing and selling insurance products and for the maintenance of insurance contracts. The former is recognized at the point in time which the associated service is fulfilled as the insurance contract is established by the insurance company, while the latter is recognized over the insurance period.

Fees and commissions on real estate business primarily consist of fees from real estate agent services, and are recognized in the period in which the related service is provided when assisting customers in the sales or purchase of real estate property.

Other fees and commissions include various fees and commissions earned on services to customers which have performance obligations that the MUFG Group completes in order to recognize revenue. The primary portion includes non-refundable financing related fees such as arrangement fees that are recognized when the service is provided.

*Income Taxes*—The MUFG Group accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and deferred tax liabilities for the expected future tax consequences of events that have been included in the accompanying consolidated financial statements. Under this method, deferred tax assets and deferred tax liabilities are determined based on the differences between the financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and deferred tax liabilities is recognized in income in the period that includes the enactment date.

The MUFG Group records net deferred tax assets to the extent these assets will more likely than not be realized. In making such determination, all available positive and negative evidence is considered, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies and recent financial operations. In the event the MUFG Group were to determine that it would be able to realize deferred tax assets in the future in excess of their net recorded amount, the MUFG Group would make an adjustment to the valuation allowance, which would reduce the provision for income taxes.

Uncertain tax positions are recorded on the basis of a two-step process whereby (1) it is determined whether it is more likely than not that the tax position will be sustained on the basis of its technical merits, and (2) for those tax positions that meet the more-likely-than-not recognition threshold, the MUFG Group recognizes the largest amount of tax benefit that is more than 50% likely to be realized upon ultimate settlement with the related tax authority. The MUFG Group recognizes interest and penalties related to unrecognized tax benefits within income tax expense. Accrued interest and penalties are included within Other liabilities.

*Free Distributions of Common Shares*—As permitted by the Companies Act of Japan (the “Companies Act”), Japanese companies, upon approval by the Board of Directors, may make a free distribution of shares, in the form of a “stock split” as defined, to shareholders. In accordance with generally accepted accounting practice in Japan, such distribution does not give rise to any change in capital stock or capital surplus accounts. Common shares distributed are recorded as shares issued on the distribution date. See Note 18 for further information.

*Earnings (loss) per Common Share*—Basic earnings per share (“EPS”) excludes dilutive effects of potential common shares and is computed by dividing earnings applicable to common stock shareholders by the weighted average number of common shares outstanding for the period, while diluted EPS gives effect to all dilutive potential common shares that were outstanding during the period, including dilutive effects of restricted stock units and performance-based stock units of Morgan Stanley. See Note 22 for the computation of basic and diluted EPS.

*Treasury Stock*—The MUFG Group presents its treasury stock, including shares of MUFG owned by its subsidiaries and affiliated companies, as a reduction of equity on the accompanying consolidated balance sheets at cost and accounts for treasury stock transactions under an average cost method. Gains (losses) on sales of treasury stock are charged to capital surplus and unappropriated retained earnings.

*Comprehensive Income*—Comprehensive income includes net income (loss) before attribution to noncontrolling interests and other comprehensive income (“OCI”). All changes in unrealized gains and losses on investment securities, unrealized gains and losses on derivatives qualifying for cash flow hedges, defined benefit plans and foreign currency translation adjustments constitute OCI and are presented, with related income tax effects, in the accompanying consolidated statements of comprehensive income. OCI also includes changes in the instrument-specific credit risk on financial liabilities (“debt valuation adjustments” or “DVA”) accounted for under the fair value option.

*Stock-Based Compensation*—MUFG and certain of its subsidiaries have a stock compensation-type stock option plan (“Stock Option Plan”) for directors (excluding outside directors and directors serving as audit committee members), corporate executives, executive officers and senior fellows (collectively, “officers”). Compensation costs under the Stock Option Plan are recognized based on the grant date fair value of the stock option (“Stock Acquisition Rights”) over the period during officers are required to provide

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service in accordance with the terms of the Stock Option Plan. MUFG and certain of its subsidiaries also have performance-based stock compensation plan (“the Board Incentive Plan”). The awards granted under the Board Incentive Plan are classified as either liability for the part of award which are provided to officers in cash or equity for the part of award which are provided to officers in the common shares of MUFG. Compensation costs are recognized over the requisite service period for the entire awards. For awards classified as liability, compensation costs are measured based on the fair value calculated by the quoted price of common shares of MUFG at the date of fiscal year-end and remeasured at the end of each reporting period. Changes in quoted prices of common shares of MUFG between the date of grant and the settlement of awards are recognized in the period which the changes occur. For awards classified as equity, compensation costs are measured based on the grant date fair value by the quoted price of the common shares of MUFG.

***Accounting Changes***

*Troubled Debt Restructurings and Vintage Disclosures*—In March 2022, the Financial Accounting Standards Board (“FASB”) issued new guidance which eliminates the accounting and disclosure requirements for Troubled Debt Restructurings (“TDRs”) by creditors and introduces new required disclosures for loan modifications made to borrowers experiencing financial difficulty. The guidance also amends the requirement for vintage disclosures to disclose current period gross charge-offs by year of origination. This guidance is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. The guidance should be applied prospectively, except for requirements related to the recognition and measurement of TDRs, for which entities have the option to apply a modified retrospective transition method. The MUFG Group adopted the guidance on April 1, 2023, using the modified retrospective transition method on the requirements related to the recognition and measurement of TDRs, and there was no material impact on its financial position and results of operations. The allowance for modified loans is mainly measured using a discounted cash flow methodology that utilizes a discount rate based on the post-modification contractual interest rate, other than modified loans in the Card segment, for which the allowance is measured using collectively-assessed allowance methodology.

***Recently Issued Accounting Pronouncements***

*Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*—In June 2022, the FASB issued new guidance which clarifies the guidance when measuring the fair value of an equity security subject to contractual restrictions that prohibit the sale of an equity security. The guidance also introduces new disclosure requirements for equity securities subject to contractual sale restrictions that are measured at fair value. This guidance is effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. The MUFG Group does not expect that the adoption of this guidance will have a material impact on its consolidated financial statements and related disclosures.

*Improvements to Reportable Segment Disclosures*—In November 2023, the FASB issued new guidance which clarifies and enhances the requirements for reportable segment disclosures. This guidance requires additional reportable segment disclosures on an annual and interim basis, primarily about significant segment expenses and other segment items that are regularly provided to the chief operating decision maker and included within the reported measure of segment profit or loss. This guidance does not change how operating segments are identified or aggregated, or how quantitative thresholds are applied to determine the reportable segments. The guidance is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The MUFG Group is currently evaluating what effect this guidance will have on its segment information disclosures.

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## **2. BUSINESS DEVELOPMENTS**

### ***Sale of MUFG Union Bank and Investment in Shares of U.S. Bancorp***

In September 2021, the MUFG Group agreed to the sale of all shares in MUFG Union Bank, the wholly-owned primary operating subsidiary in the United States, to U.S. Bancorp (“USB”), which is not a related party of the MUFG Group. The businesses of MUFG Union Bank that the MUFG Group sold to USB exclude the Global Corporate & Investment Banking (“GCIB”) business (with certain exceptions as agreed to by the parties, including certain deposits of the GCIB business that were retained by MUFG Union Bank), the Global Markets business to the extent related to the GCIB business and certain assets and liabilities that are part of shared middle and back office functions. Under a legal agreement, the assets and liabilities of these operations were transferred to other entities within the MUFG Group before it sold the shares of MUFG Union Bank. Through this transaction, the MUFG Group aimed to maximize shareholder value by improving our capital efficiency.

The carrying amount of any assets that are not covered by the guidance on long-lived assets and included in the disposal group, must be adjusted in accordance with other applicable guidance before measuring the disposal group by lower of cost or market method. The loss amount, which was recognized through lower of cost or market method from the assets and liabilities held for sale, was ¥134,141 million for the fiscal year ended March 31, 2022. Such amount, which included the fluctuation of the fair value related to the sold business from September 2021 to March 31, 2022, is included in Impairment (reversal of impairment) of assets held for sale in the consolidated statements of operations. However, the fair value less cost to sell exceeded the carrying value during the first half of the fiscal year ended March 31, 2023, and the reversal of ¥134,141 million, which is included in Impairment (reversal of impairment) of assets held for sale in the consolidated statements of operations, was recognized, and as a result, the valuation allowance for assets held for sale which was included in Other Asset was fully reversed.

On December 1, 2022, the MUFG Group sold all the issued and outstanding shares of common stock of MUFG Union Bank to USB for the agreed upon consideration of ¥754.0 billion in cash and 44,374,155 shares, ¥276.1 billion, of USB common stock representing approximately 3% of the outstanding shares. The MUFG Group would receive from USB an additional ¥464.5 billion in cash within five years of the closing date, whose discounted present value at sale was ¥396.6 billion. Before the closing of the sale, MUFG Union Bank declared and paid a special dividend of approximately ¥636.8 billion to MUAH. The MUFG Group recorded a pretax gain on the sale of MUFG Union Bank of ¥349.4 billion, net of cost to sell the business. The gain was included in Gain on sale of MUFG Union Bank in the consolidated statements of operations for the fiscal year ended March 31, 2023. The business of MUFG Union Bank that was transferred to USB had ¥13,935.6 billion in assets at sale, including ¥2,251.3 billion of interest-earning deposits in other banks, ¥3,123.3 billion of investment securities, and ¥7,567.7 billion of loans. The total amount of liabilities was ¥13,128.0 billion, including ¥11,789.9 billion of deposits. The pretax loss recorded for the business transferred to USB was ¥11,385 million and ¥506,329 million for the fiscal years ended March 31, 2022 and 2023, respectively. The cash receipts and cash payments for loans held for sale that were originated by MUFG Union Bank during the year, prior to the sale to USB, are presented within Net increase in loans held for sale in the business transferred to USB in the consolidated statement of cash flows for the fiscal year ended March 31, 2023. MUFG Union Bank's cash and cash equivalents balance at sale was ¥2,433.8 billion, which when combined with ¥754.0 billion in cash received from USB and certain adjustments resulted in a net decrease in cash and cash equivalents at sale of ¥1,711.8 billion.

In August 2023, after the completion of the sale of MUFG Union Bank, MUFG Bank additionally acquired 24,000,000 shares of the common stock of USB for a purchase price of ¥136.8 billion. Following this investment, MUFG Bank's total shareholding in USB increased to 4.39%. The proceeds received by USB for the investment were paid to MUAH to reduce the outstanding obligation due within five years of the closing date of the sale simultaneously.

### ***Acquisition of HC Consumer Finance Philippines, Inc & PT Home Credit Indonesia***

On June 1, 2023, MUFG Bank and its consolidated subsidiary, Krungsri, acquired 100% of the shares of HC Consumer Finance Philippines, Inc. (“HC Philippines”), and paid ¥69,841 million, with certain price adjustments after June 1, 2023, in total in cash. As a result of the acquisition, Krungsri and MUFG Bank hold 75% and 25% of the shares, respectively.

The total assets and total liabilities of the acquired business of HC Philippines were ¥137,577 million, including net loans of ¥108,359 million, and ¥96,152 million, including long-term debt of ¥43,891 million, respectively. The assets acquired and liabilities assumed were recorded at their fair values on the acquisition date. The goodwill resulting from the acquisition of HC Philippines was ¥28,196 million, which was not deductible for income tax purposes, and was allocated to the Global Commercial Banking Business Group Segment. The intangible assets resulting from the acquisitions of HC Philippines was ¥9,373 million with a weighted average amortization periods of 5.7 years, primarily including ¥6,137 million of a customer relationship with an amortization period of 7.5 years. The revenue and net income of HC Philippines since the acquisition date were ¥38,584 million and ¥2,547 million, respectively, for the fiscal year ended March 31, 2024. The acquired loans of HC Philippines, other than those purchased with credit deterioration,



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had a fair value of ¥104,391 million at the acquisition date, with unpaid principal balances of ¥109,032 million. At the acquisition date, the MUFG Group estimated these loans' contractual cash flows expected not to be collected were ¥4,100 million for HC Philippines.

On October 2, 2023, Krungsri and Bank Danamon's consolidated subsidiary, PT Adira Dinamika Multi Finance, Tbk ("ADMF") acquired approximately 84.8% of the shares of PT Home Credit Indonesia, Inc. ("HC Indonesia"), and paid ¥31,812 million in total in cash. As a result of the acquisition, Krungsri and ADMF hold 75% and approximately 9.8% of the HC Indonesia's shares, respectively.

In March 2024, Krungsri completed a capital injection of ¥4,896 million into HC Indonesia. Following this capital injection, Krungsri's total shareholding in HC Indonesia increased to 80% and ADMF's total shareholding in HC Indonesia decreased to approximately 4.9%.

The total assets and total liabilities of the acquired business of HC Indonesia were ¥44,178 million, including net loans of ¥24,949 million, and ¥30,494 million, including other short-term borrowings of ¥22,299 million, respectively. The assets acquired and liabilities assumed were recorded at their fair values on the acquisition date. The goodwill resulting from the acquisition of HC Indonesia was ¥18,034 million, which was not deductible for income tax purposes, and was allocated to the Global Commercial Banking Business Group Segment. The intangible assets resulting from the acquisitions of HC Indonesia were ¥3,964 million with a weighted average amortization of 6.9 years, primarily including ¥3,582 million of a customer relationship with an amortization period of 7.1 years. The revenue and net income of HC Indonesia since the acquisition date were ¥6,978 million and ¥345 million, respectively, for the fiscal year ended March 31, 2024. The fair value of the noncontrolling interests was immaterial. The acquired loans of HC Indonesia, other than those purchased with credit deterioration, had a fair value of ¥25,768 million at the acquisition date, with unpaid principal balances of ¥27,389 million. At the acquisition date, the MUFG Group estimated these loans' contractual cash flows expected not to be collected were ¥1,505 million

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

During the fiscal year ended March 31, 2024, the MUFG Group incurred ¥1,044 million of acquisition-related costs of HC Philippines and HC Indonesia.

***Pro forma statements of operations***

The following unaudited pro forma statements of operations present the result of operations for HC Philippines and HC Indonesia as if the acquisitions had occurred on April 1, 2022:

	HC Philippines		HC Indonesia	
	Fiscal years ended March 31,		Fiscal years ended March 31,	
	2023	2024	2023	2024
	(in millions)			
<b>Statements of operations data</b>				
Total revenue .....	¥ 45,643	¥ 62,218	¥ 23,080	¥ 27,004
Net income (loss) attributable to Mitsubishi UFJ Financial Group .....	4,166	4,766	(141)	(139)

The unaudited pro forma statements of operations of HC Philippines include the pro forma adjustments to reflect the impact of amortizing certain acquisition accounting adjustments relating to intangible assets subject to amortization of ¥1,523 million for the fiscal year ended March 31, 2023, and ¥1,641 million for the fiscal year ended March 31, 2024. The unaudited pro forma statements of operations of HC Indonesia include the pro forma adjustments to reflect the impact of amortizing certain acquisition accounting adjustments relating to intangible assets subject to amortization of ¥527 million for the fiscal year ended March 31, 2023, and ¥567 million for the fiscal year ended March 31, 2024.

***Acquisition of PT Mandala Multifinance Tbk***

On March 13, 2024, MUFG Bank and its consolidated subsidiary, ADMF acquired 80.6% of the shares in PT Mandala Multifinance Tbk ("MFIN"). MUFG Bank paid ¥59,025 million and ADMF paid ¥8,360 million in cash. As a result of the acquisition, MUFG Bank and ADMF hold 70.6% and 10% of the shares, respectively.



**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

MFIN is an Indonesian company which mainly provides auto loans for new motorbikes and multi-purpose loans secured by motorbikes in the domestic market, with strong presence especially in eastern Indonesia. MUFG Bank and ADMF intend to leverage MFIN's strengths, in both products and geography, to further reinforce and expand our auto loan business in Indonesia.

The assets acquired and liabilities assumed were recorded at their fair values on the acquisition date. The total assets and total liabilities of the acquired business were ¥80,236 million, including net loans of ¥47,937 million, and ¥34,676 million, including long-term debt of ¥28,319 million, respectively. The goodwill resulting from the acquisition was ¥31,795 million, which was not deductible for income tax purposes, and was allocated to the Global Commercial Banking Business Group Segment. The intangible assets resulting from the acquisition were ¥15,139 million with a weighted average amortization period of 5.3 years, primarily including ¥10,602 million of a customer relationship with an amortization period of 8.0 years. Due to the proximity of the acquisition date to the MUFG Group's fiscal year end date, the revenue and net income of MFIN for the fiscal year ended March 31, 2024, were not material to the MUFG Group. The MUFG Group also recorded noncontrolling interests of ¥10,448 million at fair value determined by a quoted market price as of the acquisition date. The acquired loans of MFIN other than those purchased with credit deterioration had a fair value of ¥42,152 million at the acquisition date, with unpaid principal balances of ¥42,633 million. At the acquisition date, the MUFG Group estimated these loans' contractual cash flows expected not to be collected were ¥1,450 million.

***Pro forma statements of operations***

The following unaudited pro forma statements of operations present the result of operations for MFIN as if the acquisition had occurred on April 1, 2022:

	Fiscal years ended March 31,			
	2023		2024	
	(in millions)			
<b>Statements of operations data</b>				
Total revenue .....	¥	19,733	¥	20,580
Net income attributable to Mitsubishi UFJ Financial Group .....	¥	3,014	¥	1,416

The unaudited pro forma statements of operations include the pro forma adjustments to reflect the impact of amortizing certain acquisition accounting adjustments relating to intangible assets subject to amortization of ¥2,630 million and ¥2,748 million for the fiscal years ended March 31, 2023 and 2024, respectively.

***Acquisition of AlbaCore Capital Group***

On November 14, 2023, Mitsubishi UFJ Trust and Banking's consolidated subsidiary, First Sentier Investor acquired 75% interest in AlbaCore Capital Group ("AlbaCore"). Cash consideration paid on change of control was ¥49,266 million, with fair value of contingent consideration of ¥17,979 million being recognized. The valuation of the contingent consideration is calculated with reference to certain future earnings metrics and targets of AlbaCore, discounted to net present value. The deferred payment of contingent consideration is subject to earnings for certain future fiscal periods exceeding a threshold. If the future earnings exceed the threshold, a variable payment depending on value of the future earnings will be made.

The MUFG Group has outlined a strategy for sustainable growth and enhanced profitability, which includes capital utilization in growth areas such as the global asset management business. Through the acquisition of AlbaCore, the MUFG Group will offer new products in the highly demanded alternatives sector and expand its touchpoints with new customers, thereby further strengthening the global asset management business.

The assets acquired and liabilities assumed were recorded at their estimated fair values on the acquisition date. During the fiscal year ended March 31, 2024, the MUFG Group incurred ¥2,599 million of acquisition-related costs. These expenses are included in Other non-interest expenses in the accompanying consolidated statements of operations for the fiscal year ended March 31, 2024. The total assets and total liabilities of the acquired business were ¥33,583 million, including cash and bank deposits of ¥6,448 million and intangible assets of ¥23,709 million, and ¥12,187 million, including deferred tax liabilities of ¥5,927 million, respectively. The goodwill resulting from the acquisition was ¥63,063 million, which was not deductible for income tax purposes, and was allocated to the Asset Management & Investor Services Business Group Segment. The intangible assets resulting from the acquisition were ¥23,709 million with a weighted average amortization period of 15.7 years, primarily including ¥22,478 million of a customer relationship with a weighted average amortization period of 16.0 years. The MUFG Group also recorded noncontrolling interests of ¥17,214 million at fair value based on the consideration paid for its controlling ownership interest adjusted for control premiums, which were calculated using market data. The revenue and net loss of AlbaCore since the acquisition date were ¥1,107 million and ¥155 million, respectively, for the fiscal year ended March 31, 2024.

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

*Pro forma statements of operations*

The following unaudited pro forma statements of operations present the results of operations as if the acquisition of AlbaCore had occurred on April 1, 2022:

	Fiscal years ended March 31,	
	2023	2024
(in millions)		
<b>Statements of operations data</b>		
Total revenue .....	¥ 7,780	¥ 8,279
Net income (loss) attributable to Mitsubishi UFJ Financial Group .....	¥ (712)	¥ 859

The unaudited pro forma statements of operations include the pro forma adjustments to reflect the impact of amortizing certain acquisition accounting adjustments relating to intangible assets subject to amortization of ¥1,390 million and ¥1,426 million for the fiscal years ended March 31, 2023 and 2024, respectively.

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**3. INVESTMENT SECURITIES**

The following tables present the amortized cost, gross unrealized gains and losses, and fair value of Available-for-sale debt securities and Held-to-maturity debt securities at March 31, 2023 and 2024:

<u>At March 31, 2023:</u>	<u>Amortized cost</u>	<u>Gross unrealized gains</u>	<u>Gross unrealized losses</u>	<u>Fair value</u>
	(in millions)			
<b>Available-for-sale debt securities:</b>				
Japanese national government and Japanese government agency bonds	¥ 26,153,862	¥ 16,510	¥ 123,769	¥ 26,046,603
Japanese prefectural and municipal bonds	2,773,750	2,063	15,872	2,759,941
Foreign government and official institution bonds	3,029,042	2,072	108,372	2,922,742
Corporate bonds	1,051,347	9,791	2,977	1,058,161
Residential mortgage-backed securities	1,110,126	569	441	1,110,254
Asset-backed securities	1,418,563	16,116	4,364	1,430,315
Other debt securities	417,755	1,873	6,842	412,786
<b>Total</b>	<u>¥ 35,954,445</u>	<u>¥ 48,994</u>	<u>¥ 262,637</u>	<u>¥ 35,740,802</u>
<b>Held-to-maturity debt securities:</b>				
Japanese national government and Japanese government agency bonds	¥ 13,860,457	¥ 32,927	¥ 19,789	¥ 13,873,595
Japanese prefectural and municipal bonds	1,144,825	2,473	7,808	1,139,490
Corporate bonds	46,730	213	3	46,940
Residential mortgage-backed securities	3,913,346	13,606	105,754	3,821,198
Asset-backed securities	2,554,723	19	49,809	2,504,933
<b>Total</b>	<u>¥ 21,520,081</u>	<u>¥ 49,238</u>	<u>¥ 183,163</u>	<u>¥ 21,386,156</u>

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

<u>At March 31, 2024:</u>	<u>Amortized cost</u>	<u>Gross unrealized gains</u>		<u>Gross unrealized losses</u>	<u>Fair value</u>
	(in millions)				
<b>Available-for-sale debt securities:</b>					
Japanese national government and Japanese government agency bonds	¥ 23,287,730	¥ 5,768	¥ 126,098		¥ 23,167,400
Japanese prefectural and municipal bonds	1,055,564	227	9,800		1,045,991
Foreign government and official institution bonds	3,407,036	4,653	132,406		3,279,283
Corporate bonds	1,015,312	10,550	4,271		1,021,591
Residential mortgage-backed securities	1,229,615	255	345		1,229,525
Asset-backed securities	1,239,772	9,251	1,877		1,247,146
Other debt securities	408,467	3,419	7,450		404,436
<b>Total</b>	<b>¥ 31,643,496</b>	<b>¥ 34,123</b>	<b>¥ 282,247</b>		<b>¥ 31,395,372</b>
<b>Held-to-maturity debt securities:</b>					
Japanese national government and Japanese government agency bonds	¥ 15,191,741	¥ 4,745	¥ 97,603		¥ 15,098,883
Japanese prefectural and municipal bonds	1,999,182	2,048	16,328		1,984,902
Corporate bonds	119,490	93	179		119,404
Residential mortgage-backed securities	4,952,083	3,153	179,537		4,775,699
Asset-backed securities	2,581,466	3,681	6,521		2,578,626
<b>Total</b>	<b>¥ 24,843,962</b>	<b>¥ 13,720</b>	<b>¥ 300,168</b>		<b>¥ 24,557,514</b>

**Contractual Maturities**

The amortized cost and fair values of Held-to-maturity debt securities and the fair values of Available-for-sale debt securities at March 31, 2024 by contractual maturity are shown below. Expected maturities may be shorter than contractual maturities because issuers of debt securities may have the right to call or prepay obligations with or without penalties. Debt securities not due at a single maturity date and securities embedded with call or prepayment options, such as mortgage-backed securities, are included in the table below based on their contractual maturities.

	<u>Held-to-maturity debt securities</u>		<u>Available-for- sale debt securities</u>
	<u>Amortized cost</u>	<u>Fair value</u>	<u>Fair value</u>
	(in millions)		
Due in one year or less	¥ 3,540,173	¥ 3,541,664	¥ 21,034,934
Due from one year to five years	8,493,590	8,461,176	5,841,097
Due from five years to ten years	6,917,839	6,838,185	1,682,434
Due after ten years	5,892,360	5,716,489	2,836,907
<b>Total</b>	<b>¥ 24,843,962</b>	<b>¥ 24,557,514</b>	<b>¥ 31,395,372</b>

**Realized Gains and Losses**

For the fiscal years ended March 31, 2022, 2023 and 2024, gross realized gains on sales of Available-for-sale debt securities were ¥85,525 million, ¥107,238 million and ¥124,557 million, respectively, and gross realized losses on sales of Available-for-sale debt securities were ¥36,698 million, ¥169,686 million and ¥274,042 million, respectively.

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

***Impairment Losses on Investment Securities***

For the fiscal years ended March 31, 2022 and 2023, impairment losses on Available-for-sale debt securities of ¥47,281 million and ¥359,330 million were included in Investment securities gains (losses)—net in the accompanying consolidated statements of operations. These were mainly the impairment losses on the Available-for-sale debt securities held by MUFG Union Bank, which were reclassified as held for sale, and then sold on December 1, 2022.

For the fiscal year ended March 31, 2024, impairment losses on Available-for-sale debt securities, which mainly comprised of corporate bonds, were included in Investment securities gains (losses)—net in the accompanying consolidated statements of operations and were not material.

For the fiscal years ended March 31, 2022, 2023 and 2024, the MUFG Group's Held-to-maturity debt securities were guaranteed by Japanese or U.S. government entities or agencies and had a long history of no credit losses or were rated investment grade. Based on the analysis performed, the MUFG Group has the intent and ability to hold these securities to maturity. Therefore, no credit losses were expected on these securities and no impairment loss has been recorded.

***Gross Unrealized Losses and Fair Value***

The following tables show the gross unrealized losses and fair value of Available-for-sale debt securities at March 31, 2023 and 2024 by length of time that individual securities in each category have been in a continuous loss position:

	Less than 12 months		12 months or more		Total		
	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Number of securities
<b>At March 31, 2023:</b>	(in millions, except number of securities)						
Available-for-sale debt securities:							
Japanese national government and Japanese government agency bonds	¥ 7,644,337	¥ 8,066	¥ 2,105,210	¥ 115,703	¥ 9,749,547	¥ 123,769	438
Japanese prefectural and municipal bonds	962,234	1,781	711,896	14,091	1,674,130	15,872	723
Foreign government and official institution bonds	858,970	18,677	1,436,798	89,695	2,295,768	108,372	118
Corporate bonds	331,411	1,800	249,088	1,177	580,499	2,977	256
Residential mortgage-backed securities	166,778	5	522,774	436	689,552	441	15
Asset-backed securities	310,388	4,170	39,806	194	350,194	4,364	32
Other debt securities	48,804	1,266	47,886	5,576	96,690	6,842	28
<b>Total</b>	<b>¥10,322,922</b>	<b>¥ 35,765</b>	<b>¥ 5,113,458</b>	<b>¥ 226,872</b>	<b>¥15,436,380</b>	<b>¥ 262,637</b>	<b>1,610</b>

	Less than 12 months		12 months or more		Total		
	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Number of securities
<b>At March 31, 2024:</b>	(in millions, except number of securities)						
Available-for-sale debt securities:							
Japanese national government and Japanese government agency bonds	¥18,640,364	¥ 9,427	¥ 1,756,792	¥ 116,671	¥20,397,156	¥ 126,098	440
Japanese prefectural and municipal bonds	416,047	1,502	520,133	8,298	936,180	9,800	574
Foreign government and official institution bonds	402,021	9,723	1,895,194	122,683	2,297,215	132,406	97
Corporate bonds	178,960	535	439,771	3,736	618,731	4,271	324
Residential mortgage-backed securities	185,197	14	343,621	331	528,818	345	14
Asset-backed securities	23,810	9	160,109	1,868	183,919	1,877	17
Other debt securities	202,787	54	64,908	7,396	267,695	7,450	56
<b>Total</b>	<b>¥20,049,186</b>	<b>¥ 21,264</b>	<b>¥ 5,180,528</b>	<b>¥ 260,983</b>	<b>¥25,229,714</b>	<b>¥ 282,247</b>	<b>1,522</b>

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

*Evaluating Available-for-sale debt securities for Impairment losses*

The following describes the nature of the MUFG Group's Available-for-sale debt securities and the conclusions reached in determining whether impairment losses exist.

*Japanese national government and Japanese government agency bonds, Japanese prefectural and municipal bonds, Foreign government and official institution bonds*

As of March 31, 2024, unrealized losses associated with these securities were deemed to be attributable to changes in market interest rates rather than a deterioration in the creditworthiness of the underlying obligor. Based on a consideration of factors, including cash flow analysis, the MUFG Group expects to recover the entire amortized cost basis of these securities. Accordingly, no credit loss was identified as of March 31, 2024 and no impairment loss has been recorded.

*Corporate bonds*

As of March 31, 2024, unrealized losses associated with corporate bonds were primarily related to private placement bonds issued by Japanese non-public companies. The credit loss component recognized in earnings is identified as the amount of principal cash flows not expected to be received over the remaining terms of the bonds as estimated using the MUFG Group's cash flow projections. The key assumptions include probability of default based on credit ratings of the bond issuers and loss given default.

*Residential mortgage-backed securities*

As of March 31, 2024, unrealized losses on these securities were primarily driven by securities guaranteed by a U.S. government agency or a government-sponsored agency which are collateralized by residential mortgage loans. Unrealized losses mainly resulted from changes in interest rates and not from changes in credit quality. The MUFG Group determined through analysis that no credit loss was identified on such securities as of March 31, 2024 because the strength of the issuers' guarantees through direct obligations or support from the U.S. government is expected to be sufficient to recover the entire amortized cost basis of these securities.

*Asset-backed securities*

As of March 31, 2024, unrealized losses on these securities were primarily driven by certain CLOs, highly illiquid securities for which fair values are difficult to determine. Unrealized losses arise from widening credit spreads, deterioration of the credit quality of the underlying collateral, uncertainty regarding the valuation of such securities and the market's view of the performance of the fund managers. When the fair value of a security is lower than its amortized cost or when any security is subject to a deterioration in credit rating, the MUFG Group undertakes a cash flow analysis of the underlying collateral to estimate the credit loss and confirms the intent and ability to hold these securities until recovery. Based on the analysis performed, no credit loss was identified as of March 31, 2024 and no impairment loss has been recorded.



**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**Equity Securities**

The following table presents net realized gains (losses) on sales of equity securities, and net unrealized gains (losses) on equity securities still held at March 31, 2022, 2023 and 2024:

	Fiscal years ended March 31,		
	2022	2023	2024
	(in millions)		
Net gains (losses) recognized during the period <sup>(1)</sup>	¥ (125,271)	¥ 104,023	¥ 1,527,173
Less:			
Net gains (losses) recognized during the period on equity securities sold during the period	(38,042)	18,313	114,436
Net unrealized gains (losses) recognized during the reporting period still held at the reporting date	¥ (87,229)	¥ 85,710	¥ 1,412,737

Note:

(1) Included in Investment securities gains (losses)—net.

**Measurement Alternative of Equity Securities**

The following table presents the carrying value of nonmarketable equity securities that are measured at cost minus impairment, if any, plus or minus changes resulting from observable price changes (“measurement alternative”), held at March 31, 2023 and 2024:

	2023		2024	
	(in millions)			
Measurement alternative balance	¥	381,928	¥	483,213

The related adjustments for these securities for the fiscal years ended March 31, 2022, 2023 and 2024 were as follows:

	Fiscal years ended March 31,		
	2022	2023	2024
	(in millions)		
Measurement alternative impairment losses <sup>(1)(4)</sup>	¥ (4,299)	¥ (8,230)	¥ (11,943)
Measurement alternative downward changes for observable prices <sup>(1)(2)(3)(5)</sup>	¥ —	¥ (440)	¥ (1,567)
Measurement alternative upward changes for observable prices <sup>(1)(2)(3)(6)</sup>	¥ 3,067	¥ 5,090	¥ 882

Notes:

(1) Included in Investment securities gains (losses)—net.

(2) Under the measurement alternative, nonmarketable equity securities are carried at cost plus or minus changes resulting from observable prices in orderly transactions for the identical or a similar investment of the same issuer.

(3) The MUFG Group applied measurement alternative downward or upward changes to certain nonmarketable equity securities, resulting from observable prices in orderly transactions, such as partial repurchase and transactions by other entities.

(4) The cumulative impairment losses at March 31, 2023 and 2024 were ¥20,151 million and ¥29,569 million, respectively.

(5) The cumulative downward changes for observable prices at March 31, 2023 and 2024 were ¥1,393 million and ¥2,961 million, respectively.

(6) The cumulative upward changes for observable prices at March 31, 2023 and 2024 were ¥59,069 million and ¥58,104 million, respectively.

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**4. LOANS AND ALLOWANCE FOR CREDIT LOSSES**

The MUFG Group classifies its loan portfolio into the following portfolio segments—Commercial, Residential, Card, MUAH, Krungsri, and Other based on the grouping used by the MUFG Group to determine the allowance for credit losses. The MUFG Group further classifies the Commercial segment into classes based on initial measurement attributes, risk characteristics, and its method of monitoring and assessing credit risk. See Note 1 for further information.

However, beginning in the fiscal year ended March 2023, the MUAH segment is included in the Other segment in the respective tables, because its importance as a segment declined as a result of the sale of MUFG Union Bank and an internal reorganization within the MUFG Group. The reorganization involved the transfer of assets, including loans of ¥2,614,535 million from the MUAH segment to the Commercial segment on November 14, 2022. See Note 2 for further information.

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

***Total Outstanding Loans and Past Due Analysis***

The table below presents total outstanding loans and past due analysis by class at March 31, 2023 and 2024.

At March 31, 2023:	Past Due			Current	Loans Held for Sale	Total Loans	Past Due 90 Days and Accruing
	1-3 months	Greater Than 3 months	Total Past Due				
(in millions)							
<b>Commercial</b>							
Domestic	¥ 6,599	¥ 12,485	¥ 19,084	¥ 55,519,315	¥ 87,659	¥ 55,626,058	¥ 2,652
Foreign	8,818	33,203	42,021	41,268,228	879,423	42,189,672	12,158
<b>Residential</b>	32,514	11,496	44,010	12,830,845	—	12,874,855	3,342
<b>Card</b>	14,992	26,587	41,579	431,263	—	472,842	—
<b>Krungsri</b>	188,802	136,627	325,429	7,457,206	—	7,782,635	—
<b>Other</b>	14,241	20,235	34,476	1,375,934	—	1,410,410	—
Total	<u>¥ 265,966</u>	<u>¥ 240,633</u>	<u>¥ 506,599</u>	<u>¥ 118,882,791</u>	<u>¥ 967,082</u>	<u>¥ 120,356,472</u>	<u>¥ 18,152</u>
Unearned income, unamortized premiums —net and deferred loan fees—net						(401,012)	
Total						<u>¥ 119,955,460</u>	

At March 31, 2024:	Past Due			Current	Loans Held for Sale	Total Loans	Past Due 90 Days and Accruing
	1-3 months	Greater Than 3 months	Total Past Due				
(in millions)							
<b>Commercial</b>							
Domestic	¥ 6,108	¥ 8,289	¥ 14,397	¥ 57,371,397	¥ 112,496	¥ 57,498,290	¥ 3,004
Foreign	1,447	27,517	28,964	46,483,163	841,088	47,353,215	13,307
<b>Residential</b>	33,943	11,980	45,923	12,451,455	—	12,497,378	3,837
<b>Card</b>	15,790	28,388	44,178	440,672	—	484,850	—
<b>Krungsri</b>	244,414	204,894	449,308	8,383,588	—	8,832,896	—
<b>Other</b>	23,125	28,553	51,678	1,706,489	—	1,758,167	—
Total	<u>¥ 324,827</u>	<u>¥ 309,621</u>	<u>¥ 634,448</u>	<u>¥ 126,836,764</u>	<u>¥ 953,584</u>	<u>¥ 128,424,796</u>	<u>¥ 20,148</u>
Unearned income, unamortized premiums —net and deferred loan fees—net						(488,301)	
Total						<u>¥ 127,936,495</u>	

***Nonaccrual Loans***

Originated loans are generally placed on nonaccrual status when substantial doubt exists as to the full and timely collection of either principal or interest, when principal or interest is contractually past due one month or more with respect to loans within all classes of the Commercial segment, three months or more with respect to loans within the Card and Krungsri segments, and six months or more with respect to loans within the Residential segment. See Note 1 for further information.

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

The information on nonaccrual loans by class at March 31, 2023 and 2024, and recognized interest income on nonaccrual loans by class for the fiscal years ended March 31, 2023 and 2024 are shown below:

	<u>Recorded Loan Balance</u>		
	<u>Nonaccrual Loans<sup>(1)</sup></u>	<u>Nonaccrual Loans Not Requiring an Allowance for Credit Losses<sup>(2)</sup></u>	<u>Recognized Interest Income</u>
<u>March 31, 2023:</u>	(in millions)		
<b>Commercial</b>			
Domestic	¥ 401,836	¥ 99,657	¥ 5,409
Foreign	246,675	65,242	5,918
<b>Residential</b>	47,910	3,962	1,052
<b>Card</b>	67,159	—	17
<b>Krungsri</b>	211,705	3,286	6,482
<b>Other</b>	29,848	5	3,885
Total	<u>¥ 1,005,133</u>	<u>¥ 172,152</u>	<u>¥ 22,763</u>

	<u>Recorded Loan Balance</u>		
	<u>Nonaccrual Loans<sup>(1)</sup></u>	<u>Nonaccrual Loans Not Requiring an Allowance for Credit Losses<sup>(2)</sup></u>	<u>Recognized Interest Income</u>
<u>March 31, 2024:</u>	(in millions)		
<b>Commercial</b>			
Domestic	¥ 295,055	¥ 89,994	¥ 3,920
Foreign	225,572	59,564	8,747
<b>Residential</b>	41,101	4,067	848
<b>Card</b>	72,554	—	18
<b>Krungsri</b>	278,709	2,909	10,208
<b>Other</b>	33,782	16	2,826
Total	<u>¥ 946,773</u>	<u>¥ 156,550</u>	<u>¥ 26,567</u>

Notes:

- (1) Nonaccrual loans in the above table do not include loans held for sale of ¥9,205 million and ¥378,401 million at March 31, 2023 and 2024, respectively.
- (2) These loans do not require an allowance for credit losses because the recorded loan balance equals, or does not exceed, the present value of expected future cash flows discounted at the loans' effective interest rate, or the fair value of the collateral if the loan is a collateral-dependent loan.

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

***Troubled Debt Restructurings***

The following table summarizes the MUFG Group's TDRs by class for the fiscal years ended March 31, 2022 and 2023:

<u>Fiscal year ended March 31, 2022</u>	<u>Troubled Debt Restructurings</u>		<u>Troubled Debt Restructurings That Subsequently Defaulted</u>
	<u>Pre-Modification Outstanding Recorded Investment</u>	<u>Post-Modification Outstanding Recorded Investment</u>	<u>Recorded Investment</u>
	(in millions)		
<b>Commercial<sup>(1)(3)</sup></b>			
Domestic	¥ 168,348	¥ 167,342	¥ 12,020
Foreign	16,144	16,144	13,180
<b>Residential<sup>(1)(3)</sup></b>	22,484	22,484	203
<b>Card<sup>(2)(3)</sup></b>	20,937	19,824	2,746
<b>MUAH<sup>(2)(3)</sup></b>	11,384	11,384	—
<b>Krungsri<sup>(2)(3)</sup></b>	14,869	14,869	5,657
<b>Other<sup>(2)</sup></b>	11,403	11,403	4,715
<b>Total</b>	<u>¥ 265,569</u>	<u>¥ 263,450</u>	<u>¥ 38,521</u>

Notes:

- (1) TDRs for the Commercial and Residential segments include accruing loans, and do not include nonaccrual loans.
- (2) TDRs for the Card, MUAH, Krungsri and Other segments include accrual and nonaccrual loans.
- (3) For the fiscal year ended March 31, 2022, extension of the stated maturity date of loans was the primary concession type in the Commercial, Residential and Krungsri segments, reduction in the stated rate was the primary concession type in the Card segment and forbearance was the primary concession type in the MUAH segment.

<u>Fiscal year ended March 31, 2023</u>	<u>Troubled Debt Restructurings</u>		<u>Troubled Debt Restructurings That Subsequently Defaulted</u>
	<u>Pre-Modification Outstanding Recorded Investment</u>	<u>Post-Modification Outstanding Recorded Investment</u>	<u>Recorded Investment</u>
	(in millions)		
<b>Commercial<sup>(1)(3)</sup></b>			
Domestic	¥ 68,477	¥ 68,477	¥ 8,123
Foreign	35,319	35,319	11,945
<b>Residential<sup>(1)(3)</sup></b>	15,291	15,291	116
<b>Card<sup>(2)(3)</sup></b>	22,355	21,407	2,783
<b>Krungsri<sup>(2)(3)</sup></b>	94,790	94,790	5,289
<b>Other<sup>(2)</sup></b>	21,141	21,141	1,569
<b>Total</b>	<u>¥ 257,373</u>	<u>¥ 256,425</u>	<u>¥ 29,825</u>

Notes:

- (1) TDRs for the Commercial and Residential segments include accruing loans, and do not include nonaccrual loans.

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

- (2) TDRs for the Card, Krungsri and Other segments include accrual and nonaccrual loans.
- (3) For the fiscal year ended March 31, 2023, extension of the stated maturity date of loans was the primary concession type in the Commercial, Residential and Krungsri segments and reduction in the stated rate was the primary concession type in the Card segment.

A modification of terms of a loan under a TDR mainly involves: (i) a reduction in the stated interest rate applicable to the loan, (ii) an extension of the stated maturity date of the loan, (iii) a partial forgiveness of the principal of the loan, or (iv) a combination of all of these. The amount of pre-modification outstanding recorded investment and post-modification outstanding recorded investment may differ due to write-offs made as part of the concession. The impact of write-offs associated with TDRs on the MUFG Group's results of operations for the fiscal years ended March 31, 2022 and 2023 was not material.

TDRs for the Commercial and Residential segments in the above tables include accruing loans, and do not include nonaccrual loans. Once a loan is classified as a nonaccrual loan, a modification would have little likelihood of resulting in the recovery of the loan in view of the severity of the financial difficulty of the borrower. Therefore, even if a nonaccrual loan is modified, the loan continues to be classified as a nonaccrual loan. The vast majority of modifications to nonaccrual loans are temporary extensions of the maturity dates, typically for periods up to 90 days, and continually made as the borrower is unable to repay or refinance the loan at the extended maturity. Accordingly, the impact of such TDRs on the outstanding recorded investment is immaterial, and the vast majority of nonaccrual TDRs have subsequently defaulted.

TDRs that subsequently defaulted in the Commercial and Residential segments in the above tables include those accruing loans that became past due one month or more within the Commercial segment and six months or more within the Residential segment, and those accruing loans reclassified to nonaccrual loans due to financial difficulties even without delinquencies. This is because classification as a nonaccrual loan is regarded as default under the MUFG Group's credit policy. Also, the MUFG Group defines default as payment default for the purpose of the disclosure.

In regards to the Card, MUAH, Krungsri and Other segments, the TDRs in the above tables represent nonaccrual and accruing loans, and the defaulted loans in the above table represent nonaccrual and accruing loans that became past due one month or more within the Card segment, 60 days or more within the MUAH segment, and six months or more within the Krungsri segment.

Historical payment defaults are one of the factors considered when projecting future cash flows in determining the allowance for credit losses for each segment.

The MUFG Group provided commitments to extend credit to customers with TDRs. The amounts of such commitments were ¥101,339 million at March 31, 2023. See Note 24 for further discussion of commitments to extend credit.

In the Krungsri segment, TDR accounting was suspended for loan modifications, where COVID-19 related short-term modifications (i.e., six months or less) were granted to loans that were current as of the loan modification date, based on interagency statements issued by the U.S. federal bank regulatory agencies. These loan modifications included payment deferrals and reductions in stated rate, and the related borrowers' past due and nonaccrual status will not be impacted during the deferral period. Interest income will continue to be recognized over the contractual life of the loan.

***Loan Modifications***

The following table summarizes the MUFG Group's loan modifications that were made to borrowers experiencing financial difficulty by class for the fiscal year ended March 31, 2024:



**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

<u>Fiscal year ended March 31, 2024:</u>	Loan Modifications Made to Borrowers Experiencing Financial Difficulty		Loans Modified within 12 months of Subsequent Default
	Amortized Cost Basis at the Period End	Percentage of Total Class of Loans	Amortized Cost Basis at the Period End
(in millions, except percentages)			
<b>Commercial<sup>(1)</sup></b>			
Domestic			
Interest rate reduction	¥ 3,110	0.01 %	¥ —
Term extension	315,702	0.55	5,201
Combination of interest rate reduction and term extension	7,038	0.01	—
Combination of term extension and principal forgiveness	—	—	—
All other modifications and combinations	—	—	—
Foreign			
Interest rate reduction	¥ 1,720	0.00 %	¥ —
Term extension	83,764	0.18	227
Combination of interest rate reduction and term extension	82	0.00	—
Combination of term extension and principal forgiveness	—	—	—
All other modifications and combinations	—	—	—
<b>Residential<sup>(1)</sup></b>			
Interest rate reduction	¥ —	— %	¥ —
Term extension	14,842	0.12	105
Combination of interest rate reduction and term extension	—	—	—
Combination of term extension and principal forgiveness	—	—	—
All other modifications and combinations	—	—	—
<b>Card<sup>(2)</sup></b>			
Interest rate reduction	¥ —	— %	¥ —
Term extension	—	—	—
Combination of interest rate reduction and term extension	23,689	4.89	3,038
Combination of term extension and principal forgiveness	226	0.05	3
All other modifications and combinations	—	—	—
<b>Krungsri<sup>(2)</sup></b>			
Interest rate reduction	¥ 553	0.01 %	¥ 217
Term extension	301,293	3.41	10,329
Combination of interest rate reduction and term extension	1,663	0.02	492
Combination of term extension and principal forgiveness	663	0.01	444
All other modifications and combinations	1,143	0.01	187
<b>Other<sup>(2)</sup></b>			
Interest rate reduction	¥ 606	0.03 %	¥ 304
Term extension	6,464	0.37	415
Combination of interest rate reduction and term extension	345	0.02	—
Combination of term extension and principal forgiveness	—	—	—
All other modifications and combinations	—	—	—

Notes:

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

- (1) The modified loans for the Commercial and Residential segments include accruing loans, and do not include nonaccrual loans.  
(2) The modified loans for the Card, Krungsri and Other segments include accruing and nonaccrual loans.

Loan modifications made to borrowers experiencing financial difficulty for the Commercial and Residential segments in the above tables include accruing loans, and do not include nonaccrual loans. Once a loan is classified as a nonaccrual loan, a modification would have little likelihood of resulting in the recovery of the loan in view of the severity of the financial difficulty of the borrower. Therefore, even if a nonaccrual loan is modified, the loan continues to be classified as a nonaccrual loan. The vast majority of modifications to nonaccrual loans are temporary extensions of the maturity dates, typically for periods up to 90 days, and continually made as the borrower is unable to repay or refinance the loan at the extended maturity. Accordingly, the impact of such loans on the period-ended amortized cost basis is immaterial, and the vast majority of nonaccrual modified loans have subsequently defaulted.

Loans that had a payment default during the period and had been modified to borrowers experiencing financial difficulty at the time of the modification within the previous 12 months preceding the payment default in the Commercial and Residential segments in the above tables include those accruing loans that became past due one month or more within the Commercial segment and six months or more within the Residential segment, and those accruing loans reclassified to nonaccrual loans due to financial difficulties even without delinquencies. This is because classification as a nonaccrual loan is regarded as a default under the MUFG Group's credit policy. Additionally, the MUFG Group defines default as payment default for the purpose of the disclosure.

In regards to the Card, Krungsri and Other segments, loan modifications made to borrowers experiencing financial difficulty in the above tables represent nonaccrual and accruing loans, and the defaulted loans in the above table represent nonaccrual and accruing loans that became past due one month or more within the Card segment, and six months or more within the Krungsri segment.

Historical payment defaults are one of the factors considered when determining the allowance for credit losses, and are factored into projecting future cash flows for segments other than the Card segment, for which such default information is considered when using collectively-assessed allowance methodology.

The following table provides the financial effect of the modifications made to borrowers experiencing financial difficulty by class for the fiscal year ended March 31, 2024:

<b>Fiscal year ended March 31, 2024:</b>	<b>Financial Effect</b>
<b>Commercial</b>	
Domestic	
Interest rate reduction	Reduced weighted-average contractual interest rate by 0.13%.
Term extension	Added a weighted-average 1.0 years to the life of loans.
Foreign	
Interest rate reduction	Reduced weighted-average contractual interest rate by 0.46% .
Term extension	Added a weighted-average 0.8 years to the life of loans.
<b>Residential</b>	
Term extension	Added a weighted-average 1.6 years to the life of loans.
<b>Card</b>	
Interest rate reduction	Reduced weighted-average contractual interest rate by 15.22%.
Term extension	Added a weighted-average 3.0 years to the life of loans.
Principal forgiveness	Reduced the principal balance of the loans by ¥809 million.
<b>Krungsri</b>	
Interest rate reduction	Reduced weighted-average contractual interest rate by 1.38%.
Term extension	Added a weighted-average 2.3 years to the life of loans.
Principal forgiveness	Reduced the principal balance of the loans by ¥1,269 million.
<b>Other</b>	
Interest rate reduction	Reduced weighted-average contractual interest rate by 3.40%.
Term extension	Added a weighted-average 3.0 years to the life of loans.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

The following table provides the performance of loans that have been modified in the last 12 months to borrowers experiencing financial difficulty by class for the fiscal year ended March 31, 2024:

<u>Fiscal year ended March 31, 2024:</u>	<b>Payment Status</b> <b>(Amortized Cost Basis at the Period End)</b>		
	<b>Current</b>	<b>1-3 months Past Due</b>	<b>Greater Than 3 months Past Due</b>
	<b>(in millions)</b>		
<b>Commercial<sup>(1)</sup></b>			
Domestic	¥ 324,772	¥ 740	¥ 338
Foreign	85,566	—	—
<b>Residential<sup>(1)</sup></b>	13,770	918	154
<b>Card<sup>(2)</sup></b>	17,888	3,961	2,066
<b>Krungsri<sup>(2)</sup></b>	277,919	18,125	9,271
<b>Other<sup>(2)</sup></b>	5,673	1,448	294
<b>Total</b>	¥ 725,588	¥ 25,192	¥ 12,123

Notes:

- (1) The modified loans for the Commercial and Residential segments include accruing loans, and do not include nonaccrual loans.  
(2) The modified loans for the Card, Krungsri and Other segments include accrual and nonaccrual loans.

The MUFG Group provided commitments to extend credit to borrowers experiencing financial difficulty that were granted modifications in the form of principal forgiveness, an interest rate reduction, or a term extension for the fiscal year ended March 31, 2024. The amount of such commitments was ¥64,250 million at March 31, 2024. See Note 24 for further discussion of commitments to extend credit and information on the balance of commitments.

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**Credit Quality Indicator**

Credit quality indicators of loans and fiscal year of origination by class at March 31, 2023 are shown below:

At March 31, 2023	Term Loans Amortized Cost Basis by Origination Year						Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term Loans Amortized Cost Basis	Total <sup>(1)</sup>
	2022	2021	2020	2019	2018	Prior			
	(in millions)								
<b>Commercial:</b>	¥32,957,651	¥10,100,587	¥ 8,626,319	¥ 5,653,421	¥ 4,385,807	¥ 9,366,641	¥25,743,172	¥ 15,050	¥96,848,648
Domestic	20,132,474	6,099,692	6,675,895	4,002,329	3,214,528	7,406,590	8,006,891	—	55,538,399
Normal	19,867,845	5,957,659	6,472,135	3,823,755	3,126,146	6,722,981	7,722,379	—	53,692,900
Close Watch	222,202	124,499	172,270	114,534	74,635	567,514	262,686	—	1,538,340
Likely to become Bankrupt or Legally/Virtually Bankrupt	42,427	17,534	31,490	64,040	13,747	116,095	21,826	—	307,159
Foreign	12,825,177	4,000,895	1,950,424	1,651,092	1,171,279	1,960,051	17,736,281	15,050	41,310,249
Normal	12,508,547	3,931,278	1,857,934	1,577,120	1,083,934	1,824,977	17,540,822	15,050	40,339,662
Close Watch	262,388	34,656	60,637	50,210	71,966	79,450	174,436	—	733,743
Likely to become Bankrupt or Legally/Virtually Bankrupt	54,242	34,961	31,853	23,762	15,379	55,624	21,023	—	236,844
<b>Residential</b>	¥ 688,000	¥ 747,161	¥ 607,237	¥ 919,359	¥ 811,469	¥ 9,077,669	¥ 23,960	¥ —	¥12,874,855
Accrual	687,800	747,121	607,047	918,781	810,933	9,034,589	22,093	—	12,828,364
Nonaccrual	200	40	190	578	536	43,080	1,867	—	46,491
<b>Card</b>	¥ 12	¥ 147	¥ 240	¥ 239	¥ 181	¥ 587	¥ 403,687	¥ 67,749	¥ 472,842
Accrual	1	7	10	8	9	37	391,237	14,374	405,683
Nonaccrual	11	140	230	231	172	550	12,450	53,375	67,159
<b>Krungsri</b>	¥ 1,824,628	¥ 1,046,959	¥ 654,933	¥ 692,616	¥ 515,731	¥ 605,053	¥ 2,427,923	¥ 14,792	¥ 7,782,635
Performing	1,689,034	956,470	570,865	553,616	406,258	459,322	2,292,418	—	6,927,983
Under-Performing	108,770	66,555	67,504	111,435	85,928	98,103	104,652	—	642,947
Non-Performing	26,824	23,934	16,564	27,565	23,545	47,628	30,853	14,792	211,705
<b>Other</b>	¥ 551,560	¥ 190,786	¥ 108,148	¥ 48,867	¥ 19,875	¥ 80,252	¥ 410,922	¥ —	¥ 1,410,410
Accrual	549,274	187,638	106,522	47,235	17,832	75,726	396,334	—	1,380,561
Nonaccrual	2,286	3,148	1,626	1,632	2,043	4,526	14,588	—	29,849

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

Credit quality indicators of loans and fiscal year of origination by class at March 31, 2024, and gross charge-offs for the fiscal year ended March 31, 2024 are shown below:

At March 31, 2024:	Term Loans Amortized Cost Basis by Origination Year						Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term Loans Amortized Cost Basis	Total <sup>(1)</sup>
	2023	2022	2021	2020	2019	Prior			
	(in millions)								
<b>Commercial:</b>	¥36,089,439	¥13,326,456	¥ 7,110,866	¥ 5,965,489	¥ 4,197,181	¥ 9,777,389	¥27,367,612	¥ 63,489	¥103,897,921
Domestic	20,392,832	7,709,706	4,897,276	5,099,173	3,195,961	7,915,170	8,175,676	—	57,385,794
Normal	20,168,687	7,567,872	4,700,171	4,955,680	3,058,292	7,289,232	7,918,471	—	55,658,405
Close Watch	212,521	132,768	182,359	120,759	91,961	524,833	242,574	—	1,507,775
Likely to become Bankrupt or Legally/Virtually Bankrupt	11,624	9,066	14,746	22,734	45,708	101,105	14,631	—	219,614
Gross charge-offs	2,478	26,192	1,379	2,669	9,904	8	—	—	42,630
Foreign	15,696,607	5,616,750	2,213,590	866,316	1,001,220	1,862,219	19,191,936	63,489	46,512,127
Normal	15,305,350	5,445,830	2,166,976	827,405	877,978	1,680,485	18,889,310	60,877	45,254,211
Close Watch	330,450	142,807	41,638	23,625	110,527	129,927	269,944	—	1,048,918
Likely to become Bankrupt or Legally/Virtually Bankrupt	60,807	28,113	4,976	15,286	12,715	51,807	32,682	2,612	208,998
Gross charge-offs	9,301	8,575	1,057	794	174	130	10,131	—	30,162
<b>Residential</b>	¥ 668,170	¥ 659,156	¥ 714,292	¥ 573,679	¥ 864,058	¥ 8,997,473	¥ 20,550	¥ —	¥12,497,378
Accrual	668,118	658,831	714,154	573,444	863,432	8,959,995	18,891	—	12,456,865
Nonaccrual	52	325	138	235	626	37,478	1,659	—	40,513
Gross charge-offs	—	—	2	6	28	1,253	—	—	1,289
<b>Card</b>	¥ 21	¥ 181	¥ 224	¥ 269	¥ 207	¥ 638	¥ 409,416	¥ 73,894	¥ 484,850
Accrual	—	10	7	7	9	34	396,746	15,483	412,296
Nonaccrual	21	171	217	262	198	604	12,670	58,411	72,554
Gross charge-offs	18	63	100	112	97	117	9,712	10,801	21,020
<b>Krungsri</b>	¥ 2,215,333	¥ 1,450,106	¥ 765,619	¥ 424,919	¥ 446,139	¥ 757,303	¥ 2,757,237	¥ 16,240	¥ 8,832,896
Performing	2,071,276	1,275,616	664,819	351,517	331,928	549,104	2,586,440	—	7,830,700
Under-Performing	108,463	110,830	72,604	58,066	88,437	146,982	138,105	—	723,487
Non-Performing	35,594	63,660	28,196	15,336	25,774	61,217	32,692	16,240	278,709
Gross charge-offs	6,514	43,442	24,871	12,054	12,636	15,261	29,402	2,405	¥ 146,585
<b>Other</b>	¥ 749,054	¥ 296,723	¥ 94,173	¥ 45,408	¥ 26,103	¥ 87,724	¥ 458,982	¥ —	¥ 1,758,167
Accrual	743,600	291,516	92,176	44,523	24,642	82,574	445,355	—	1,724,386
Nonaccrual	5,454	5,207	1,997	885	1,461	5,150	13,627	—	33,781
Gross charge-offs	4,815	15,962	6,212	1,810	785	3,036	6,013	—	38,633

Note:  
(1) Total loans in the above table do not include loans held for sale, and represent balances without adjustments in relation to unearned income, unamortized premiums and deferred loan fees.

The MUFG Group classifies loans into risk categories based on relevant information about the ability of borrowers to service their debt, including, but not limited to, historical and current financial information, historical and current payment experience, credit documentation, public and non-public information about borrowers and current economic trends as deemed appropriate to each segment.

The primary credit quality indicator for loans within all classes of the Commercial segment is the internal credit rating assigned to each borrower based on the MUFG Group's internal borrower ratings of 1 through 15, with the rating of 1 assigned to a borrower with the highest quality of credit. When assigning a credit rating to a borrower, the MUFG Group evaluates the borrower's expected debt-service capability based on various information, including financial and operating information of the borrower as well as information on the industry in which the borrower operates, and the borrower's business profile, management and compliance system. In evaluating a borrower's debt-service capability, the MUFG Group also conducts an assessment of the level of earnings and an analysis of the borrower's net worth. Based on the internal borrower rating, loans within the Commercial segment are categorized as

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Normal (internal borrower ratings of 1 through 9), Close Watch (internal borrower ratings of 10 through 12), and Likely to become Bankrupt or Legally/Virtually Bankrupt (internal borrower ratings of 13 through 15).

Loans to borrowers categorized as Normal represent those that are not deemed to have collectability issues.

Loans to borrowers categorized as Close Watch represent those that require close monitoring as the borrower has begun to exhibit elements of potential concern with respect to its business performance and financial condition, the borrower has begun to exhibit elements of serious concern with respect to its business performance and financial condition, including business problems requiring long-term solutions, or the borrower's loans are contractually past due 90 days or more for special reasons.

Loans to borrowers categorized as Likely to become Bankrupt or Legally/Virtually Bankrupt represent those that have a higher probability of default than those categorized as Close Watch due to serious debt repayment problems with poor progress in achieving restructuring plans, the borrower being considered virtually bankrupt with no prospects for an improvement in business operations, or the borrower being legally bankrupt with no prospects for continued business operations because of non-payment, suspension of business, voluntary liquidation or filing for legal liquidation.

The accrual status is a primary credit quality indicator for loans within the Residential segment, the Card segment and the Other segment. The accrual status of these loans is determined based on the number of delinquent payments. See Note 1 for further details of categorization of Accrual and Nonaccrual.

Loans within the Krungsri segment are categorized as Performing, Under-Performing or Non-Performing based on their delinquency status. Loans categorized as Under-Performing generally represent those that have significant increases in credit risk since origination, including, among other things, loans that are 30 days or more past due, and loans categorized as Non-Performing generally represent those that are 90 days or more past due.

For the Commercial, Residential and Card segments, credit quality indicators are based on information as of March 31. For the Krungsri and Other segments, credit quality indicators are generally based on information as of December 31.

***Allowance for Credit Losses***

Effective as of April 1, 2023, the MUFG Group adopted new guidance on measurement of credit losses on financial instruments for loan modifications made to borrowers experiencing financial difficulty.

Under the new guidance, the MUFG Group adopts a discounted cash flow methodology that utilizes a discount rate that is based on the post-modification contractual interest rate, other than modified loans in the Card segment, for which the allowance is measured using collectively-assessed allowance methodology. See Note 1 for further information.

Changes in the allowance for credit losses by portfolio segment for the fiscal years ended March 31, 2022, 2023 and 2024 are shown below:

<b>Fiscal year ended March 31, 2022:</b>	<b>Commercial</b>	<b>Residential</b>	<b>Card</b>	<b>MUAH</b>	<b>Krungsri</b>	<b>Other</b>	<b>Total</b>
	(in millions)						
<b>Allowance for credit losses:</b>							
Balance at beginning of fiscal year	¥ 734,577	¥ 82,893	¥ 44,217	¥ 131,755	¥ 293,396	¥ 61,553	¥1,348,391
Provision for (reversal of) credit losses	236,659	(10,899)	15,473	(101,112)	90,514	47,360	277,995
Charge-offs	57,848	2,121	20,153	19,208	83,474	55,208	238,012
Recoveries collected	11,898	14	1,231	9,532	22,890	13,150	58,715
Net charge-offs	45,950	2,107	18,922	9,676	60,584	42,058	179,297
Other <sup>(1)</sup>	8,800	—	—	9,398	(940)	6,354	23,612
Balance at end of fiscal year	<u>¥ 934,086</u>	<u>¥ 69,887</u>	<u>¥ 40,768</u>	<u>¥ 30,365</u>	<u>¥ 322,386</u>	<u>¥ 73,209</u>	<u>¥1,470,701</u>



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<b>Fiscal year ended March 31, 2023:</b>	<b>Commercial</b>	<b>Residential</b>	<b>Card</b>	<b>Krungsri</b>	<b>Other<sup>(2)</sup></b>	<b>Total</b>
	(in millions)					
<b>Allowance for credit losses:</b>						
Balance at beginning of fiscal year	¥ 934,086	¥ 69,887	¥ 40,768	¥ 322,386	¥ 103,574	¥1,470,701
Transfer from MUAH to Commercial segment	33,062	—	—	—	(33,062)	—
Provision for (reversal of) credit losses	(113,886)	(9,511)	19,236	70,729	41,580	8,148
Charge-offs	158,780	645	18,255	95,489	55,922	329,091
Recoveries collected	18,784	16	720	25,457	24,506	69,483
Net charge-offs	139,996	629	17,535	70,032	31,416	259,608
Other <sup>(1)</sup>	6,323	—	—	34,948	12,386	53,657
Balance at end of fiscal year	<u>¥ 719,589</u>	<u>¥ 59,747</u>	<u>¥ 42,469</u>	<u>¥ 358,031</u>	<u>¥ 93,062</u>	<u>¥1,272,898</u>
<b>Fiscal year ended March 31, 2024:</b>	<b>Commercial</b>	<b>Residential</b>	<b>Card</b>	<b>Krungsri</b>	<b>Other</b>	<b>Total</b>
	(in millions)					
<b>Allowance for credit losses:</b>						
Balance at beginning of fiscal year	¥ 719,589	¥ 59,747	¥ 42,469	¥ 358,031	¥ 93,062	¥1,272,898
Provision for (reversal of) credit losses	66,240	(1,500)	21,927	117,553	33,770	237,990
Charge-offs	72,792	1,289	21,020	146,585	38,633	280,319
Recoveries collected	14,488	6	713	30,635	17,173	63,015
Net charge-offs	58,304	1,283	20,307	115,950	21,460	217,304
Other <sup>(1)(3)(4)</sup>	17,989	—	(7,666)	54,837	7,477	72,637
Balance at end of fiscal year	<u>¥ 745,514</u>	<u>¥ 56,964</u>	<u>¥ 36,423</u>	<u>¥ 414,471</u>	<u>¥ 112,849</u>	<u>¥1,366,221</u>

Notes:

- (1) Other is principally comprised of gains or losses from foreign exchange translation.
- (2) For the fiscal year ended March 31, 2023, the beginning balance and the ending balance of the Other segment in the above table includes the allowance for credit losses of ¥30,365 million and ¥3,428 million, respectively, which were previously included in the MUAH segment.
- (3) For the fiscal year ended March 31, 2024, Other includes the impact of the change in accounting principle relating to the recognition and measurement of TDRs, which was adopted on April 1, 2023. The total impact across all segments was negative of ¥18,869 million.
- (4) For the fiscal year ended March 31, 2024, the Krungsri and Other segments include the initial allowance for credit losses for the loans purchased with credit deterioration of ¥20,134 million and ¥2,097 million, respectively.

Nonperforming loans were actively disposed of by sales during recent years. The allocated allowance for credit losses for such loans was removed from the allowance for credit losses and transferred to the valuation allowance for loans held for sale upon a decision to sell. Net charge-offs in the above table include a decrease from charge-offs in the allowance for credit losses amounting to ¥0.4 billion, ¥79.9 billion and ¥15.7 billion for the fiscal years ended March 31, 2022, 2023 and 2024, respectively, due to loan disposal activity.

The MUFG Group sold ¥2,011 billion, ¥2,879 billion and ¥2,788 billion of loans within the Commercial segment during the fiscal years ended March 31, 2022, 2023 and 2024, respectively.

The MUFG Group sold ¥518 billion of loans within the MUAH segment during the fiscal year ended March 31, 2022. The MUFG Group sold ¥556 billion of loans within the current Other segment, previously included in the MUAH segment, during the fiscal year ended March 31, 2023.

**Collateral Dependent Loans**

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The MUFG Group uses, as a practical expedient, the fair value of the collateral when recording the net carrying amounts of loans and determining the allowance for credit losses of such loans, for which the repayment is expected to be provided substantially through the operation or sale of the collateral, when the borrower is experiencing financial difficulty based on the assessment as of the reporting date.

For the Commercial, Krungsri and Other segments, collateral relating to these loans is comprised primarily of real estate, and to a lesser extent, exchange traded equity securities and deposits etc. For the Residential segment, collateral on these loans was mainly real estate.

***Loans Purchased with Credit Deterioration***

The following table sets forth the reconciliation of the difference between the purchase price and the principal balance regarding loans acquired with credit deterioration, in connection with corporate acquisitions during the fiscal year ended March 31, 2024.

	<b>2024</b>
	<b>(in millions)</b>
Purchase price	¥ 15,588
Allowance for credit losses at acquisition	22,231
Non-credit discount	269
Principal balance	38,088

**5. PREMISES AND EQUIPMENT**

Premises and equipment at March 31, 2023 and 2024 consisted of the following:

	<b>2023</b>	<b>2024</b>
	<b>(in millions)</b>	
Land	¥ 393,932	¥ 389,349
Buildings	800,821	798,542
Equipment and furniture	509,828	556,956
Leasehold improvements	255,712	267,614
Construction in progress	34,679	29,595
Total	1,994,972	2,042,056
Less accumulated depreciation	1,134,394	1,169,029
Premises and equipment-net	¥ 860,578	¥ 873,027

For the fiscal years ended March 31, 2022, 2023 and 2024, the MUFG Group recognized ¥6,574 million, ¥5,317 million and ¥2,941 million, respectively, of impairment losses for long-lived assets, primarily real estate which was either formerly used for its banking operations and is no longer used or real estate that is being used where recovery of the carrying amount is doubtful. In addition, ¥58 million, ¥174 million and ¥5,468 million of impairment losses were recognized for real estate held for sale for the fiscal years ended March 31, 2022, 2023 and 2024, respectively. These losses are included in Other non-interest expenses. In computing the amount of impairment losses, fair value was determined primarily based on market prices, if available, or the estimated price based on an appraisal.

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**6. GOODWILL AND OTHER INTANGIBLE ASSETS**

**Goodwill**

The table below presents the movement in the carrying amount of goodwill by business segment during the fiscal years ended March 31, 2023 and 2024:

	Digital Service Business Group	Global Corporate & Investment Banking Business Group	Global Commercial Banking Business Group	Asset Management & Investor Services Business Group	Global Markets Business Group	Total
(in millions)						
<b>Balance at March 31, 2022:</b>						
Goodwill	¥ —	¥ 144,793	¥ 736,002	¥ 235,794	¥ 2,300	¥ 1,118,889
Accumulated impairment losses <sup>(1)</sup>	—	(63,393)	(645,731)	(14,368)	—	(723,492)
Less: Goodwill, net of accumulated impairment losses in transferred business of MUFG Union Bank <sup>(2)</sup>	—	(2,415)	(89,371)	—	—	(91,786)
	—	78,985	900	221,426	2,300	303,611
Impairment loss	—	—	—	(33,553)	—	(33,553)
Foreign currency translation adjustments and other	—	9,683	(900)	17,931	—	26,714
<b>Balance at March 31, 2023:</b>						
Goodwill <sup>(3)</sup>	—	152,236	481,263	253,725	2,300	889,524
Accumulated impairment losses <sup>(3)</sup>	—	(63,568)	(481,263)	(47,921)	—	(592,752)
	¥ —	¥ 88,668	¥ —	¥ 205,804	¥ 2,300	¥ 296,772
Goodwill acquired during the fiscal year <sup>(4)</sup>	15,884	—	94,018	63,063	—	172,965
Foreign currency translation adjustments and other	—	6,995	(556)	14,168	—	20,607
<b>Balance at March 31, 2024:</b>						
Goodwill	15,884	159,231	574,725	330,956	2,300	1,083,096
Accumulated impairment losses	—	(63,568)	(481,263)	(47,921)	—	(592,752)
	¥ 15,884	¥ 95,663	¥ 93,462	¥ 283,035	¥ 2,300	¥ 490,344

Notes:

- (1) Effective April 1, 2018, the MUFG Group reorganized its business groups. Goodwill originally recognized for Retail Banking Business Group, Corporate Banking Business Group, Trust Assets Business Group and Global Business Group other than MUAH and Krungsri was ¥1,900,019 million, which has been fully impaired before April 1, 2017. As these impairment losses recorded in past before the reorganization of the segment and are irrelevant to the annual impairment test under the new segment, the accumulated impaired loss is not allocated to new business segments after the reorganization of business group.
- (2) Represents goodwill, net of accumulated impairment losses in transferred business of MUFG Union Bank, which was reclassified as held for sale, and then sold on December 1, 2022.
- (3) For the balance at March 31, 2023, the Goodwill and Accumulated impairment losses of the Global Corporate & Investment Banking Business Group and Global Commercial Banking Business Group in the above table exclude the goodwill and accumulated impairment losses previously recorded for MUFG Union Bank, which was sold during the fiscal year ended March 31, 2023. See Note 2 for further information.
- (4) Goodwill acquired during the fiscal year ended March 31, 2024, mainly relate to the acquisitions described in Note2.

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U.S. GAAP requires to test goodwill for impairment at least annually, or more frequently if events or changes in circumstances indicate that goodwill may be impaired, using a process that compares the carrying amount of a reporting unit with its fair value. An impairment loss is recognized to the extent that the carrying amount of a reporting unit exceeds its fair value, but not exceeding the total amount of goodwill allocated to that reporting unit.

For the fiscal year ended March 31, 2023, the MUFG Group recognized ¥33,553 million of impairment of goodwill relating to the First Sentier Investors reporting unit within the Asset Management & Investor Services Business Group segment. Due largely to market volatility and a decline in the equity markets, the portfolio balance of assets under management decreased, which resulted in a decrease in the reporting unit's cash flow projections. As a result, the fair value of the reporting unit was measured on December 31, 2022 for the quantitative goodwill impairment test, and led to an impairment of goodwill as the fair value had fallen below the carrying amount of the reporting unit. The income approach estimates the fair value of the reporting unit by discounting management's projections of the reporting unit's cash flows, including a terminal value to estimate the fair value of cash flows beyond the final year of projected results, using a discount rate derived from the capital asset pricing model.

The MUFG Group consolidates certain subsidiaries, including MUAH, based on financial information for the year ended December 31 as this date and MUFG's fiscal year which ends on March 31 have been treated as coterminous.

***Other Intangible Assets***

The table below presents the gross carrying amount, accumulated amortization and net carrying amount, in total and by major class of other intangible assets at March 31, 2023 and 2024:

	2023			2024		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
	(in millions)					
<b>Intangible assets subject to amortization:</b>						
Software	¥ 3,440,220	¥ 2,606,923	¥ 833,297	¥ 3,789,481	¥ 2,862,485	¥ 926,996
Customer relationships	552,204	319,293	232,911	555,018	288,857	266,161
Core deposit intangibles	119,555	69,379	50,176	129,714	85,010	44,704
Trade names	79,861	41,090	38,771	84,584	45,784	38,800
Other	17,861	6,751	11,110	23,059	8,933	14,126
<b>Total</b>	¥ 4,209,701	¥ 3,043,436	1,166,265	¥ 4,581,856	¥ 3,291,069	1,290,787
<b>Intangible assets not subject to amortization:</b>						
Other			7,958			8,179
<b>Total</b>			¥ 1,174,223			¥ 1,298,966

Intangible assets subject to amortization acquired during the fiscal year ended March 31, 2023, amounted to ¥273,108 million, which primarily consisted of ¥272,410 million of software. The weighted average amortization periods for these assets are 5 years. There is no significant residual value estimated for these assets. Intangible assets not subject to amortization acquired during the fiscal year ended March 31, 2023, amounted to ¥1,479 million.

Intangible assets subject to amortization acquired during the fiscal year ended March 31, 2024, amounted to ¥385,705 million, which primarily consisted of ¥326,826 million of software and ¥53,885 million of customer relationships. The weighted average amortization periods for these assets are 6 years and 13 years, respectively. There is no significant residual value estimated for these assets. Intangible assets not subject to amortization acquired during the fiscal year ended March 31, 2024, amounted to ¥3 million.

For the fiscal years ended March 31, 2022, 2023 and 2024, the MUFG Group recognized ¥33,301 million, ¥5,151 million and ¥15,042 million, respectively, of impairment losses for intangible assets whose carrying amounts exceeded their fair value. In computing the amount of impairment losses, fair value was determined primarily based on the present value of expected future cash flows, the estimated value based on appraisals, or market prices.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

The estimated aggregate amortization expense for intangible assets for the next five fiscal years is as follows:

	<b>(in millions)</b>
Fiscal year ending March 31:	
2025	¥ 306,050
2026	257,718
2027	209,648
2028	169,844
2029	120,996

**7. LEASE TRANSACTIONS**

*Lease transactions as a lessee*

Right-of-use assets of finance leases, which are principally related to data processing equipment and included in Premises and equipment in the accompanying consolidated balance sheets, amounted to ¥16,402 million and ¥24,667 million at March 31, 2023 and 2024, respectively. Lease liabilities of these finance leases, which are included in Long-term debt in the accompanying consolidated balance sheets, amounted to ¥19,470 million and ¥26,371 million at March 31, 2023 and 2024, respectively.

Right-of-use assets of operating leases, which are principally related to office space and equipment are included in Other assets in the accompanying consolidated balance sheets, amounted to ¥227,112 million and ¥234,386 million at March 31, 2023 and 2024, respectively. Lease liabilities of these operating leases, which are included in Other liabilities in the accompanying consolidated balance sheets, amounted to ¥337,391 million and ¥328,559 million at March 31, 2023 and 2024, respectively.

For the fiscal years ended March 31, 2023 and 2024, the MUFG Group recognized ¥15,720 million and ¥18,112 million, respectively, of impairment losses for Right-of-use assets of operating leases, where recovery of the carrying amount is doubtful. The losses are included in Other non-interest expenses.

The discount rates used in determining the present value of leases are the MUFG Group's incremental borrowing rate, developed based upon each lease's term and currency of payment. The lease term includes options to extend the lease when it is reasonably certain that the MUFG Group will exercise that option. The MUFG Group has elected to exclude leases with original terms of less than one year from the operating lease right-of-use assets and lease liabilities. The MUFG Group's lease arrangements that have not yet commenced as of March 31, 2024 are not material. Variable lease costs did not have a material impact on the MUFG Group's results of operations.

The following table presents profit or loss of lease transactions as a lessee for the fiscal years ended March 31, 2022, 2023 and 2024:

	2022	2023	2024
	<b>(in millions)</b>		
Finance lease cost:			
Amortization of right-of-use assets	¥ 4,816	¥ 5,672	¥ 6,352
Interest on lease liabilities	198	208	324
Operating lease cost	81,206	67,393	65,436

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

The following table presents information of lease transactions as a lessee for the fiscal years ended March 31, 2023 and 2024:

	2023	2024
	(in millions, except years and percentages)	
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	¥ 282	¥ 322
Operating cash flows from operating leases	101,549	91,424
Financing cash flows from finance leases	8,124	9,115
Right-of-use assets obtained in exchange for new finance lease liabilities	11,066	16,174
Right-of-use assets obtained in exchange for new operating lease liabilities	35,678	50,996
Weighted-average remaining lease term:		
Finance leases	3.5 years	3.8 years
Operating leases	7.6 years	7.3 years
Weighted-average discount rate:		
Finance leases	0.84%	1.17%
Operating leases	0.90%	1.48%

Maturities of lease liabilities as of March 31, 2024 are as follows:

	Finance leases	Operating leases
	(in millions)	
2025	¥ 9,313	¥ 80,332
2026	6,484	61,524
2027	5,055	45,592
2028	3,901	38,458
2029	1,978	29,947
2030 and thereafter	434	91,907
Total undiscounted cash flows	27,165	347,760
Difference between undiscounted and discounted cash flows	(794)	(19,201)
Amount on balance sheet	¥ 26,371	¥ 328,559

***Lease transactions as a lessor***

As part of its financing activities, the MUFG Group enters into leasing arrangements with customers. The MUFG Group's leasing operations are conducted through leasing subsidiaries and consist principally of various types of data processing equipment, office equipment and transportation equipment. Sales type and direct financing lease are presented in loans. In certain case, the MUFG Group requests lessees to deposit in advance an amount nearly equal or equal to the residual value of leased assets.



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The following table presents profit or loss of lease transactions as a lessor for the fiscal years ended March 31, 2022, 2023 and 2024:

	<u>2022</u>	<u>2023</u>	<u>2024</u>
	(in millions)		
<b>Sales type and direct financing leases:</b>			
Finance income on net investment	¥ 116,430	¥ 127,724	¥ 143,086
<b>Operating leases:</b>			
Lease income	4,202	6,978	8,545
<b>Total</b>	<u>¥ 120,632</u>	<u>¥ 134,702</u>	<u>¥ 151,631</u>

Finance income on net investment is included in Interest income—Loans, including fees in the consolidated statements of operations. Lease income from operating lease transactions is included in Other non-interest income in the consolidated statements of operations.

The following table presents the components of sales type and direct financing leases transactions as of March 31, 2023 and 2024:

	<u>2023</u>	<u>2024</u>
	(in millions)	
Lease receivables (undiscounted)	¥ 2,046,277	¥ 2,281,720
<b>Adjustments:</b>		
Discounted unguaranteed residual value	10,278	7,470
Initial direct cost on sales type and direct financing leases	32,780	36,671
Deferred selling profit	(350,553)	(403,356)
<b>Net investment in sales type and direct financing leases</b>	<u>¥ 1,738,782</u>	<u>¥ 1,922,505</u>

The following table presents maturity of the lease payment receivables of sales type and direct financing lease transactions as of March 31, 2024:

	<u>Lease receivables</u>
	(in millions)
2025	¥ 559,547
2026	535,710
2027	420,824
2028	306,061
2029	207,992
2030 and thereafter	251,586
<b>Total undiscounted cash flows</b>	<u>2,281,720</u>
Difference between undiscounted cash flows and the lease receivables recognized on balance sheet	(359,215)
<b>Amount on balance sheet</b>	<u>¥ 1,922,505</u>

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**8. INCOME TAXES**

***Income (Loss) before Income Tax Expense (Benefit)***

Income (loss) before income tax expense (benefit) by jurisdiction for the fiscal years ended March 31, 2022, 2023 and 2024 was as follows:

	2022	2023 (Restated)	2024
	(in millions)		
Domestic income (loss)	¥ (886,921)	¥ (588,227)	¥ 611,036
Foreign income	828,194	1,036,449	1,271,558
Total	¥ (58,727)	¥ 448,222	¥ 1,882,594

***Income Tax Expense (Benefit)***

The detail of current and deferred income tax expense (benefit) for the fiscal years ended March 31, 2022, 2023 and 2024 was as follows:

	2022	2023 (Restated)	2024
	(in millions)		
<b>Current:</b>			
Domestic	¥ 243,993	¥ 250,780	¥ 106,951
Foreign	112,164	200,669	301,493
Total	356,157	451,449	408,444
<b>Deferred:</b>			
Domestic	(308,214)	(348,997)	88,339
Foreign	(62,454)	(61,278)	4,784
Total	(370,668)	(410,275)	93,123
Income tax expense (benefit)	(14,511)	41,174	501,567
Income tax expense (benefit) reported in Accumulated OCI relating to:			
Investment securities	(87,628)	(60,071)	32,665
Debt valuation adjustments	10,296	7,858	(19,707)
Derivatives qualifying for cash flow hedges	(4,968)	(2,142)	(84)
Defined benefit plans	19,039	(10,341)	170,175
Foreign currency translation adjustments	96,742	86,576	156,027
Total	33,481	21,880	339,076
Total	¥ 18,970	¥ 63,054	¥ 840,643

Prior to the fiscal year ended March 31, 2023, the MUFG Group filed tax returns on a consolidated basis for corporate income taxes within Japan, and from the beginning of fiscal year ended March 31, 2023, the MUFG Group applied the Group Tax Sharing System, where the calculation of taxable income or loss is still made based upon the combined profits or losses of the parent company and its wholly-owned domestic subsidiaries, but the tax payments are made by each of these companies.

***Reconciliation of Effective Income Tax Rate***

Income taxes in Japan applicable to the MUFG Group are imposed by the national, prefectural and municipal governments, and in the aggregate resulted in a normal effective statutory rate of approximately 30.6%, 30.6%, and 30.6% for the fiscal years ended March 31, 2022, 2023 and 2024, respectively. Foreign subsidiaries are subject to income taxes of the countries in which they operate.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

A reconciliation of the effective income tax rates reflected in the accompanying consolidated statements of operations to the combined normal effective statutory tax rates for the fiscal years ended March 31, 2022, 2023 and 2024 is as follows:

	2022	2023 (Restated)	2024
Combined normal effective statutory tax rate	30.6%	30.6%	30.6%
Nondeductible expenses	(12.0)	1.1	0.4
Impairment of goodwill	—	2.2	—
Foreign tax credit and payments	28.7	(6.9)	0.9
Lower tax rates applicable to income of subsidiaries	30.8	(4.1)	(1.5)
Change in valuation allowance	(90.1)	(1.3)	(1.4)
Taxation for gain on sale of shares in subsidiary	—	5.0 <sup>(1)</sup>	—
Nontaxable dividends received	85.1	(21.7)	(4.1)
Undistributed earnings of subsidiaries	(25.6)	(0.4)	0.9
Tax and interest expense for uncertainty in income taxes	(10.8)	—	—
Noncontrolling interest income	(0.7)	0.4	0.6
Effect of changes in tax laws	(2.4)	0.9	—
Expiration of loss carryforward	(7.0)	0.2	0.1
Other—net	(1.9)	3.2	0.1
Effective income tax rate	<u>24.7%</u>	<u>9.2%</u>	<u>26.6%</u>

Note:

(1) In March 2023, MUAH repurchased a portion of the shares in MUAH held by MUFG and MUFG Bank. The transaction resulted in the realization of a difference between the book value of the shares in MUAH for accounting and tax purposes, resulting in a ¥22,250 million increase in income tax expense and a 5.0 percentage points increase in the effective tax rate for the fiscal year ended March 31, 2023.

**Deferred Tax Assets and Liabilities**

Deferred tax assets and liabilities are computed for each tax jurisdiction using currently enacted tax rates applicable to periods when the temporary differences are expected to reverse. The tax effects of the items comprising the MUFG Group's net deferred tax assets at March 31, 2023 and 2024 were as follows:

	2023		2024	
	(in millions)			
Deferred tax assets:				
Allowance for credit losses	¥	418,732	¥	456,512
Operating loss carryforwards		99,870		91,893
Loans		561		—
Accrued liabilities and other		413,587		383,888
Premises and equipment		119,395		122,682
Derivative financial instruments		303,644		528,280
Obligations under operating leases		88,088		86,146
Valuation allowance		(153,053)		(130,948)
Total deferred tax assets	¥	<u>1,290,824</u>	¥	<u>1,538,453</u>

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

	2023	2024
	(in millions)	
Deferred tax liabilities:		
Investment securities (including trading account assets at fair value under the fair value option)	379,581	728,752
Loans	—	1,936
Intangible assets	65,973	73,942
Lease transactions	12,514	11,619
Defined benefit plans	50,730	221,796
Investments in subsidiaries and affiliates	639,592	838,033
Right-of-use assets of operating leases	64,741	60,199
Other	103,915	72,981
Total deferred tax liabilities	1,317,046	2,009,258
Net deferred tax liabilities	¥ (26,222)	¥ (470,805)

The valuation allowance was provided primarily against deferred tax assets recorded at MUFG and its subsidiaries with operating loss carryforwards. The valuation allowance is determined to reduce the measurement of deferred tax assets not expected to be realized. Management considers all available evidence, both positive and negative, to determine whether the valuation allowance is necessary based on the weight of that evidence. Management determines the amount of the valuation allowance based on future reversals of existing taxable temporary differences and future taxable income exclusive of reversing temporary differences. Future taxable income is developed from forecasted operating results, based on recent historical trends and approved business plans, the eligible carryforward periods and other relevant factors.

For certain subsidiaries where strong negative evidence exists, such as the existence of significant amounts of operating loss carryforwards, cumulative losses and the expiration of unused operating loss carryforwards in recent years, a valuation allowance was recognized against the deferred tax assets as of March 31, 2023 and 2024 to the extent that it is more likely than not that they will not be realized.

Income taxes are not provided on undistributed earnings of certain foreign subsidiaries that are considered to be indefinitely reinvested in the operations of such subsidiaries. At March 31, 2023 and 2024, the undistributed earnings of such foreign subsidiaries amounted to approximately ¥66,897 million and ¥110,552 million, respectively. Determination of the amount of unrecognized deferred tax liabilities with respect to these undistributed earnings is not practicable because of the complexity associated with its hypothetical calculation including foreign withholding taxes and foreign tax credits. MUFG has neither the plan nor the intention to dispose of investments in such foreign subsidiaries and, accordingly, does not expect to record capital gains or losses, or otherwise monetize the undistributed earnings of such foreign subsidiaries.

Furthermore, under the Japanese tax law, 95% of a dividend received from a foreign company in which a domestic company has held generally at least 25% of the outstanding shares for a continuous period of six months or more ending on the date on which the dividend is declared can be excluded from the domestic company's taxable income. Therefore, if undistributed earnings of certain foreign subsidiaries are repatriated through dividends, only 5% of the amount of dividends will be included in taxable income.

***Operating Loss and Tax Credit Carryforwards***

At March 31, 2024, the MUFG Group had operating loss carryforwards for corporate tax of ¥194,041 million and tax credit carryforwards of ¥21,530 million for tax purposes. Such carryforwards, if not utilized, are scheduled to expire as follows:

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

	<u>Operating loss carryforwards</u>	<u>Tax credit carryforwards</u>
	(in millions)	
Fiscal year ending March 31:		
2025	¥ 84,613	¥ 622
2026	53,952	169
2027	551	170
2028	688	161
2029	14,585	352
2030	2,666	160
2031 and thereafter	7,006	18,120
No definite expiration date	29,980	1,776
Total	<u>¥ 194,041</u>	<u>¥ 21,530</u>

***Uncertainty in Income Tax***

The following is a roll-forward of the MUFG Group’s unrecognized tax benefits for the fiscal years ended March 31, 2022, 2023 and 2024:

	<u>2022</u>	<u>2023</u>	<u>2024</u>
	(in millions)		
Balance at beginning of fiscal year	¥ 13,829	¥ 21,794	¥ 25,400
Gross amount of increases for current year’s tax positions	28	451	32
Gross amount of increases for prior years’ tax positions	6,320	279	—
Gross amount of decreases for prior years’ tax positions	(183)	(166)	(16,719)
Decreases due to lapse of applicable statutes of limitations	(8)	(116)	—
Foreign exchange translation and other	1,808	3,158	1,808
Balance at end of fiscal year	<u>¥ 21,794</u>	<u>¥ 25,400</u>	<u>¥ 10,521</u>

The MUFG Group classifies interest and penalties, if applicable, related to income taxes as Income tax expense. Accrued interest and penalties (not included in the “unrecognized tax benefits” above) are a component of Other liabilities. The following is a roll-forward of the interest and penalties recognized in the accompanying consolidated financial statements for the fiscal years ended March 31, 2022, 2023 and 2024:

	<u>2022</u>	<u>2023</u>	<u>2024</u>
	(in millions)		
Balance at beginning of fiscal year	¥ 2,417	¥ 2,848	¥ 2,167
Total interest and penalties in the consolidated statements of operations	156	(1,052)	(1,218)
Total cash settlements, foreign exchange translation and other	275	371	311
Balance at end of fiscal year	<u>¥ 2,848</u>	<u>¥ 2,167</u>	<u>¥ 1,260</u>

The MUFG Group is subject to ongoing tax examinations by the tax authorities of the various jurisdictions in which it operates. The following are the major tax jurisdictions in which the MUFG Group operates and the status of years under audit or open to examination:

<u>Jurisdiction</u>	<u>Tax years</u>
Japan	2022 and forward
United States—Federal	2019 and forward
United States—California	2016 and forward
Indonesia	2018 and forward

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The MUFG Group is currently under continuous examinations by the tax authorities in various domestic and foreign jurisdictions and many of these examinations are resolved every year. The unrecognized tax benefits will decrease since resolved items will be removed from the balance regardless of whether their resolution results in payment or recognition. It is reasonably possible that the unrecognized tax benefits will not increase or decrease during the next twelve months.

**9. PLEDGED ASSETS AND COLLATERAL**

*Pledged Assets*

At March 31, 2024, assets mortgaged, pledged, or otherwise subject to lien were as follows:

	<b>2024</b>
	<b>(in millions)</b>
Trading account securities	¥ 8,517,009
Investment securities	23,050,940
Loans	13,549,723
Other	29,680
<b>Total</b>	<b>¥ 45,147,352</b>

The above pledged assets were classified by type of liabilities to which they related as follows:

	<b>2024</b>
	<b>(in millions)</b>
Deposits	¥ 15,059
Payables under repurchase agreements and securities lending transactions	21,893,348
Other short-term borrowings and long-term debt	23,163,698
Other	75,247
<b>Total</b>	<b>¥ 45,147,352</b>

At March 31, 2024, certain investment securities, principally Japanese national government and Japanese government agency bonds, loans, and other assets with a combined carrying value of ¥21,934,678 million were pledged for acting as a collection agent of public funds, for settlement of exchange at the Bank of Japan and Japanese Banks' Payment Clearing Network, for derivative transactions and for certain other purposes.

The MUFG Group engages in on-balance sheet securitizations. These securitizations of mortgage and apartment loans, which do not qualify for sales treatment, are accounted for as secured borrowings. The amount of loans in the table above represents the carrying amount of these transactions with the carrying amount of the associated liabilities included in Other short-term borrowings and Long-term debt.

Under Japanese law, Japanese banks are required to maintain certain reserves on deposit with the Bank of Japan based on the amount of deposit balances and certain other factors. There are similar reserve deposit requirements for foreign offices and subsidiaries engaged in banking businesses in foreign countries. At March 31, 2023 and 2024, the reserve funds required to be maintained by the MUFG Group, which are included in Cash and due from banks and Interest-earning deposits in other banks, were ¥2,918,282 million and ¥2,995,695 million, respectively.

*Collateral*

The MUFG Group accepts and provides financial assets as collateral for transactions, principally commercial loans, repurchase agreements and securities lending transactions, call money, and derivatives. Financial assets eligible for such collateral include, among others, marketable equity securities, trade and notes receivable and certificates of deposit ("CDs").

Secured parties, including creditors and counterparties to certain transactions with the MUFG Group, may sell or repledge financial assets provided as collateral. Certain contracts, however, may not be specific about the secured party's right to sell or repledge collateral under the applicable statutes and, therefore, whether or not the secured party is permitted to sell or repledge



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collateral would differ depending on the interpretations of specific provisions of the existing statutes, contract or certain market practices.

If the MUFG Group determines, based on available information, that a financial asset provided as collateral might not be sold or repledged by the secured parties, such collateral is not separately reported in the accompanying consolidated balance sheets. If a secured party is permitted to sell or repledge financial assets provided as collateral by contract or custom under the existing statutes, the MUFG Group reports such pledged financial assets separately on the face of the accompanying consolidated balance sheets. At March 31, 2024, the MUFG Group pledged ¥36,743 billion of assets that may not be sold or repledged by the secured parties.

Certain banking subsidiaries accept collateral for commercial loans and certain banking transactions under a standardized agreement with customers, which provides that these banking subsidiaries may require the customers to provide collateral or guarantees with respect to the loans and other banking transactions. Financial assets pledged as collateral are generally negotiable and transferable instruments, and such negotiability and transferability are authorized by applicable legislation. In principle, Japanese legislation permits these banking subsidiaries to repledge financial assets accepted as collateral unless otherwise prohibited by contract or relevant statutes. Nevertheless, the MUFG Group did not sell or repledge nor does it plan to sell or repledge such collateral accepted in connection with commercial loans before a debtor's default or other credit events specified in the agreements as it is not customary within the banking industry in Japan to dispose of collateral before a debtor's default and other specified credit events. Derivative agreements commonly used in the marketplace do not prohibit a secured party's disposition of financial assets received as collateral, and in resale agreements and securities borrowing transactions, securities accepted as collateral may be sold or repledged by the secured parties. At March 31, 2023 and 2024, the fair value of the collateral accepted by the MUFG Group that is permitted to be sold or repledged was ¥32,111 billion and ¥38,178 billion, respectively, of which ¥24,063 billion and ¥25,808 billion, respectively, was sold or repledged.

At March 31, 2023 and 2024, the cash collateral pledged for derivative transactions, which is included in Other assets, was ¥2,585,837 million and ¥3,168,071 million, respectively, and the cash collateral received for derivative transactions, which is included in Other liabilities, was ¥1,318,338 million and ¥1,397,315 million, respectively.

**10. DEPOSITS**

At March 31, 2023 and 2024, the aggregate amount of time deposit accounts (including CDs) in denominations that meet or exceed the insured limit were ¥60,245,700 million and ¥65,857,695 million, respectively. These time deposits included domestic time deposits in denominations that meet or exceed the limit stipulated by the Deposit Insurance Act in Japan, which is ¥10 million, and foreign time deposits in denominations that meet or exceed any country-specific insurance fund limit.

The maturity information at March 31, 2024 for domestic and foreign time deposits, including CDs, is summarized as follows:

	<u>Domestic</u>	<u>Foreign</u>
	(in millions)	
Due in one year or less	¥ 27,838,991	¥ 38,504,497
Due after one year through two years	4,748,674	448,450
Due after two years through three years	2,181,825	230,917
Due after three years through four years	399,379	21,192
Due after four years through five years	527,234	6,915
Due after five years	821,073	31,277
<b>Total</b>	<b>¥ 36,517,176</b>	<b>¥ 39,243,248</b>

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**11. CALL MONEY AND FUNDS PURCHASED**

A summary of funds transactions for the fiscal years ended March 31, 2023 and 2024 is as follows:

	2023	2024
	(in millions, except percentages and days)	
<b>Outstanding at end of fiscal year:</b>		
Amount	¥ 3,437,614	¥ 5,094,171
Principal range of maturities	1 day to 30 days	1 day to 30 days
Weighted average interest rate	0.01%	0.09%

**12. DUE TO TRUST ACCOUNT, SHORT-TERM BORROWINGS AND LONG-TERM DEBT**

Mitsubishi UFJ Trust and Banking holds assets on behalf of its customers in an agent, fiduciary or trust capacity. Such trust account assets are not the MUFG Group's proprietary assets and are managed and accounted for separately.

However, excess cash funds of individual trust accounts are often placed with Mitsubishi UFJ Trust and Banking which manages the funds together with its own funds in its proprietary account. Due to trust account reflects a temporary placement of the excess funds from individual trust accounts and, in view of the MUFG Group's funding, due to trust account is similar to short-term funding, including demand deposits and other overnight funds purchased. The balance changes in response to the day-to-day changes in the excess funds placed by the trust accounts. A summary of due to trust account transactions at March 31, 2023 and 2024 is as follows:

	2023	2024
	(in millions, except percentages)	
Amount outstanding at end of fiscal year	¥ 5,871,244	¥ 4,659,456
Weighted average interest rate on outstanding balance at end of fiscal year	0.00%	0.00%

At March 31, 2023 and 2024, the MUFG Group had unused lines of credit for financing amounting to ¥3,321,061 million and ¥3,943,240 million, respectively. The amounts principally consist of pooled collateral which are used to cover shortages in the Bank of Japan account and to meet liquidity needs. The MUFG Group may borrow from the Bank of Japan on demand up to the total amount of collateral eligible for credit extension.

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Other short-term borrowings at March 31, 2023 and 2024 were comprised of the following:

	<u>2023</u>	<u>2024</u>
	(in millions, except percentages)	
<b>Domestic offices:</b>		
Commercial paper	¥ 1,123,528	¥ 1,319,959
Borrowings from the Bank of Japan	1,186,251	2,171,660
Borrowings from other financial institutions	95,785	96,645
Other <sup>(1)</sup>	976,832	1,168,468
Total domestic offices	<u>3,382,396</u>	<u>4,756,732</u>
<b>Foreign offices:</b>		
Commercial paper	4,771,323	6,160,424
Borrowings from other financial institutions	160,292	194,119
Short-term debentures	21,338	12,491
Other	105,501	13,725
Total foreign offices	<u>5,058,454</u>	<u>6,380,759</u>
Total	<u>8,440,850</u>	<u>11,137,491</u>
Less unamortized discount	2,836	—
Other short-term borrowings—net	<u>¥ 8,438,014</u>	<u>¥ 11,137,491</u>
Weighted average interest rate on outstanding balance at end of fiscal year	2.83 %	3.02 %

Note:

(1) Includes borrowings from the jointly operated designated money in trusts.

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Long-term debt (with original maturities of more than one year) at March 31, 2023 and 2024 was comprised of the following:

	<u>2023</u>		<u>2024</u>	
	(in millions)			
<b>MUFG:</b>				
Obligations under finance leases	¥	1,720	¥	377
<b>Unsubordinated debt <sup>(1)</sup>:</b>				
Fixed rate bonds, payable in US dollars, due 2024-2039, principally 0.95%-5.72%		7,226,689		7,672,722
Fixed rate bonds, payable in Euro, due 2024-2033, principally 0.34%-3.56%		578,508		566,150
Fixed rate bonds, payable in other currencies, due 2024-2029, principally 2.08%-4.05% <sup>(2)</sup>		37,425		41,488
Adjustable rate bonds, payable in Japanese yen, due 2025-2034, principally 0.14%-1.47%		451,500		545,200
Adjustable rate bonds, payable in Euro, due 2025-2031, principally 0.34%-4.64%		408,016		538,692
Adjustable rate borrowings, payable in Japanese yen, due 2029-2037, principally 0.91%-1.86%		272,000		245,000
Floating rate bonds, payable in US dollars, due 2025-2026, principally 6.26%-6.99%		400,487		249,827
Floating rate bonds, payable in Euro, due 2023, principally 3.25%		51,002		—
Floating rate bonds, payable in other currencies, due 2024, principally 5.61% <sup>(2)</sup>		35,876		39,444
Total		<u>9,461,503</u>		<u>9,898,523</u>
<b>Subordinated debt <sup>(1)</sup>:</b>				
Fixed rate bonds, payable in Japanese yen, due 2024-2034, principally 0.37%-1.67%		872,810		937,805
Fixed rate bonds, payable in US dollars, no stated maturity, principally 8.20%		—		117,692
Fixed rate borrowings, payable in Japanese yen, due 2025-2028, principally 0.57%-0.79%		86,000		86,000
Adjustable rate bonds, payable in Japanese yen, due 2029-2034, principally 0.29%-1.21%		908,541		963,219
Adjustable rate bonds, payable in Japanese yen, no stated maturity, principally 0.82%-2.50%		1,366,633		1,983,789
Adjustable rate borrowings, payable in Japanese yen, due 2029-2032, principally 0.30%-0.72%		34,000		34,000
Adjustable rate borrowings, payable in Japanese yen, no stated maturity, principally 0.85%-2.84%		94,856		175,675
Total		<u>3,362,840</u>		<u>4,298,180</u>
Total		<u>12,826,063</u>		<u>14,197,080</u>
<b>MUFG Bank:</b>				
Obligations under finance leases	¥	4,652	¥	4,567
<b>Unsubordinated debt <sup>(1)</sup>:</b>				
Fixed rate bonds, payable in Japanese yen, due 2024-2027, principally 0.63%-2.34%		37,300		17,200
Fixed rate bonds, payable in US dollars, due 2024-2052, principally 0.00%-4.70%		1,073,796		1,060,184
Fixed rate bonds, payable in Euro, due 2033, principally 1.81%		6,557		7,346
Fixed rate borrowings, payable in Japanese yen, due 2024-2028, principally 0.00%-0.26%		20,582,218		20,186,175
Fixed rate borrowings, payable in US dollars, due 2030-2035, principally 2.93%-3.81%		7,601		14,332
Adjustable rate borrowings, payable in US dollars, due 2024, principally 5.83%		86,127		167,308
Floating rate borrowings, payable in US dollars, due 2024-2035, principally 0.00%-6.71%		671,936		628,297
Floating rate borrowings, payable in Euro, due 2029-2036, principally 4.08%-4.51%		100,065		93,781
Total		<u>22,565,600</u>		<u>22,174,623</u>
<b>Subordinated debt <sup>(1)</sup>:</b>				
Fixed rate bonds, payable in Japanese yen, due 2025-2031, principally 1.95%-2.91%		175,500		176,000
Fixed rate borrowings, payable in Japanese yen, due 2025-2035, principally 0.47%-2.24%		59,500		41,500
Adjustable rate borrowings, payable in Japanese yen, due 2028, principally 1.09%		10,000		10,000
Floating rate borrowings, payable in Japanese yen, due 2027, principally 0.27%		15,000		15,000
Total		<u>260,000</u>		<u>242,500</u>
Obligations under loan securitization transaction accounted for as secured borrowings due 2024-2080, principally 0.13%-10.07%		445,821		360,081
Total		<u>23,276,073</u>		<u>22,781,771</u>

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

	2023	2024
	(in millions)	
Other subsidiaries:		
Obligations under finance leases	¥ 13,098	¥ 21,427
Unsubordinated debt <sup>(1)</sup> :		
Fixed rate borrowings, bonds and notes, payable in Japanese yen, due 2024-2051, principally 0.00%-14.30%	1,012,649	1,051,354
Fixed rate borrowings, bonds and notes, payable in US dollars, due 2024-2036, principally 0.00%-19.05%	95,593	61,861
Fixed rate borrowings, payable in Euro, due 2026-2030, principally 0.00%	1,148	1,004
Fixed rate borrowings, bonds and notes, payable in Thai baht, due 2024-2028, principally 0.00%-6.10%	154,698	255,369
Fixed rate borrowings, bonds and notes, payable in other currencies, due 2024-2037, principally 0.50%-10.50% <sup>(2)</sup>	322,457	389,517
Floating/Adjustable rate borrowings, bonds and notes, payable in Japanese yen, due 2024-2054, principally 0.00%-34.40%	1,009,268	683,131
Floating/Adjustable rate borrowings, bonds and notes, payable in US dollars, due 2024-2032, principally 0.00%-42.00%	103,125	146,034
Adjustable rate bonds and notes, payable in Euro, due 2024, principally 0.10%	193	170
Floating rate borrowings, payable in other currencies, due 2024-2025, principally 6.46%-9.94% <sup>(2)</sup>	—	59,762
Total	<u>2,699,131</u>	<u>2,648,202</u>
Subordinated debt <sup>(1)</sup> :		
Fixed rate borrowings, bonds and notes, payable in Japanese yen, due 2025-2030, principally 1.92%-2.61%	34,700	30,000
Fixed rate bonds and notes, payable in US dollars, due 2027-2030, principally 7.50%-8.00%	2,329	2,223
Fixed rate bonds and notes, payable in Thai baht, due 2029-2032, principally 3.00%-4.30%	231,138	251,210
Floating rate bonds and notes, payable in US dollars, due 2028, principally 12.62%	5,253	5,654
Total	<u>273,420</u>	<u>289,087</u>
Total	<u>2,985,649</u>	<u>2,958,716</u>
Total	<u>39,087,785</u>	<u>39,937,567</u>
Debt issuance cost	¥ (16,030)	¥ (15,245)
Total	<u>¥ 39,071,755</u>	<u>¥ 39,922,322</u>

Notes:

- (1) Adjustable rate debts are debts where interest rates are reset in accordance with the terms of the debt agreements, and floating rate debts are debts where interest rates are repriced in accordance with movements of markets indices.
- (2) Minor currencies, such as the Australian dollar, Indonesian rupiah, South Korean won, etc., excluding Japanese yen, US dollars, Euro and Thai baht have been summarized into the “Other currencies” classification.

The MUFG Group uses derivative financial instruments to manage its interest rate and currency exposures for certain debts. The derivative financial instruments include swaps, forwards, options and other types of derivatives. As a result of these derivative instruments, the effective rates reflected in the table above may differ from the coupon rates. The interest rates for the adjustable and floating rate debt shown in the above table are those in effect at March 31, 2023 and 2024.

Certain debt agreements permit the MUFG Group to redeem the related debt, in whole or in part, prior to maturity at the option of the issuer on terms specified in the respective agreements.

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The following is a summary of maturities of long-term debt subsequent to March 31, 2024 :

	MUGF	BK	Other subsidiaries	Total
	(in millions)			
Fiscal year ending March 31:				
2025	¥ 1,056,330	¥ 18,398,003	¥ 654,647	¥ 20,108,980
2026	2,799,014	1,258,985	349,705	4,407,704
2027	745,681	177,284	325,584	1,248,549
2028	1,484,571	1,182,470	140,785	2,807,826
2029	1,318,009	389,523	209,470	1,917,002
2030 and thereafter	6,793,475	1,375,506	1,278,525	9,447,506
Total	<u>¥ 14,197,080</u>	<u>¥ 22,781,771</u>	<u>¥ 2,958,716</u>	<u>¥ 39,937,567</u>

***New Issuances of Debt for Basel III***

For the fiscal year ended March 31, 2024, the MUGF Group obtained unsecured perpetual subordinated Additional Tier 1 debt financing of ¥796,000 million and \$750 million (approximately ¥113,558 million) in the form of securities and borrowings from institutional investors in and outside Japan. These securities and borrowings are subject to the MUGF Group’s discretion to cease interest payments and a write-down of the principal upon the occurrence of certain events, including when the MUGF Group’s Common Equity Tier 1 ratio declines below 5.125%, when the MUGF Group is deemed to be at risk of becoming non-viable or when the MUGF Group becomes subject to bankruptcy proceedings.

For the fiscal year ended March 31, 2024, the MUGF Group obtained debt financing of ¥255,000 million, \$2,500 million (approximately ¥378,525 million) and €500 million (approximately ¥81,620 million) with an intent to count towards Total Loss-Absorbing Capacity (“TLAC”) from global institutional investors to meet the TLAC requirement under the standards issued by the Financial Stability Board. The MUGF Group is required to maintain External TLAC ratios of 18% on a risk-weighted assets basis and 6.75% on a leverage exposure basis.

For the fiscal year ended March 31, 2024, the MUGF Group obtained subordinated term Tier 2 debt financing of ¥210,000 million in the form of securities issued in Japan. The MUGF Group can be exempted from the obligation to pay principal of and interest on the securities when the MUGF Group are deemed to be at risk of becoming non-viable. According to the approach of the Financial Services Agency of Japan (“FSA”), the point of non-viability will be deemed to have been reached when the Prime Minister of Japan, following deliberation by Japan’s Financial Response Crisis Council pursuant to the Deposit Insurance Act of Japan, confirms that Specified Item 2 Measures need to be applied to MUGF under circumstances where its liabilities exceed or are likely to exceed its assets, or it has suspended or is likely to suspend payment of its obligations.

**13. SEVERANCE INDEMNITIES AND PENSION PLANS**

***Defined Benefit Pension Plans***

The MUGF Group has funded non-contributory defined benefit pension plans, which cover substantially all of its employees and mainly provide for lifetime annuity payments commencing at age 65 (“pension benefits”) based on eligible compensation at the time of severance, rank, years of service and other factors.

MUGF Bank and certain domestic subsidiaries, Mitsubishi UFJ Trust and Banking, Mitsubishi UFJ Securities Holdings, Mitsubishi UFJ NICOS and some subsidiaries of MUGF have non-contributory Corporate Defined Benefit Pension plans which provide benefits to all their domestic employees.

The MUGF Group also offers qualified and nonqualified defined benefit pension plans in foreign offices and subsidiaries for their employees. The qualified plans are non-contributory defined pension plans, which provide benefits upon retirement based on years of service and average compensation and cover substantially all of the employees of such foreign offices and subsidiaries. With respect to the offices and subsidiaries in the United States of America, the qualified plans are funded on a current basis in compliance with the requirement of the Employee Retirement Income Security Act of the United States of America. The nonqualified plans are non-contributory defined benefit pension plans, under which certain employees earn pay and interest credits on compensation amounts above the maximum stipulated by applicable laws under the qualified plans.



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**Severance Indemnities Plans**

The MUFG Group has SIPs under which their employees in Japan, other than those who are directors, are entitled, under most circumstances, upon mandatory retirement at normal retirement age or earlier termination of employment, to lump-sum severance indemnities based on eligible compensation at the time of severance, rank, years of service and other factors. Under SIPs, benefit payments in the form of a lump-sum cash payment with no option to receive annuity payments, upon mandatory retirement at normal retirement age or earlier termination of employment, are provided. When a benefit is paid in a single payment to a benefit payee under the plans, the payment represents final relief of the obligation.

**Other Postretirement Plans**

The MUFG Group's foreign offices and subsidiaries, primarily in the United States of America, provide their employees with certain postretirement medical and life insurance benefits ("other benefits").

Net periodic cost of pension benefits and other benefits for the fiscal years ended March 31, 2022, 2023 and 2024 include the following components:

	Domestic subsidiaries			Foreign offices and subsidiaries					
	2022	2023	2024	2022		2023		2024	
	Pension benefits and SIP	Pension benefits and SIP	Pension benefits and SIP	Pension benefits	Other benefits	Pension benefits	Other benefits	Pension benefits	Other benefits
	(in millions)								
Service cost—benefits earned during the fiscal year	¥ 44,160	¥ 41,026	¥ 34,653	¥ 16,853	¥ 140	¥ 16,808	¥ 97	¥ 13,055	¥ 52
Interest cost on projected benefit obligation	11,995	14,356	20,547	11,233	494	20,573	1,002	8,414	1,216
Expected return on plan assets	(81,902)	(84,084)	(83,130)	(33,269)	(2,415)	(44,590)	(3,200)	(10,810)	(1,503)
Amortization of net actuarial loss (gain)	770	1,446	(591)	16,573	(64)	7,534	155	1,362	1,191
Amortization of prior service cost	(1,280)	(1,396)	(1,974)	(2,802)	(385)	(3,124)	(432)	(952)	(426)
Loss (gain) on settlements and curtailment	(5,820)	(4,860)	(13,659)	44	—	84,345 <sup>(1)</sup>	—	1,803	—
Other	—	—	(194)	—	—	—	—	3,939	6
Net periodic benefit cost (income)	¥(32,077)	¥(33,512)	¥(44,348)	¥ 8,632	¥ (2,230)	¥ 81,546	¥ (2,378)	¥ 16,811	¥ 536

Note:

(1) One-time write off of unrecognized retirement benefit obligations of ¥84,345 million was recorded in connection with a pension buyout transaction to transfer portions of the defined benefit pension plans of MUFG Bank's overseas branches.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

The following table summarizes the assumptions used in computing the present value of the projected benefit obligations and the net periodic benefit cost:

	Domestic subsidiaries			Foreign offices and subsidiaries					
	2022	2023	2024	2022		2023		2024	
	Pension benefits and SIP	Pension benefits and SIP	Pension benefits and SIP	Pension benefits	Other benefits	Pension benefits	Other benefits	Pension benefits	Other benefits
Weighted-average assumptions used:									
Discount rates in determining expense	0.71%	0.86%	1.36%	2.19%	1.82%	2.51%	2.21%	4.74%	4.59%
Discount rates in determining benefit obligation	0.86	1.36	1.70	2.78	2.63	4.76	4.68	5.06	5.06
Rates of increase in future compensation level for determining expense	3.46	3.46	3.47	5.09	—	5.04	—	5.09	—
Rates of increase in future compensation level for determining benefit obligation	3.46	3.47	3.49	5.04	—	5.09	—	5.50	—
Expected rates of return on plan assets	2.89	2.93	2.97	5.91	7.00	4.86	5.50	4.98	6.25
Cash balance crediting rate for determining expense	2.46	2.46	2.46	1.62	—	1.94	—	3.72	—
Cash balance crediting rate for determining benefit obligation	2.46	2.46	2.46	1.94	—	3.72	—	4.38	—

The following table presents the assumed health care cost trend rates for foreign offices and subsidiaries, which are used to measure the expected cost of benefits for the next year:

	2023 <sup>(1)</sup>	2024 <sup>(1)</sup>
Initial trend rate	7.00 %	7.50 %
Ultimate trend rate	4.50 %	4.00 %
Year the rate reaches the ultimate trend rate	2031	2033

Note:

(1) Fiscal years of foreign subsidiaries end on December 31. Therefore, the above table presents the rates and amounts at December 31, 2022 and 2023, respectively.

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The following table sets forth the combined funded status and amounts recognized in the accompanying consolidated balance sheets at March 31, 2023 and 2024:

	Domestic subsidiaries		Foreign offices and subsidiaries			
	2023	2024	2023		2024	
	Non-contributory pension benefits and SIP	Non-contributory pension benefits and SIP	Pension benefits	Other benefits	Pension benefits	Other benefits
	(in millions)					
<b>Change in benefit obligation:</b>						
Benefit obligation at beginning of fiscal year	¥ 1,692,105	¥ 1,547,273	¥ 619,739	¥ 30,791	¥ 194,843	¥ 24,195
Service cost	41,026	34,653	16,808	97	13,055	52
Interest cost	14,356	20,547	20,573	1,002	8,414	1,216
Plan participants' contributions	—	—	—	689	—	477
Acquisitions/ Divestitures	(584)	(216)	(77,231)	(3,818)	2,173	—
Amendments	—	—	(1,250)	—	(608)	—
Actuarial loss (gain)	(113,554)	(69,696) <sup>(1)</sup>	(98,693) <sup>(1)</sup>	(5,329)	(1,190)	(643)
Benefits paid	(65,897)	(65,641)	(33,456)	(3,785)	(30,940)	(2,676)
Lump-sum payment	(20,179)	(18,341)	(4,476)	—	(4,087)	—
Translation adjustments and other	—	—	(247,171) <sup>(2)</sup>	4,548	16,341	3,098
Benefit obligation at end of fiscal year	1,547,273	1,448,579	194,843	24,195	198,001	25,719
<b>Change in plan assets:</b>						
Fair value of plan assets at beginning of fiscal year	2,890,503	2,774,572	705,864	39,528	215,819	22,197
Actual return on plan assets	(76,526)	598,836	(126,085)	(6,722)	(6,764)	620
Employer contributions	26,734	25,521	1,277	(8,104)	2,045	148
Acquisitions/ Divestitures	(242)	42	(100,438)	(5,649)	—	—
Plan participants' contributions	—	—	—	689	—	477
Benefits paid	(65,897)	(65,641)	(33,456)	(3,785)	(30,940)	(2,676)
Translation adjustments and other	—	—	(231,343) <sup>(2)</sup>	6,240	16,831	2,905
Fair value of plan assets at end of fiscal year	2,774,572	3,333,330	215,819	22,197	196,991	23,671
<b>Amounts recognized in the consolidated balance sheets:</b>						
Prepaid benefit cost	¥ 1,245,150	¥ 1,902,768	¥ 89,109	¥ 1,110	¥ 82,633	¥ 1,359
Accrued benefit cost	(17,851)	(18,017)	(68,133)	(3,108)	(83,643)	(3,407)
Net amount recognized	¥ 1,227,299	¥ 1,884,751	¥ 20,976	¥ (1,998)	¥ (1,010)	¥ (2,048)

Notes:

- (1) Significant gains and losses related to changes in the benefit obligation for the fiscal years ended March 31, 2023 and 2024 primarily result from changes in the discount rate.
- (2) In connection with a pension buyout transaction, portions of the defined benefit pension plans of MUFG Bank's overseas branches were transferred. The related obligations and assets were ¥327,203 million and ¥327,203 million, respectively.

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
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The aggregated accumulated benefit obligations of these plans at March 31, 2023 and 2024 were as follows:

	Domestic subsidiaries		Foreign offices and subsidiaries	
	2023	2024	2023	2024
	(in millions)			
Aggregated accumulated benefit obligations	¥ 1,521,419	¥ 1,425,853	¥ 170,917	¥ 170,240

The projected benefit obligations, accumulated benefit obligations and fair value of plan assets for the plans with accumulated benefit obligations in excess of plan assets at March 31, 2023 and 2024 were as follows:

	Domestic subsidiaries		Foreign offices and subsidiaries	
	2023	2024	2023	2024
	(in millions)			
Projected benefit obligations	¥ 24,918	¥ 24,655	¥ 81,128	¥ 93,353
Accumulated benefit obligations	24,918	24,655	62,308	66,804
Fair value of plan assets	7,315	7,771	12,995	9,708

MUFG Bank, Mitsubishi UFJ Trust and Banking, Mitsubishi UFJ Securities Holdings, Mitsubishi UFJ NICOS and other subsidiaries paid special lump-sum termination benefits which are not a part of pension plans to certain early-terminated employees. The amounts charged to operations for such early termination benefits for the fiscal years ended March 31, 2022, 2023 and 2024 were ¥16,235 million, ¥16,888 million and ¥19,116 million, respectively.

The following table presents the amounts recognized in Accumulated OCI of the MUFG Group at March 31, 2023 and 2024:

	Domestic subsidiaries		Foreign offices and subsidiaries			
	2023	2024	2023		2024	
	Pension benefits and SIP	Pension benefits and SIP	Pension benefits	Other benefits	Pension benefits	Other benefits
	(in millions)					
Net actuarial loss (gain)	¥ 32,257	¥ (538,886)	¥ 21,347	¥ 2,729	¥ 38,090	¥ 2,105
Prior service cost	(1,449)	525	(1,747)	(1,375)	(1,652)	(1,114)
Gross amount recognized in Accumulated OCI	30,808	(538,361)	19,600	1,354	36,438	991
Taxes	(52,367)	121,569	(6,135)	(736)	(10,946)	(306)
Net amount recognized in Accumulated OCI	¥ (21,559)	¥ (416,792)	¥ 13,465	¥ 618	¥ 25,492	¥ 685

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

The following table presents OCI for the fiscal years ended March 31, 2023 and 2024:

	Domestic subsidiaries		Foreign offices and subsidiaries			
	2023	2024	2023		2024	
	Pension benefits and SIP	Pension benefits and SIP	Pension benefits	Other benefits	Pension benefits	Other benefits
	(in millions)					
Net actuarial loss (gain) arising during the year	¥ 47,026	¥ (585,393)	¥ 59,505	¥ 4,129	¥ 16,352	¥ 240
Prior service cost arising during the year	—	—	(597)	—	(608)	—
Losses (gains) due to amortization:						
Net actuarial loss (gain)	(1,446)	591	(7,534)	(155)	(1,362)	(1,191)
Prior service cost	1,396	1,974	3,124	432	952	426
Curtailment and settlement	4,860	13,659	(84,345) <sup>(1)</sup>	—	(1,803)	—
Foreign currency translation adjustments	—	—	6,096	(332)	3,307	162
Total changes in Accumulated OCI	<u>¥ 51,836</u>	<u>¥ (569,169)</u>	<u>¥ (23,751)</u>	<u>¥ 4,074</u>	<u>¥ 16,838</u>	<u>¥ (363)</u>

Note:

- (1) A one-time write off of unrecognized retirement benefit obligations of ¥84,345 million was recorded in connection with a pension buyout transaction to transfer portions of the defined benefit pension plans of MUFG Bank's overseas branches.

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

*Investment policies*

MUFG’s investment policy for plan assets is based on an asset liability matching strategy which is intended to maintain adequate liquidity for benefit payments and to achieve a stable increase in the plan assets in the medium and long-term through proper risk control and return maximization. As a general rule, investment policies for plan assets are reviewed periodically for some plans and in the following situations for all plans: (1) large fluctuations in pension plan liabilities caused by modifications to pension plans, or (2) changes in the market environment. The plan assets allocation strategies are the principal determinant in achieving expected investment returns on the plan assets. Actual asset allocations may fluctuate within acceptable ranges due to market value variability. Plan assets are managed by a combination of internal and external asset management companies and are rebalanced when market fluctuations cause an asset category to fall outside of its strategic asset allocation range. Performance of each plan asset category is compared against established indices and similar plan asset groups to evaluate whether the risk associated with the portfolio is appropriate for the level of return.

The weighted-average target asset allocation of plan assets for the pension benefits and other benefits at March 31, 2024 was as follows:

<u>Asset category</u>	<u>Domestic subsidiaries</u>	<u>Foreign offices and subsidiaries</u>	
	<u>Pension benefits and SIP</u>	<u>Pension benefits</u>	<u>Other benefits</u>
Japanese equity securities	35.6%	—%	—%
Japanese debt securities	23.2	—	—
Non-Japanese equity securities	13.7	28.6	30.0
Non-Japanese debt securities	21.5	59.8	64.0
Real estate	1.2	6.6	6.0
Short-term assets and other	4.8	5.0	—
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

*Basis and procedure for estimating long-term return of each asset category*

MUFG’s expected long-term rate of return on plan assets for domestic defined benefit pension plans and SIPs is based on a building-block methodology, which calculates the total long-term rate of return of the plan assets by aggregating the weighted rate of return derived from both long-term historical performance and forward-looking return expectations from each asset category.

MUFG has determined the expected long-term rate of return for each asset category as follows:

- Japanese equity securities: the rate for Japanese debt securities plus a premium for the risk associated with Japanese equity securities
- Japanese debt securities: economic growth rate of Japan
- Non-Japanese equity securities: the rate for non-Japanese debt securities plus a premium for the risk associated with non-Japanese equity securities
- Non-Japanese debt securities: global economic growth rate

Foreign offices and subsidiaries periodically reconsider the expected long-term rate of return for their plan assets. They evaluate the investment return volatility of different asset categories and compare the liability structure of their pension and other benefits to those of other companies, while considering their funding policy to maintain a funded status sufficient to meet participants’ benefit obligations, and reduce long-term funding requirements and pension costs. Based on this information, foreign offices and subsidiaries update the expected long-term rate of return.



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*Estimated future benefit payments*

The following table presents benefit payments expected to be paid, which include the effect of expected future service for the fiscal years indicated:

	Domestic subsidiaries		Foreign offices and subsidiaries			
	Pension benefits and SIP		Pension benefits	Other benefits		
	(in millions)					
Fiscal year ending March 31:						
2025	¥	80,546	¥	11,604	¥	2,581
2026		78,019		11,835		2,462
2027		77,061		14,068		2,338
2028		77,552		14,628		2,187
2029		77,086		15,086		2,051
Thereafter (2030-2034)		364,282		112,240		8,844

*Fair value measurement of the plan assets*

The following is a description of the valuation methodologies used for plan assets measured at fair value as well as the classification of the plan assets pursuant to the fair value hierarchy described in Note 31.

*Government bonds and other debt securities*

When quoted prices are available in an active market, the MUFG Group adopts the quoted prices to measure the fair value of securities and such securities are classified in Level 1 of the fair value hierarchy. Level 1 securities include Japanese government bonds, most non-Japanese government bonds and certain corporate bonds. When quoted prices are available but not traded actively, such securities are classified in Level 2 of the fair value hierarchy. When quoted prices are not available, the MUFG Group generally estimates fair values by using non-binding prices obtained from independent pricing vendors. Such securities are generally classified in Level 2 of the fair value hierarchy. Level 2 securities include certain non-Japanese government bonds, official institution bonds and corporate bonds. When there is lack of liquidity for securities or significant inputs adopted to the fair value measurements are unobservable, such securities are classified in Level 3 of the fair value hierarchy. Such Level 3 securities mainly consist of non-Japanese corporate bonds.

*Marketable equity securities*

When quoted prices are available in an active market, the MUFG Group adopts the quoted prices to measure the fair value of marketable equity securities and such securities are classified in Level 1 of the fair value hierarchy. When quoted prices are available but not traded actively, such securities are classified in Level 2 of the fair value hierarchy.

*Japanese pooled funds*

Japanese pooled funds are investment fund vehicles designed for Japanese pension plan investments under Japanese pension trust fund regulations. Based upon the nature of the funds' investments, Japanese pooled funds are categorized into four major fund types: Japanese marketable equity securities type, Japanese debt securities type, Non-Japanese marketable equity securities type and Non-Japanese debt securities type. The other types of funds invest in short-term financial instruments or loans receivable. Japanese pooled funds are generally readily redeemable at their net asset values. The fair values of Japanese pooled funds are measured at their net asset values per share (or its equivalent) as a practical expedient.

*Other investment funds*

Other investment funds include mutual funds, private investments funds, common collective funds, private equity funds and real estate funds. The listed investment funds or mutual funds are valued at quoted prices and classified in Level 1 or Level 2 of the fair value hierarchy. When there is no available market quotation, the fair values are generally determined at net asset values per share (or

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
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its equivalent) as a practical expedient. Other investment funds classified in Level 3 of the fair value hierarchy consist of certain real estate funds whose fair values are not measured at their net asset values but by using significant unobservable inputs and there is inherent lack of the funds' liquidity.

*Japanese general accounts of life insurance companies*

These instruments are contracts with life insurance companies that guarantee return of a certain level of fixed income, which are mainly invested in assets with low market risk such as Japanese debt securities. They are measured at conversion value and classified in Level 2 of the fair value hierarchy.

*Other investments*

Other investments mainly consist of call loans with the remainder consisting of miscellaneous accounts such as deposits with banks and short-term investments. These instruments are generally classified in Level 1 or Level 2 of the fair value hierarchy.

The following tables present the fair value of each major category of plan assets as of March 31, 2023 and 2024:

**Pension benefits and SIP Investments:**

<u>At March 31, 2023</u>	<u>Domestic subsidiaries</u>				<u>Foreign offices and subsidiaries</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets category</u>	(in millions)							
Japanese government bonds	¥ 133,664	¥ —	¥ —	¥ 133,664	¥ —	¥ —	¥ —	¥ —
Non-Japanese government bonds	—	—	—	—	2,632	2,339	—	4,971
Other debt securities	2,793	6,251	40	9,084	—	15,749	—	15,749
Japanese marketable equity securities	809,371	—	—	809,371	—	—	—	—
Non-Japanese marketable equity securities	78,840	165	—	79,005	3	—	—	3
Other investment funds	—	—	—	—	38	59,023	—	59,061
Japanese general account of life insurance companies <sup>(1)</sup>	—	205,117	—	205,117	—	—	—	—
Other investments	19,644	4,677	—	24,321	2,937	1,869	25,362	30,168
<b>Total</b>	<b>¥1,044,312</b>	<b>¥ 216,210</b>	<b>¥ 40</b>	<b>¥1,260,562</b>	<b>¥ 5,610</b>	<b>¥ 78,980</b>	<b>¥ 25,362</b>	<b>¥ 109,952</b>

<u>At March 31, 2024</u>	<u>Domestic subsidiaries</u>				<u>Foreign offices and subsidiaries</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets category</u>	(in millions)							
Japanese government bonds	¥ 57,220	¥ —	¥ —	¥ 57,220	¥ —	¥ —	¥ —	¥ —
Non-Japanese government bonds	5,880	—	—	5,880	10,226	2,744	—	12,970
Other debt securities	4,404	112,628	2,548	119,580	—	44,397	—	44,397
Japanese marketable equity securities	1,030,420	—	—	1,030,420	—	—	—	—
Non-Japanese marketable equity securities	96,727	453	—	97,180	—	—	—	—
Other investment funds	—	—	—	—	600	45,098	—	45,698
Japanese general account of life insurance companies <sup>(1)</sup>	—	199,432	—	199,432	—	—	—	—
Other investments	16,823	11,393	—	28,216	3,363	1,414	432	5,209
<b>Total</b>	<b>¥1,211,474</b>	<b>¥ 323,906</b>	<b>¥ 2,548</b>	<b>¥1,537,928</b>	<b>¥ 14,189</b>	<b>¥ 93,653</b>	<b>¥ 432</b>	<b>¥ 108,274</b>

Note:  
(1) "Japanese general accounts of life insurance companies" is a contract with life insurance companies that guarantees a return of approximately 1.25% from April 1, 2022 to March 31, 2023 and 0.95% from April 1, 2023 to March 31, 2024.

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The following table presents fair values of certain investments valued at net asset value per share (or its equivalent) as a practical expedient that were excluded from the above table as of March 31, 2023 and 2024:

<u>Assets category</u>	<u>Domestic subsidiaries</u>		<u>Foreign offices and subsidiaries</u>	
	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>
	(in millions)			
<b>Japanese pooled funds:</b>				
Japanese marketable equity securities	¥ 71,753	¥ 74,802	¥ —	¥ —
Japanese debt securities	120,108	203,075	—	—
Non-Japanese marketable equity securities	186,555	195,320	—	—
Non-Japanese debt securities	332,691	290,985	—	—
Other	76,892	89,894	—	—
<b>Total pooled funds</b>	<b>787,999</b>	<b>854,076</b>	<b>—</b>	<b>—</b>
Other investment funds	726,011 <sup>(1)</sup>	941,326 <sup>(1)</sup>	105,867 <sup>(2)</sup>	88,717 <sup>(2)</sup>
<b>Total</b>	<b>¥ 1,514,010</b>	<b>¥ 1,795,402</b>	<b>¥ 105,867</b>	<b>¥ 88,717</b>

Notes:

- (1) Other investment funds of the domestic subsidiaries include mutual funds and real estate funds of ¥690,781 million and ¥12,351 million, respectively, at March 31, 2023 and ¥899,855 million and ¥11,876 million, respectively, at March 31, 2024.
- (2) Other investment funds of the foreign offices and subsidiaries include mutual funds, real estate funds and common collective funds of ¥12,136 million, ¥63,759 million and ¥29,756 million, respectively, at March 31, 2023 and ¥5,983 million, ¥50,248 million and ¥32,294 million, respectively, at March 31, 2024.

Other debt securities and Japanese debt securities in the above Pension benefits and SIP tables include ¥1,614 million (0.05% of plan assets) of debt securities issued by the MUFG Group at March 31, 2023 and ¥2,355 million (0.07% of plan assets) at March 31, 2024, respectively. Japanese marketable equity securities in the above Pension benefits and SIP tables include ¥5,284 million (0.18% of plan assets) of common stock issued by the MUFG Group at March 31, 2023 and ¥8,022 million (0.23% of plan assets) at March 31, 2024, respectively.

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**14. OTHER ASSETS AND LIABILITIES**

Major components of other assets and liabilities at March 31, 2023 and 2024 were as follows:

	2023	2024
	(in millions)	
Other assets:		
Accounts receivable:		
Receivables from brokers, dealers and customers for securities transactions	¥ 754,483	¥ 942,423
Other <sup>(1)</sup>	1,794,983	1,994,067
Investments in equity method investees	3,482,292	4,113,431
Prepaid benefit cost (Note 13)	1,335,369	1,986,760
Cash collateral pledged for derivative transactions (Note 9)	2,585,837	3,168,071
Cash collateral for the use of Bank of Japan's settlement infrastructure	933,000	933,000
Accrued interest	500,506	736,802
Deferred tax assets (Note 8)	182,388	139,051
Right-of-use assets of operating leases (Note 7)	227,112	234,386
Other	5,659,034	6,150,155
Total	<u>¥ 17,455,004</u>	<u>¥ 20,398,146</u>
Other liabilities:		
Accounts payable:		
Payables to brokers, dealers and customers for securities transactions	¥ 2,062,782	¥ 1,592,580
Other	1,920,945	1,838,202
Obligations to return securities received as collateral (Notes 15, 16 and 31)	6,891,545	7,222,768
Accrued interest	385,921	560,260
Deferred tax liabilities (Note 8)	208,610	609,854
Allowance for off-balance sheet credit instruments	143,770	177,281
Accrued benefit cost (Note 13)	89,092	105,067
Guarantees and indemnifications	54,359	67,213
Cash collateral received for derivative transactions (Note 9)	1,318,338	1,397,315
Obligations under operating leases (Note 7)	337,391	328,559
Accrued and other liabilities	3,934,453	4,084,272
Total	<u>¥ 17,347,206</u>	<u>¥ 17,983,371</u>

Note:

(1) Accounts receivable—Other is primarily comprised of receivables relating to the card business. The provision or reversal of the allowance for credit losses relating to the receivables is included in Non-interest expense on the consolidated statements of operations. The receivables relating to the card business include ¥6,849 million and ¥8,164 million of past due receivables (1-3 months past due receivables of ¥3,173 million and ¥3,866 million, and greater than 3 months past due receivables of ¥3,676 million and ¥4,298 million) as of March 31, 2023 and 2024, respectively and the credit quality for these receivables is primarily evaluated based on the extent of past due. The outstanding balance of the accounts receivable is presented on a net basis after allowance for credit losses. The change of allowance for credit losses on these receivables during the fiscal years ended March 31, 2022, 2023 and 2024 is primarily due to provision of the allowance for the receivables.

Investments in equity method investees include marketable equity securities carried at ¥2,918,480 million and ¥3,525,514 million at March 31, 2023 and 2024, respectively. Corresponding aggregated market values were ¥5,099,671 million and ¥6,266,320 million, respectively. Marketable equity securities include Morgan Stanley's common stock carried at ¥2,443,602 million and ¥2,949,649 million at March 31, 2023 and 2024, respectively. As of March 31, 2024, the MUFJ Group held approximately 23.18% of its common stock. Investments in equity method investees also include investments in Morgan Stanley MUFJ Securities, Co., Ltd. at ¥194,225 million and ¥183,423 million at March 31, 2023 and 2024, respectively.

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
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The MUFG Group periodically evaluates whether a loss in value of investments in equity method investees is other-than-temporary. As a result of evaluations, the MUFG Group recognized other-than-temporary declines in the value of an investment and recorded impairment losses related to certain affiliated companies of ¥6,949 million, ¥58,061 million and ¥19,978 million for the fiscal years ended March 31, 2022, 2023 and 2024, respectively. The impairment losses are included in Equity in earnings of equity method investees—net in the accompanying consolidated statements of operations.

***Summarized Financial Information of the MUFG Group’s Equity Method Investees***

Summarized financial information of Morgan Stanley, the largest portion of the MUFG Group’s equity method investees, as of March 31, 2023 and 2024, and for each of the three years ended March 31, 2024 is as follows:

	2023		2024	
	(in billions)			
Trading assets	¥	42,770	¥	55,663
Securities purchased under agreements to resell		16,275		18,583
Securities borrowed		19,524		20,115
Total assets		160,223		186,008
Deposits		46,405		53,371
Customer and other payables		29,470		32,458
Borrowings		33,407		41,090
Total liabilities		146,609		170,845
Noncontrolling interests		151		143

	2022		2023		2024	
	(in billions)					
Net revenues	¥	6,655	¥	7,235	¥	7,907
Total non-interest expenses		4,498		5,376		6,068
Income from continuing operations before income taxes		2,139		1,797		1,798
Net income applicable to Morgan Stanley		1,650		1,402		1,375

Summarized financial information of the MUFG Group’s equity method investees, other than Morgan Stanley as of March 31, 2023 and 2024, and for each of the three years ended March 31, 2024 is as follows:

	2023		2024	
	(in billions)			
Net loans	¥	18,114	¥	21,037
Total assets		35,208		40,595
Deposits		11,963		15,138
Total liabilities		29,123		33,342
Noncontrolling interests		77		87

	2022		2023		2024	
	(in billions)					
Total interest income	¥	1,119	¥	1,430	¥	1,811
Total interest expense		335		519		781
Net interest income		784		911		1,030
Provision for credit losses		207		245		289
Income before income tax expense		582		616		695
Net income		488		498		594

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**15. OFFSETTING OF DERIVATIVES, REPURCHASE AGREEMENTS, AND SECURITIES LENDING TRANSACTIONS**

The following tables present, as of March 31, 2023 and 2024, the gross and net amounts of the derivatives, resale and repurchase agreements, and securities borrowing and lending transactions, including the related gross amounts subject to an enforceable master netting arrangement or similar agreement not offset in the consolidated balance sheets. The MUFG Group primarily enters into International Swaps and Derivatives Association master netting agreements, master repurchase agreements and master securities lending agreements or similar agreements for derivative contracts, resale and repurchase agreements, and securities borrowing and lending transactions. In the event of default on or termination of any one contract, these agreements provide the contracting parties with the right to net a counterparty's rights and obligations and to liquidate and setoff collateral against any net amount owed by the counterparty. Generally, as the MUFG Group has elected to present such amounts on a gross basis, the amounts subject to these agreements are included in "Gross amounts not offset in the consolidated balance sheet" column in the tabular disclosure below. For certain transactions where a legal opinion with respect to the enforceability of netting has not been sought or obtained, the related amounts are not subject to enforceable master netting agreements and not included in "Gross amounts not offset in the consolidated balance sheet" column in the tabular disclosure below.

	Gross amounts of recognized assets/ liabilities	Gross amounts offset in the consolidated balance sheet	Net amounts presented in the consolidated balance sheet	Gross amounts not offset in the consolidated balance sheet		Net amounts
				Financial instruments	Cash collateral received/ pledged	
(in billions)						
<b>At March 31, 2023:</b>						
Financial assets:						
Derivative assets	¥ 12,911	¥ —	¥ 12,911	¥ (9,902)	¥ (690)	¥ 2,319
Receivables under resale agreements	16,152	(2,093)	14,059	(13,391)	(32)	636
Receivables under securities borrowing transactions	4,630	(74)	4,556	(4,478)	—	78
Total	<u>¥ 33,693</u>	<u>¥ (2,167)</u>	<u>¥ 31,526</u>	<u>¥ (27,771)</u>	<u>¥ (722)</u>	<u>¥ 3,033</u>
Financial liabilities:						
Derivative liabilities	¥ 13,833	¥ —	¥ 13,833	¥ (9,668)	¥ (1,489)	¥ 2,676
Payables under repurchase agreements	42,172	(2,040)	40,132	(39,232)	(76)	824
Payables under securities lending transactions	1,212	(74)	1,138	(1,108)	(18)	12
Obligations to return securities received as collateral	6,892	—	6,892	(1,975)	—	4,917
Total	<u>¥ 64,109</u>	<u>¥ (2,114)</u>	<u>¥ 61,995</u>	<u>¥ (51,983)</u>	<u>¥ (1,583)</u>	<u>¥ 8,429</u>
(in billions)						
<b>At March 31, 2024:</b>						
Financial assets:						
Derivative assets	¥ 15,328	¥ —	¥ 15,328	¥ (12,150)	¥ (1,097)	¥ 2,081
Receivables under resale agreements	20,577	(2,082)	18,495	(17,203)	(9)	1,283
Receivables under securities borrowing transactions	5,076	(75)	5,001	(4,652)	—	349
Total	<u>¥ 40,981</u>	<u>¥ (2,157)</u>	<u>¥ 38,824</u>	<u>¥ (34,005)</u>	<u>¥ (1,106)</u>	<u>¥ 3,713</u>
Financial liabilities:						
Derivative liabilities	¥ 16,368	¥ —	¥ 16,368	¥ (11,621)	¥ (2,144)	¥ 2,603
Payables under repurchase agreements	37,792	(2,081)	35,711	(34,209)	(82)	1,420
Payables under securities lending transactions	1,092	(75)	1,017	(992)	(10)	15
Obligations to return securities received as collateral	7,223	—	7,223	(1,766)	—	5,457
Total	<u>¥ 62,475</u>	<u>¥ (2,156)</u>	<u>¥ 60,319</u>	<u>¥ (48,588)</u>	<u>¥ (2,236)</u>	<u>¥ 9,495</u>



**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
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**16. REPURCHASE AGREEMENTS, AND SECURITIES LENDING TRANSACTIONS ACCOUNTED FOR AS SECURED BORROWINGS**

The following tables present gross obligations for payables under repurchase agreements, payables under securities lending transactions and obligations to return securities received as collateral by remaining contractual maturity and class of collateral pledged at March 31, 2023 and 2024. Potential risks associated with these arrangements primarily relate to market and liquidity risks. To manage risks associated with market exposure, the MUFG Group generally revalues the collateral underlying its repurchase agreements and securities lending transactions on a daily basis and monitors the value of the underlying securities, consisting of primarily high-quality securities such as Japanese national government and Japanese government agency bonds, and foreign government and official institution bonds. In the event the market value of such securities falls below the related agreements at contract amounts plus accrued interest, the MUFG Group may be required to deposit additional collateral when appropriate. To address liquidity risks, the MUFG Group conducts stress tests to ensure the adequate level of liquidity is maintained in the event of a decline in the fair value of any collateral pledged.

	March 31, 2023				
	Remaining Contractual Maturity				
	Overnight and open	30 days or less	31-90 days	Over 90 days	Total
	(in billions)				
Payables under repurchase agreements	¥ 8,593	¥ 23,546	¥ 8,393	¥ 1,640	¥ 42,172
Payables under securities lending transactions	947	191	5	69	1,212
Obligations to return securities received as collateral	5,516	642	404	330	6,892
Total	¥ 15,056	¥ 24,379	¥ 8,802	¥ 2,039	¥ 50,276
	March 31, 2024				
	Remaining Contractual Maturity				
	Overnight and open	30 days or less	31-90 days	Over 90 days	Total
	(in billions)				
Payables under repurchase agreements	¥ 8,837	¥ 20,040	¥ 7,209	¥ 1,706	¥ 37,792
Payables under securities lending transactions	1,015	1	—	76	1,092
Obligations to return securities received as collateral	6,076	610	135	402	7,223
Total	¥ 15,928	¥ 20,651	¥ 7,344	¥ 2,184	¥ 46,107

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

Secured borrowing by the class of collateral pledged at March 31, 2023 and 2024 was as follows:

	March 31, 2023			
	Payables under repurchase agreements	Payables under securities lending transactions	Obligations to return securities received as collateral	Total
	(in billions)			
Japanese national government and Japanese government agency bonds	¥ 13,280	¥ 577	¥ 3,956	¥ 17,813
Foreign government and official institution bonds	17,618	9	1,122	18,749
Corporate bonds	657	70	400	1,127
Residential mortgage-backed securities	9,650	—	—	9,650
Other debt securities	552	—	46	598
Marketable equity securities	367	556	1,368	2,291
Other	48	—	—	48
<b>Total</b>	<b>¥ 42,172</b>	<b>¥ 1,212</b>	<b>¥ 6,892</b>	<b>¥ 50,276</b>
	March 31, 2024			
	Payables under repurchase agreements	Payables under securities lending transactions	Obligations to return securities received as collateral	Total
	(in billions)			
Japanese national government and Japanese government agency bonds	¥ 13,001	¥ 359	¥ 4,229	¥ 17,589
Foreign government and official institution bonds	14,193	—	1,033	15,226
Corporate bonds	773	76	400	1,249
Residential mortgage-backed securities	8,819	—	—	8,819
Other debt securities	346	—	38	384
Marketable equity securities	636	657	1,523	2,816
Other	24	—	—	24
<b>Total</b>	<b>¥ 37,792</b>	<b>¥ 1,092</b>	<b>¥ 7,223</b>	<b>¥ 46,107</b>

**17. PREFERRED STOCK**

Pursuant to the Articles of Incorporation, MUFG had been authorized to issue 400,000,000 shares of Class 5 Preferred Stock, 200,000,000 shares of Class 6 Preferred Stock, and 200,000,000 shares of Class 7 Preferred Stock without par value as of March 31, 2024.

All classes of preferred stock are non-voting and have preference over common stock for the payment of dividends and the distribution of assets in the event of a liquidation or dissolution of MUFG. They are all non-cumulative and non-participating with respect to dividend payments. Shareholders of all classes of preferred stock have the right to receive a liquidation distribution at ¥2,500 and do not have the right to participate in any further liquidation distributions.

As of March 31, 2022, 2023 and 2024, there was no preferred stock outstanding and the entire amount of Capital stock on the consolidated balance sheets consisted of only common stock.

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**18. COMMON STOCK AND CAPITAL SURPLUS**

The changes in the number of issued shares of common stock during the fiscal years ended March 31, 2022, 2023 and 2024 were as follows:

	2022	2023	2024
		(shares)	
Balance at beginning of fiscal year	13,581,995,120	13,281,995,120	12,687,710,920
Retirement of shares of common stock	(300,000,000)	(594,284,200)	(350,000,000)
Balance at end of fiscal year	<u>13,281,995,120</u>	<u>12,687,710,920</u>	<u>12,337,710,920</u>

Under the Companies Act, issuances of common stock, including conversions of bonds and notes, are required to be credited to the common stock account for at least 50% of the proceeds and to the legal capital surplus account (“legal capital surplus”) for the remaining amounts.

The Companies Act permits Japanese companies, upon approval by the Board of Directors, to issue shares in the form of a “stock split,” as defined in the Companies Act. Also, prior to April 1, 1991, Japanese companies were permitted to issue free share distributions. MUFG Bank and Mitsubishi UFJ Trust and Banking from time to time made free share distributions. These free distributions usually ranged from 5% to 10% of outstanding common stock and publicly-owned corporations in the United States issuing shares in similar transactions would be required to account for them as stock dividends as of the shareholders’ record date by reducing retained earnings and increasing the appropriate capital accounts by an amount equal to the fair value of the shares issued. The application of such U.S. accounting practices to the cumulative free distributions made by MUFG Bank and Mitsubishi UFJ Trust and Banking at March 31, 2024, would have increased capital accounts by ¥1,910,106 million with a corresponding decrease in unappropriated retained earnings.

The Companies Act permits that common stock, legal reserve, additional paid-in capital, and other capital surplus and retained earnings can be transferred among these accounts under certain conditions upon the approval of a shareholders’ meeting. The Companies Act limits the increase of paid-in capital in case disposition of treasury stock and issuance of common stock are performed at the same time.

As for Capital surplus, the fee retained by MUFG’s subsidiary as underwriting compensation, net of stock issuance expense, was included in the total Capital surplus balance.

***Treasury Stock***

The Companies Act permits Japanese companies to effect purchases of their own shares pursuant to a resolution by the shareholders at an annual general meeting until the conclusion of the following ordinary general meeting of shareholders, and to hold such shares as their treasury stock indefinitely regardless of purpose. However, the Companies Act requires the amount of treasury stock purchased should be within the amount of retained earnings available for dividends. Disposition of treasury stock is subject to the approval of the Board of Directors and is to follow the procedures similar to a public offering of shares for subscription.

MUFG resolved at the meeting of Board of Directors held on November 15, 2021 to repurchase up to the lesser of 300,000,000 shares of our common stock and ¥150 billion from November 16, 2021 to March 31, 2022. Under this share repurchase program, MUFG repurchased 225,408,800 shares of MUFG’s common stock for ¥149,999,964,962 from November 2021 to March 2022. Also, MUFG cancelled 300,000,000 shares of treasury stock on November 30, 2021.

MUFG resolved at the meeting of Board of Directors held on May 16, 2022 to repurchase up to the lesser of 600,000,000 shares of our common stock and ¥300 billion from May 17, 2022 to November 11, 2022. Under this share repurchase program, MUFG repurchased 418,926,300 shares of MUFG’s common stock for ¥299,999,909,768 from May 2022 to October 2022. Also, MUFG cancelled 418,926,300 shares of treasury stock on November 30, 2022.

MUFG resolved at the meeting of Board of Directors held on November 14, 2022 to repurchase up to the lesser of 300,000,000 shares of our common stock and ¥150 billion from December 2, 2022 to January 31, 2023. Under this share repurchase program, MUFG repurchased 175,357,900 shares of MUFG’s common stock for ¥149,999,996,001 from December 2022 to January 2023. Also, MUFG cancelled 175,357,900 shares of treasury stock on February 28, 2023.

MUFG resolved at the meeting of Board of Directors held on November 14, 2023 to repurchase up to the lesser of 400,000,000 shares of our common stock and ¥400 billion from November 15, 2023 to March 31, 2024. Under this share repurchase program,

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MUFG repurchased 300,646,400 shares of MUFG's common stock for ¥399,999,861,554 from November 2023 to March 2024. Also, MUFG cancelled 350,000,000 shares of treasury stock on November 30, 2023.

MUFG intends to agilely engage in repurchases of shares of MUFG's own stock as a means to return profits to shareholders and improve capital efficiency, taking into account MUFG's business performance and capital position, opportunities for growth investments, and market conditions including stock prices. As a general policy, MUFG intends to cancel treasury shares to the extent that such shares exceed approximately 5% of our total issued shares (including treasury shares).

**19. RETAINED EARNINGS, LEGAL RESERVE AND DIVIDENDS**

In addition to the Companies Act, Japanese banks, including MUFG Bank and Mitsubishi UFJ Trust and Banking, are required to comply with the Banking Law of Japan (the "Banking Law").

***Legal Reserve Set Aside as Appropriation of Retained Earnings and Legal Capital Surplus***

*Under the Companies Act*

The Companies Act provides that an amount at least equal to 10% of the aggregate amount of cash dividends and certain appropriations of retained earnings associated with cash outlays applicable to each period shall be appropriated and set aside as a legal reserve until the aggregate amount of legal reserve set aside as an appropriation of retained earnings and the legal capital surplus equals 25% of stated capital as defined in the Companies Act.

*Under the Banking Law*

The Banking Law provides that an amount at least equal to 20% of the aggregate amount of cash dividends and certain appropriations of retained earnings associated with cash outlays applicable to each fiscal year shall be appropriated and set aside as a legal reserve until the aggregate amount of legal reserve set aside as appropriation of retained earnings and the legal capital surplus equals 100% of stated capital as defined in the Companies Act.

***Transfer of Legal Reserve***

*Under the Companies Act*

Under the Companies Act, Japanese companies, including MUFG, were permitted, pursuant to a resolution by the shareholders at a general meeting, to make legal reserve set aside as appropriation of retained earnings and legal capital surplus available for dividends until the aggregate amount of the legal reserve and legal capital surplus equals 25% of stated capital as defined in the Companies Act.

Under the Companies Act, Japanese companies, including MUFG, MUFG Bank and Mitsubishi UFJ Trust and Banking, are permitted, primarily pursuant to a resolution by the shareholders at a general meeting, to transfer legal capital surplus and legal reserve to stated capital and/or retained earnings without limitations of thresholds, thereby effectively removing the thresholds provided for in the Companies Act and Banking Law at the company's discretion.

*Under the Banking Law*

Under the Banking Law, Japanese banks, including MUFG Bank and Mitsubishi UFJ Trust and Banking, were permitted, pursuant to a resolution by the shareholders at a general meeting, to set aside a legal reserve as an appropriation of retained earnings and legal capital surplus available for dividends until the aggregate amount of the legal reserve and legal capital surplus equals 100% of stated capital as defined in the Companies Act.

***Unappropriated Retained Earnings and Dividends***

In addition to the provision that requires an appropriation for legal reserve as described above, the Companies Act and the Banking Law impose certain limitations on the amount available for dividends.

Under the Companies Act, the amount available for dividends is based on the amount recorded in MUFG's general books of account maintained in accordance with Japanese GAAP. The adjustments included in the accompanying consolidated financial

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
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statements but not recorded in MUFG's general books of account, as explained in Note 1, have no effect on the determination of retained earnings available for dividends under the Companies Act. Under the Banking Law, MUFG, MUFG Bank and Mitsubishi UFJ Trust and Banking have to meet the minimum capital adequacy requirements and distributions of retained earnings of MUFG, MUFG Bank and Mitsubishi UFJ Trust and Banking, which are otherwise distributable to shareholders, are restricted in order to maintain the minimum capital requirements.

MUFG, formerly known as Mitsubishi Tokyo Financial Group, was established on April 2, 2001 with common stock of ¥924,400 million, preferred stock of ¥222,100 million, legal capital surplus of ¥2,838,693 million and no retained earnings in accordance with the Commercial Code of Japan ("the Code"), which was replaced by the Companies Act, and Japanese GAAP.

On October 1, 2005, MUFG started with common stock and preferred stock of ¥1,383,052 million, a legal capital surplus of ¥3,577,570 million and retained earnings of ¥757,458 million in accordance with the Code and Japanese GAAP.

MUFG's amount available for dividends, at March 31, 2024, was ¥4,125,790 million, which is based on the amount recorded in MUFG's general books of account under Japanese GAAP.

Annual dividends, including those for preferred stock, are approved by the shareholders at an annual general meeting held subsequent to the fiscal year to which the dividends are applicable. In addition, a semi-annual interim dividend payment may be made by resolution of the Board of Directors, subject to limitations imposed by the Companies Act and the Banking Law.

In the accompanying consolidated statements of equity, dividends and appropriations to legal reserve shown for each fiscal year represent dividends approved and paid during the fiscal year and the related appropriation to legal reserve.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**20. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)**

The following table presents the changes in Accumulated OCI, net of tax and net of noncontrolling interests, for the fiscal years ended March 31, 2022, 2023 and 2024:

	<u>2022</u>	<u>2023 (Restated)</u>	<u>2024</u>
	(in millions)		
<b>Accumulated other comprehensive income (loss), net of taxes:</b>			
Net unrealized gains (losses) on investment securities:			
Balance at beginning of fiscal year	¥ (383,004)	¥ (674,230)	¥ (883,466)
Net change during the fiscal year	(291,226)	(209,236)	55,707
Balance at end of fiscal year	<u>¥ (674,230)</u>	<u>¥ (883,466)</u>	<u>¥ (827,759)</u>
Net debt valuation adjustments:			
Balance at beginning of fiscal year	¥ (37,862)	¥ (14,538)	¥ 3,268
Net change during the fiscal year	23,324	17,806	(44,650)
Balance at end of fiscal year	<u>¥ (14,538)</u>	<u>¥ 3,268</u>	<u>¥ (41,382)</u>
Net unrealized gains (losses) on derivatives qualifying for cash flow hedges:			
Balance at beginning of fiscal year	¥ 19,029	¥ 5,969	¥ 594
Net change during the fiscal year	(13,060)	(5,375)	(388)
Balance at end of fiscal year	<u>¥ 5,969</u>	<u>¥ 594</u>	<u>¥ 206</u>
Defined benefit plans:			
Balance at beginning of fiscal year	¥ (20,382)	¥ 29,124	¥ 8,304
Net change during the fiscal year	49,506	(20,820)	381,014
Balance at end of fiscal year	<u>¥ 29,124</u>	<u>¥ 8,304</u>	<u>¥ 389,318</u>
Foreign currency translation adjustments:			
Balance at beginning of fiscal year	¥ 132,738	¥ 880,708	¥ 1,715,492
Net change during the fiscal year	747,970	834,784	985,388
Balance at end of fiscal year	<u>¥ 880,708</u>	<u>¥ 1,715,492</u>	<u>¥ 2,700,880</u>
Balance at end of fiscal year	<u>¥ 227,033</u>	<u>¥ 844,192</u>	<u>¥ 2,221,263</u>



**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
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The following table presents the before tax and net of tax changes in each component of Accumulated OCI for the fiscal years ended March 31, 2022, 2023 and 2024:

	2022			2023 (Restated)			2024		
	Before tax	Tax (expense) or benefit	Net of tax	Before tax	Tax (expense) or benefit	Net of tax	Before tax	Tax (expense) or benefit	Net of tax
(in millions)									
Net unrealized gains (losses) on investment securities:									
Net unrealized losses on investment securities	¥(347,106)	¥ 76,360	¥(270,746)	¥(600,339)	¥159,480	¥(440,859)	¥ (76,032)	¥ 12,655	¥ (63,377)
Reclassification adjustment for losses (gains) included in net income (loss) before attribution of noncontrolling interests	(2,015)	11,268	9,253	337,313	(99,409)	237,904	150,646	(45,320)	105,326
Net change	(349,121)	87,628	(261,493)	(263,026)	60,071	(202,955)	74,614	(32,665)	41,949
Net unrealized gains (losses) on investment securities attributable to noncontrolling interests			29,733			6,281			(13,758)
Net unrealized gains (losses) on investment securities attributable to Mitsubishi UFJ Financial Group			(291,226)			(209,236)			55,707
Net debt valuation adjustments:									
Net debt valuation adjustments	32,735	(10,025)	22,710	25,220	(7,722)	17,498	(65,133)	19,944	(45,189)
Reclassification adjustment for losses included in net income (loss) before attribution of noncontrolling interests	885	(271)	614	444	(136)	308	776	(237)	539
Net change	33,620	(10,296)	23,324	25,664	(7,858)	17,806	(64,357)	19,707	(44,650)
Net debt valuation adjustments attributable to Mitsubishi UFJ Financial Group			23,324			17,806			(44,650)
Net unrealized gains (losses) on derivatives qualifying for cash flow hedges:									
Net unrealized gains (losses) on derivatives qualifying for cash flow hedges	(5,542)	1,825	(3,717)	(38,278)	10,600	(27,678)	757	(181)	576
Reclassification adjustment for losses (gains) included in net income (loss) before attribution of noncontrolling interests	(12,200)	3,143	(9,057)	31,019	(8,458)	22,561	(1,346)	265	(1,081)
Net change	(17,742)	4,968	(12,774)	(7,259)	2,142	(5,117)	(589)	84	(505)

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	2022			2023 (Restated)			2024		
	Before tax	Tax (expense) or benefit	Net of tax	Before tax	Tax (expense) or benefit	Net of tax	Before tax	Tax (expense) or benefit	Net of tax
	(in millions)								
Net unrealized gains (losses) on derivatives qualifying for cash flow hedges attributable to noncontrolling interests			286			258			(117)
Net unrealized losses on derivatives qualifying for cash flow hedges attributable to Mitsubishi UFJ Financial Group			(13,060)			(5,375)			(388)
Defined benefit plans:									
Defined benefit plans	62,946	(17,350)	45,596	(129,100)	37,654	(91,446)	566,038	(174,325)	391,713
Reclassification adjustment for losses (gains) included in net income (loss) before attribution of noncontrolling interests	7,042	(1,689)	5,353	98,428	(27,313)	71,115	(13,054)	4,150	(8,904)
Net change	69,988	(19,039)	50,949	(30,672)	10,341	(20,331)	552,984	(170,175)	382,809
Defined benefit plans attributable to noncontrolling interests			1,443			489			1,795
Defined benefit plans attributable to Mitsubishi UFJ Financial Group			49,506			(20,820)			381,014
Foreign currency translation adjustments:									
Foreign currency translation adjustments	853,517	(98,059)	755,458	958,705	(94,056)	864,649	1,268,859	(160,966)	1,107,893
Reclassification adjustment for gains included in net income (loss) before attribution of noncontrolling interests	(4,296)	1,317	(2,979)	(24,424)	7,480	(16,944)	(16,132)	4,939	(11,193)
Net change	849,221	(96,742)	752,479	934,281	(86,576)	847,705	1,252,727	(156,027)	1,096,700
Foreign currency translation adjustments attributable to noncontrolling interests			4,509			12,921			111,312
Foreign currency translation adjustments attributable to Mitsubishi UFJ Financial Group			747,970			834,784			985,388
Other comprehensive income attributable to Mitsubishi UFJ Financial Group			<u>¥ 516,514</u>			<u>¥ 617,159</u>			<u>¥1,377,071</u>

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
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The following table presents the effect of the reclassification of significant items out of Accumulated OCI on the respective line items of the accompanying consolidated statements of operations for the fiscal years ended March 31, 2022, 2023 and 2024:

<b>Details of Accumulated OCI components</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Line items in the consolidated statements of operations</b>
	<b>Amount reclassified out of Accumulated OCI</b>			
	<b>(in millions)</b>			
<b>Net unrealized losses (gains) on investment securities</b>				
Net losses (gains) on sales and redemptions of Available-for-sale debt securities	¥ (48,637)	¥ (2,682)	¥ 149,292	Investment securities gains (losses)—net
Impairment losses on investment securities	47,069	359,629	2	Investment securities gains (losses)—net
Gain on sale of MUFG Union Bank (Note 2)	—	(28,251)	—	Gain on sale of MUFG Union Bank
Other	(447)	8,617	1,352	
	(2,015)	337,313	150,646	Total before tax
	11,268	(99,409)	(45,320)	Income tax expense (benefit)
	<u>¥ 9,253</u>	<u>¥ 237,904</u>	<u>¥ 105,326</u>	Net of tax
<b>Net debt valuation adjustments</b>				
	¥ 885	¥ 444	¥ 776	Equity in earnings of equity method investees—net or Other non-interest income
	885	444	776	Total before tax
	(271)	(136)	(237)	Income tax expense (benefit)
	<u>¥ 614</u>	<u>¥ 308</u>	<u>¥ 539</u>	Net of tax
<b>Net unrealized losses (gains) on derivatives qualifying for cash flow hedges Interest rate contracts</b>				
Interest rate contracts	¥ (12,017)	¥ (4,447)	¥ —	Interest income on Loans, including fees
Foreign exchange contracts	(183)	(1,419)	(1,346)	Interest expense on Long-term debt or Foreign exchange gains (losses)—net
Gain on sale of MUFG Union Bank (Note 2)	—	36,885	—	Gain on sale of MUFG Union Bank
	(12,200)	31,019	(1,346)	Total before tax
	3,143	(8,458)	265	Income tax expense (benefit)
	<u>¥ (9,057)</u>	<u>¥ 22,561</u>	<u>¥ (1,081)</u>	Net of tax
<b>Defined benefit plans</b>				
Net actuarial loss <sup>(1)</sup>	¥ 17,279	¥ 9,135	¥ 1,962	Other non-interest expenses
Prior service cost <sup>(1)</sup>	(4,467)	(4,952)	(3,352)	Other non-interest expenses
Loss (gain) on settlements and curtailment, and other <sup>(1)</sup>	(5,770)	79,850	(11,664)	Other non-interest income or expenses
Gain on sale of MUFG Union Bank (Note 2)	—	14,395	—	Gain on sale of MUFG Union Bank
	7,042	98,428	(13,054)	Total before tax
	(1,689)	(27,313)	4,150	Income tax expense (benefit)
	<u>¥ 5,353</u>	<u>¥ 71,115</u>	<u>¥ (8,904)</u>	Net of tax
<b>Foreign currency translation adjustments</b>				
	¥ (4,303)	¥ (24,424)	¥ (16,132)	Other non-interest income
	7	—	—	Other non-interest expenses
	(4,296)	(24,424)	(16,132)	Total before tax
	1,317	7,480	4,939	Income tax expense (benefit)
	<u>¥ (2,979)</u>	<u>¥ (16,944)</u>	<u>¥ (11,193)</u>	Net of tax
<b>Total reclassifications for the period</b>				
	¥ (10,584)	¥ 442,780	¥ 120,890	Total before tax
	13,768	(127,836)	(36,203)	Income tax expense (benefit)
	<u>¥ 3,184</u>	<u>¥ 314,944</u>	<u>¥ 84,687</u>	Net of tax

Note:

(1) These Accumulated OCI components are components of net periodic benefit cost. See Note 13 for more information.

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**21. REGULATORY CAPITAL REQUIREMENTS**

*Japan*

MUFG, MUFG Bank, Mitsubishi UFJ Trust and Banking and Mitsubishi UFJ Securities Holdings are subject to various regulatory capital requirements promulgated by the regulatory authorities of the countries in which they operate. Failure to meet minimum capital requirements will initiate certain mandatory actions by regulators that, if undertaken, could have a direct material effect on MUFG's consolidated financial statements.

In Japan, MUFG, MUFG Bank, and Mitsubishi UFJ Trust and Banking are subject to regulatory capital requirements promulgated by the FSA in accordance with the provisions of the Banking Law and related regulations. A banking institution is subject to the minimum capital requirements both on a consolidated basis and a stand-alone basis, and is required to maintain the minimum capital irrespective of whether it operates independently or as a subsidiary under the control of another company. When a bank holding company manages operations of its banking subsidiaries, it is required to maintain the minimum capital adequacy ratio on a consolidated basis in the same manner as its subsidiary banks. The FSA provides two sets of capital adequacy guidelines. One is a set of guidelines applicable to Japanese banks and bank holding companies with their foreign offices conducting international operations, as defined, and the other is applicable to Japanese banks and bank holding companies that are not engaged in international operations conducted by their foreign offices.

The Basel Committee on Banking Supervision ("BCBS") of the Bank for International Settlements ("BIS") sets capital adequacy standards for all internationally active banks to ensure minimum levels of capital.

The Group of Central Bank Governors and Heads of Supervision reached an agreement on the new global regulatory framework, which has been referred to as "Basel III," in July and September 2010. In December 2010, the Basel Committee agreed on the details of the Basel III rules. Effective as of March 31, 2013, Basel III was adopted by the FSA with transitional measures for Japanese banking institutions with international operations conducted by their foreign offices. MUFG calculated capital ratios as of March 31, 2023 and 2024 in accordance with Basel III.

*Capital Ratios*

Basel III is based on "three pillars": (1) minimum capital requirements, (2) the self-regulation of financial institutions based on supervisory review process, and (3) market discipline through the disclosure of information.

As for the denominator of the capital ratio, the Basel framework provides the following risk-based approaches and a range of options for determining risk-weighted assets.

*"Credit Risk"*

The Basel framework provides options for determining the risk-weighted assets for credit risk to allow banks to select approaches that are most appropriate for their level of risk assessment. Banks choose one of three approaches: "Standardized Approach," "Foundation Internal Ratings-Based Approach" or "Advanced Internal Ratings-Based Approach ("AIRB")."

*"Market Risk"*

A framework titled "Fundamental Review of the Trading Book (FRTB)" was published as a part of Basel III. This framework presents three methods for calculating capital charges on market risk: (1) the Standardized Approach ("SA"), (2) the Internal Models Approach ("IMA"), and (3) Simplified Standardized Approach ("SSA").

*"Operational Risk"*

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The Basel framework presents the Standardized Measurement Approach for calculating operational risk capital charges.

Banks need to obtain approval from their supervisors prior to adopting the following approaches to calculate capital requirements for each risk:

- the Advanced Internal Ratings-Based Approach for credit risk

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

- the Internal Models Approach for market risk
- the Standardized Measurement Approach for operational risk

With approval from the FSA, MUFG and most of its major subsidiaries adopt AIRB to calculate capital requirements for credit risk. For market risk, MUFG and many of its major subsidiaries adopt the Standardized Approach, and some subsidiaries adopt the Simplified Standardized Approach. MUFG and its subsidiaries adopt the Standardized Measurement Approach ("SMA") to calculate capital requirements for operational risk.

The MUFG Group's proprietary assets do not include trust assets under management and administration in a capacity of agent or fiduciary and, accordingly trust account assets are generally not included in the capital measure. However, guarantees for trust principal are counted as off-balance sheet items requiring a capital charge in accordance with the capital adequacy guidelines.

On the other hand, as for the numerator of the capital ratio, there are three primary regulatory capital ratios used to assess capital adequacy, Common Equity Tier 1, Tier 1 and Total capital ratios, which are determined by dividing applicable capital components by risk-weighted assets. Tier 1 capital consists of Common Equity Tier 1 capital and Additional Tier 1 capital. Common Equity Tier 1 capital is primarily consisting of common stock, capital surplus, retained earnings, and Accumulated OCI. Regulatory adjustments including certain intangible fixed assets, such as goodwill, and defined-benefit pension fund assets, are made to Common Equity Tier 1. Additional Tier 1 capital generally consists of Basel III compliant preferred securities.

Tier 2 capital generally consists of Basel III compliant subordinated debts, certain allowances for credit losses, and noncontrolling interests in subsidiaries' Tier 2 instruments. Total capital is defined as the sum of Tier 1 and Tier 2 capital.

Effective March 31, 2016, the FSA's capital conservation buffer, countercyclical buffer and the Global Systemically Important Bank ("G-SIB"), as designated by the FSB, surcharge requirements became applicable to Japanese banking institutions with international operations conducted through foreign offices. The requirements had been phased in and fully implemented as of March 31, 2023. In addition to the 4.50% minimum Common Equity Tier 1 capital ratio, MUFG is required to maintain a capital conservation buffer of 2.5% and a G-SIB surcharge of 1.5% as of March 31, 2023 and 2024, and a countercyclical buffer of 0.04% and 0.16% as of March 31, 2023 and 2024, respectively.

*Leverage Ratios*

The leverage ratio is designed for monitoring and preventing the build-up of excessive leverage in the banking sector and is expressed as the ratio of Tier 1 capital to both on and off-balance sheet assets adjusted in accordance with the FSA guidance. In December 2017, the Group of Central Bank Governors and Heads of Supervision announced final Basel III reforms. The announced reforms include revisions to the measurement of the leverage ratio and a 3% minimum leverage ratio requirement, plus a G-SIB leverage ratio buffer equal to 50% of the applicable G-SIB capital surcharge. The announcement sets forth implementation dates of January 1, 2018 for the minimum leverage ratio requirement and January 1, 2022 for the G-SIB leverage ratio buffer requirement. Effective as of March 31, 2019, the minimum leverage ratio requirement was adopted by the FSA. In addition, effective as of March 31, 2023, a leverage ratio buffer set at 50% of a G-SIB surcharge, which is 0.75% for MUFG, was adopted by the FSA. On November 11, 2022, the FSA announced that the applicable minimum leverage ratio requirement including the applicable minimum leverage ratio buffer requirement is raised from 3.00% plus a G-SIB leverage ratio buffer set at 50% of a G-SIB surcharge to 3.15% plus a G-SIB leverage ratio buffer set at 50% of a G-SIB surcharge plus 0.05% on and after April 1, 2024, while deposits with the Bank of Japan will continue to be excluded from the leverage exposure for the purpose of the calculation of the leverage ratio, in light of exceptional macroeconomic conditions and other circumstances.

The risk-adjusted capital amounts and ratios, and leverage ratios, of MUFG, MUFG Bank and Mitsubishi UFJ Trust and Banking presented in the following table are based on amounts calculated in accordance with Japanese GAAP as required by the FSA.

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

	Actual		For capital adequacy purposes	
	Amount	Ratio	Amount	Ratio
(in millions, except percentages)				
<b>Consolidated:</b>				
At March 31, 2023:				
Total capital (to risk-weighted assets):				
MUFG <sup>(1)</sup>	¥ 17,166,109	13.91%	¥ 14,852,953	12.04%
BK	14,207,818	12.58	9,029,639	8.00
TB	2,041,563	20.67	790,026	8.00
Tier 1 capital (to risk-weighted assets):				
MUFG <sup>(1)</sup>	14,863,717	12.04	12,385,685	10.04
BK	12,469,254	11.04	6,772,229	6.00
TB	1,770,924	17.93	592,519	6.00
Common Equity Tier 1 capital (to risk-weighted assets):				
MUFG <sup>(1)</sup>	13,280,842	10.76	10,535,234	8.54
BK	11,172,146	9.89	5,079,172	4.50
TB	1,620,889	16.41	444,389	4.50
Leverage ratio:				
MUFG <sup>(2)</sup>	14,863,717	4.70	11,851,297	3.75
BK	12,469,254	4.75	7,867,085	3.00
TB	1,770,924	7.29	728,488	3.00
At March 31, 2024:				
Total capital (to risk-weighted assets):				
MUFG <sup>(1)</sup>	¥ 19,817,830	17.82%	¥ 13,517,077	12.16%
BK	15,915,058	18.11	7,026,643	8.00
TB	2,121,699	20.42	830,995	8.00
Tier 1 capital (to risk-weighted assets):				
MUFG <sup>(1)</sup>	17,479,730	15.72	11,293,874	10.16
BK	14,153,613	16.11	5,269,982	6.00
TB	1,852,135	17.83	623,247	6.00
Common Equity Tier 1 capital (to risk-weighted assets):				
MUFG <sup>(1)</sup>	15,041,314	13.53	9,626,471	8.66
BK	12,126,413	13.80	3,952,486	4.50
TB	1,616,473	15.56	467,435	4.50
Leverage ratio:				
MUFG <sup>(2)</sup>	17,479,730	5.19	12,615,964	3.75
BK	14,153,613	5.23	8,104,067	3.00
TB	1,852,135	6.34	876,017	3.00



**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

	Actual		For capital adequacy purposes	
	Amount	Ratio	Amount	Ratio
(in millions, except percentages)				
Stand-alone:				
At March 31, 2023:				
Total capital (to risk-weighted assets):				
BK	¥ 11,115,302	10.71 %	¥ 8,295,019	8.00 %
TB	2,131,007	19.60	869,700	8.00
Tier 1 capital (to risk-weighted assets):				
BK	9,644,128	9.30	6,221,264	6.00
TB	1,861,150	17.11	652,275	6.00
Common Equity Tier 1 capital (to risk-weighted assets):				
BK	8,410,290	8.11	4,665,948	4.50
TB	1,711,650	15.74	489,206	4.50
Leverage ratio:				
BK	9,644,128	4.02	7,183,295	3.00
TB	1,861,150	8.15	684,297	3.00
At March 31, 2024:				
Total capital (to risk-weighted assets):				
BK	¥ 12,279,192	16.29 %	¥ 6,029,065	8.00 %
TB	2,209,640	19.03	928,478	8.00
Tier 1 capital (to risk-weighted assets):				
BK	10,839,039	14.38	4,521,799	6.00
TB	1,941,116	16.72	696,359	6.00
Common Equity Tier 1 capital (to risk-weighted assets):				
BK	8,872,411	11.77	3,391,349	4.50
TB	1,707,616	14.71	522,269	4.50
Leverage ratio:				
BK	10,839,039	4.50	7,221,205	3.00
TB	1,941,116	7.09	821,320	3.00

Notes:

- (1) Effective March 31, 2016, the FSA's capital conservation buffer, countercyclical buffer and G-SIB surcharge requirements became applicable to Japanese banking institutions with international operations conducted through foreign offices. As a result, in addition to the 4.50% minimum Common Equity Tier 1 capital ratio, MUFG is required to maintain a capital conservation buffer of 2.5% and a G-SIB surcharge of 1.5% as of March 31, 2023 and 2024, and the countercyclical buffer of 0.04% and 0.16% as of March 31, 2023 and 2024, respectively.
- (2) Effective March 31, 2023, the G-SIB leverage ratio buffer requirement became applicable to Japanese banking institutions with international operations conducted through foreign offices. As a result, in addition to the 3.0% minimum leverage ratio, MUFG is required to maintain a G-SIB leverage ratio buffer of 0.75% as of March 31, 2023 and 2024.

Mitsubishi UFJ Morgan Stanley Securities and other securities subsidiaries in Japan and overseas are also subject to regulatory capital requirements of the countries or jurisdictions in which they operate. In Japan, the Financial Instruments and Exchange Act and related ordinance require financial instruments firms to maintain a minimum capital ratio of 120% calculated as a percentage of capital accounts less certain fixed assets, as determined in accordance with Japanese GAAP, against amounts equivalent to market, counterparty credit and operational risks. Specific guidelines are issued as a ministerial ordinance which details the definition of essential components of the capital ratios, including capital, deductible fixed asset items and risks, and related measures. Failure to maintain a minimum capital ratio will trigger mandatory regulatory actions. A capital ratio of less than 140% will call for regulatory

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reporting and a capital ratio of less than 100% may lead to a suspension of all or part of the business for a period of time and cancellation of a registration.

At March 31, 2023, Mitsubishi UFJ Morgan Stanley Securities's capital accounts less certain fixed assets of ¥550,276 million on a stand-alone basis were 310.9% of the total amounts equivalent to market, counterparty credit and operational risks. At March 31, 2024, its capital accounts less certain fixed assets of ¥537,309 million on a stand-alone basis, are 305.2% of the total amounts equivalent to market, counterparty credit and operational risks.

Management believes, as of March 31, 2024, that MUFG, MUFG Bank, Mitsubishi UFJ Trust and Banking, Mitsubishi UFJ Morgan Stanley Securities and other regulated securities subsidiaries met all capital adequacy requirements to which they are subject.

## 22. EARNINGS (LOSS) PER COMMON SHARE APPLICABLE TO COMMON SHAREHOLDERS OF MUFG

Reconciliations of net income (loss) and weighted average number of common shares outstanding used for the computation of basic EPS to the adjusted amounts for the computation of diluted EPS for the fiscal years ended March 31, 2022, 2023 and 2024 are as follows:

	2022	2023 (Restated)	2024
	(in millions)		
<b>Income (loss) (Numerator):</b>			
Net income (loss) attributable to Mitsubishi UFJ Financial Group	¥ (83,320)	¥ 376,635	¥ 1,328,121
Effect of dilutive instruments:			
Restricted stock units and performance-based stock units—Morgan Stanley	(5,361)	(3,816)	(3,283)
Earnings (loss) applicable to common shareholders of Mitsubishi UFJ Financial Group for diluted computation	<u>¥ (88,681)</u>	<u>¥ 372,819</u>	<u>¥ 1,324,838</u>
	2022	2023	2024
	(thousands of shares)		
<b>Shares (Denominator):</b>			
Weighted average common shares outstanding	12,798,060	12,317,723	11,978,725
Effect of dilutive instruments:			
Stock acquisition rights under the Stock Option Plan and the common shares of MUFG under the Board Incentive Plan <sup>(1)</sup>	—	1,132	1,876
Weighted average common shares for diluted computation	<u>12,798,060</u>	<u>12,318,855</u>	<u>11,980,601</u>
	2022	2023	2024
	(in yen)		
<b>Earnings (loss) per common share applicable to common shareholders of Mitsubishi UFJ Financial Group:</b>			
Basic earnings (loss) per common share:			
Earnings (loss) applicable to common shareholders of Mitsubishi UFJ Financial Group	<u>¥ (6.51)</u>	<u>¥ 30.58</u>	<u>¥ 110.87</u>
Diluted earnings (loss) per common share:			
Earnings (loss) applicable to common shareholders of Mitsubishi UFJ Financial Group <sup>(1)</sup>	<u>¥ (6.93)</u>	<u>¥ 30.26</u>	<u>¥ 110.58</u>

Note:

(1) For the fiscal year ended March 31, 2022, the performance-based plan under the Board Incentive Plan could potentially dilute earnings per common share but were not included in the computation of diluted earnings per common share due to their antidilutive effects.

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**23. DERIVATIVE FINANCIAL INSTRUMENTS**

The MUFG Group uses various derivative financial instruments both for trading purposes and for purposes other than trading (primarily risk management purposes) in the normal course of business to meet the financial needs of its customers, as a source of revenue and to manage its exposures to a variety of risks.

Market risk is the possibility that future changes in market indices make the financial instruments less valuable. The MUFG Group is a party to derivative financial instruments, including swaps, forwards, options and other types of derivatives, dealing primarily with market risk associated with interest rates, foreign currencies, equity and commodity prices, and credit risk associated with counterparty's nonperformance of transactions.

Credit risk is the possibility that a loss may result from a counterparty's failure to perform according to the terms and conditions of the contract, which may exceed the value of underlying collateral. To reduce credit risk, the MUFG Group may require collateral or guarantees based on a case-by-case assessment of creditworthiness of each customer and evaluation of the instrument. The MUFG Group also uses master netting agreements in order to mitigate overall counterparty credit risk.

***Trading Activities***

The MUFG Group's trading activities include dealing and customer accommodation activities. As part of its trading activities, the MUFG Group offers a variety of derivative financial instruments for managing interest rate and foreign exchange risk to its domestic and foreign corporate and financial institution customers. The MUFG Group also enters into other types of derivative transactions, including equity and credit-related contracts, for its own account.

***Risk Management Activities***

As part of the MUFG Group's risk management activities, asset and liability management is viewed as one of the methods for the MUFG Group to manage its interest rate exposures on interest-bearing assets and liabilities. The MUFG Group uses certain derivative financial instruments in order to minimize significant unplanned fluctuations in earnings that are caused by interest rate volatility. For example, an increase or a decrease in interest income and interest expense on hedged variable rate assets and liabilities as a result of interest rate fluctuations are expected to be substantially offset by the variability in earnings by gains and losses on the derivative instruments that are linked to these hedged assets and liabilities.

The MUFG Group enters into interest rate swaps and other contracts primarily to manage the interest rate risk of its loans, investment securities and deposit liabilities. Interest rate contracts, which are generally non-leveraged generic interest rate and basis swaps, options and futures, allow the MUFG Group to effectively manage its interest rate risk position. Option contracts primarily consist of caps, floors, swaptions and options on index futures. Futures contracts used for asset and liability management activities are primarily index futures providing for cash payments based upon the movement of an underlying rate index.

The MUFG Group enters into forward exchange contracts, currency swaps and other contracts in response to currency exposures resulting from on-balance sheet assets and liabilities denominated in foreign currencies in order to limit the net foreign exchange position by currency to an appropriate level.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

***Notional Amounts of Derivative Contracts***

The following table summarizes the notional amounts of derivative contracts at March 31, 2023 and 2024:

	Notional amounts <sup>(1)</sup>			
	2023		2024	
	(in trillions)			
Interest rate contracts	¥	1,625.6	¥	1,812.9
Foreign exchange contracts		307.4		340.2
Equity contracts		5.3		5.0
Commodity contracts		0.1		0.2
Credit derivatives		11.5		5.3
Other		3.2		3.6
Total	¥	1,953.1	¥	2,167.2

Note:

(1) Includes both written and purchased positions.

***Impact of Derivatives on the Consolidated Balance Sheets***

The following table summarizes fair value information on derivative instruments that are recorded on the MUFG Group's consolidated balance sheets at March 31, 2023 and 2024:

	Fair value of derivative instruments											
	2023 <sup>(1)(5)</sup>			2024 <sup>(1)(5)</sup>								
	Not designated as hedges <sup>(2)</sup>	Designated as hedges <sup>(3)</sup>	Total derivatives <sup>(4)</sup>	Not designated as hedges <sup>(2)</sup>	Designated as hedges <sup>(3)</sup>	Total derivatives <sup>(4)</sup>						
	(in billions)											
<b>Derivative assets:</b>												
Interest rate contracts	¥	7,445	¥	—	¥	7,445	¥	9,506	¥	—	¥	9,506
Foreign exchange contracts		5,276		5		5,281		5,628		5		5,633
Equity contracts		90		—		90		123		—		123
Commodity contracts		10		—		10		19		—		19
Credit derivatives		80		—		80		47		—		47
Other <sup>(6)</sup>		5		—		5		—		—		—
Total derivative assets	¥	12,906	¥	5	¥	12,911	¥	15,323	¥	5	¥	15,328
<b>Derivative liabilities:</b>												
Interest rate contracts	¥	8,697	¥	—	¥	8,697	¥	10,693	¥	—	¥	10,693
Foreign exchange contracts		5,018		—		5,018		5,546		1		5,547
Equity contracts		128		—		128		158		—		158
Commodity contracts		10		—		10		18		—		18
Credit derivatives		90		—		90		62		—		62
Other <sup>(6)</sup>		(110)		—		(110)		(110)		—		(110)
Total derivative liabilities	¥	13,833	¥	—	¥	13,833	¥	16,367	¥	1	¥	16,368

Notes:

(1) The fair value of derivative instruments is presented on a gross basis even when derivative instruments are subject to master netting agreements. Cash collateral payable and receivable associated with derivative instruments are not added to or netted against the fair value amounts.

(2) The derivative instruments which are not designated as a hedging instrument are held for trading and risk management purposes, and are presented in Trading account assets and liabilities except for (6).

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

- (3) The MUFG Group adopts hedging strategies and applies hedge accounting to certain derivative transactions entered into by certain subsidiaries. The derivative instruments which are designated as hedging instruments are presented in Other assets or Other liabilities on the accompanying consolidated balance sheets.
- (4) This table does not include contracts with embedded derivatives for which the fair value option has been elected.
- (5) For more information about fair value measurement and assumptions used to measure the fair value of derivatives, see Note 31.
- (6) Other mainly includes bifurcated embedded derivatives carried at fair value, which are presented in Loans, Deposits and Long-term debt.

***Impact of Derivatives on the Consolidated Statements of Operations***

The following table provides more detailed information regarding the derivative-related impact on the accompanying consolidated statements of operations for the fiscal years ended March 31, 2022, 2023 and 2024:

Gains and losses for trading and risk management derivatives (not designated as hedging instruments)

	Trading and risk management derivatives gains and losses (Not designated as hedging instruments)								
	2022			2023			2024		
	Foreign exchange gains (losses) —net	Trading account profits (losses) —net	Total	Foreign exchange gains (losses) —net	Trading account profits (losses) —net	Total	Foreign exchange gains (losses) —net	Trading account profits (losses) —net	Total
	(in billions)								
Interest rate contracts	¥ —	¥ 51	¥ 51	¥ —	¥ 263	¥ 263	¥ —	¥ (216)	¥ (216)
Foreign exchange contracts	(39)	—	(39)	61	—	61	(398)	—	(398)
Equity contracts	—	(98)	(98)	—	(13)	(13)	—	(618)	(618)
Commodity contracts	—	—	—	—	—	—	—	(1)	(1)
Credit derivatives	—	(34)	(34)	—	(20)	(20)	—	(27)	(27)
Other <sup>(1)</sup>	(6)	(21)	(27)	(3)	8	5	(9)	(85)	(94)
Total	¥ (45)	¥ (102)	¥ (147)	¥ 58	¥ 238	¥ 296	¥ (407)	¥ (947)	¥ (1,354)

Note:  
(1) Other mainly includes bifurcated embedded derivatives carried at fair value, which are presented in Loans, Deposits and Long-term debt.

***Credit Derivatives***

The MUFG Group enters into credit derivatives to manage its credit risk exposure, to facilitate client transactions, and for proprietary trading purposes, under which they provide the counterparty protection against the risk of default on a set of debt obligations issued by a specified reference entity or entities. Types of such credit derivatives primarily include single name credit default swaps, index and basket credit default swaps. The MUFG Group will have to perform under a credit derivative if a credit event as defined under the contract occurs. Such credit events include bankruptcy, dissolution or insolvency of the referenced entity, default and restructuring of the obligations of the referenced entity. The MUFG Group's counterparties are banks, broker-dealers, insurance and other financial institutions. The contractual or notional amounts of these credit derivatives represent the maximum potential amounts of future payments without consideration of possible recoveries under recourse provisions or from collateral held or pledged.

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

The table below summarizes certain information regarding protection sold through credit derivatives as of March 31, 2023 and 2024:

	Protection sold				
	Maximum potential/Notional amount by expiration period				Fair value
	1 year or less	1-5 years	Over 5 years	Total	(Asset)/ Liability <sup>(1)</sup>
	(in millions)				
<b>At March 31, 2023:</b>					
<b>Single name credit default swaps:</b>					
Investment grade <sup>(2)</sup>	¥ 616,504	¥ 2,222,393	¥ 529,796	¥ 3,368,693	¥ (30,117)
Non-investment grade	163,982	313,135	48,177	525,294	13,477
Total	780,486	2,535,528	577,973	3,893,987	(16,640)
<b>Index and basket credit default swaps:</b>					
Investment grade <sup>(2)</sup>	—	217,259	1,596	218,855	(1,266)
Non-investment grade	37,359	599,638	6,200	643,197	(7,121)
Not rated	—	435,452	3,192	438,644	(3,329)
Total	37,359	1,252,349	10,988	1,300,696	(11,716)
Total credit default swaps sold	¥ 817,845	¥ 3,787,877	¥ 588,961	¥ 5,194,683	¥ (28,356)
<b>At March 31, 2024:</b>					
<b>Single name credit default swaps:</b>					
Investment grade <sup>(2)</sup>	¥ 212,513	¥ 736,935	¥ 219,642	¥ 1,169,090	¥ (17,199)
Non-investment grade	82,749	146,029	15,837	244,615	211
Total	295,262	882,964	235,479	1,413,705	(16,988)
<b>Index and basket credit default swaps:</b>					
Investment grade <sup>(2)</sup>	73,300	681,443	10,202	764,945	(11,458)
Non-investment grade	—	—	—	—	—
Not rated	2,836	24,623	3,404	30,863	(548)
Total	76,136	706,066	13,606	795,808	(12,006)
Total credit default swaps sold	¥ 371,398	¥ 1,589,030	¥ 249,085	¥ 2,209,513	¥ (28,994)

Notes:

- (1) Fair value amounts are shown on a gross basis prior to cash collateral or counterparty netting.
- (2) The MUFG Group considers ratings of Baa3/BBB- or higher to meet the definition of investment grade.

*Single name credit default swaps*—Single name credit default swap protects the buyer against the loss of principal on a bond or loan in case of a default by the issuer. The protection buyer pays a premium to the MUFG Group and is protected for the period of the credit default swap. As the seller of protection, the MUFG Group in turn will have to perform under a credit default swap if a credit event as defined under the contracts occurs. In order to provide an indication of the current payment/performance risk of the credit default swaps, the external credit ratings, primarily those provided by Moody's and Standard & Poor's ("S&P"), of the underlying reference entity of the credit default swaps are disclosed.

*Index and basket credit default swaps*—Index and basket credit default swaps are credit default swaps that reference multiple names through underlying baskets or portfolios of single name credit default swaps. Typically, in the event of a default on one of the underlying names, the MUFG Group, as the seller of protection, will have to pay a pro-rata portion of the total notional amount of the credit default index or basket contract. In order to provide an indication of the current payment/performance risk of these credit default



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swaps, the rating scale based upon internal ratings, which generally correspond to ratings defined by primarily Moody's and S&P, of the underlying reference entities comprising the basket or index were calculated and disclosed.

The MUFG Group may economically hedge its exposure to credit derivatives by entering into offsetting derivative contracts. The carrying value and notional amounts of credit protection sold in which the MUFG Group held purchased protection with identical underlying referenced entities were approximately ¥27 billion and ¥4,880 billion, respectively, at March 31, 2023, and approximately ¥25 billion and ¥1,920 billion, respectively, at March 31, 2024.

Collateral is held by the MUFG Group in relation to these instruments. Collateral requirements are determined at the counterparty level and cover numerous transactions and products as opposed to individual contracts.

***Credit Risk, Liquidity Risk and Credit-risk-related Contingent Features***

Certain derivative instruments held by the MUFG Group contain provisions that require the MUFG Group's debt to maintain an investment grade credit rating from each of the major credit rating agencies. If the MUFG Group's debt were to fall below investment grade, it would be in violation of these provisions, and the counterparties to the derivative instruments could request payments on early termination or demand immediate and ongoing full overnight collateralization on derivative instruments in net liability positions. The aggregate fair value of all derivative instruments with credit-risk-related contingent features that were in a liability position at March 31, 2023 and 2024 was approximately ¥0.8 trillion and ¥0.8 trillion, respectively, for which the MUFG Group has posted collateral of approximately ¥222 billion and ¥274 billion, respectively, in the normal course of business. The amount of additional collateral and early termination amount which could be requested if the MUFG Group's debt falls below investment grade was ¥70 billion and ¥116 billion, respectively, as of March 31, 2023 and ¥67 billion and ¥129 billion, respectively, as of March 31, 2024.

**24. OBLIGATIONS UNDER GUARANTEES AND OTHER OFF-BALANCE SHEET INSTRUMENTS**

***Obligations under Guarantees***

The MUFG Group provides customers with a variety of guarantees and similar arrangements, including standby letters of credit, financial and performance guarantees, credit protection, liquidity facilities, other off-balance sheet credit-related support and similar instruments, in order to meet the customers' financial and business needs. The tables below present the contractual or notional amounts of such guarantees at March 31, 2023 and 2024. The contractual or notional amounts of these instruments represent the maximum potential amounts of future payments without consideration of possible recoveries under recourse provisions or from collateral held or pledged.

For certain types of derivatives, such as written interest rate options and written currency options, the maximum potential future payments are unlimited. Accordingly, it is impracticable to estimate the maximum potential amount of future payments. As such, the notional amounts of the related contracts, other than the maximum potential payments, are included in the table.

The MUFG Group mitigates its credit risk exposure resulting from guarantees by utilizing various techniques, including collateralization in the form of cash, securities, and real estate properties based on management's credit assessment of the guaranteed parties and the related credit profile. In order to manage the credit risk exposure, the MUFG Group also enters into sub-participation contracts with third parties who will fund a portion of the credit facility and bear its share of the loss to be incurred in the event that the customer fails to fulfill its obligations. The following table includes guarantees of ¥549.1 billion and ¥681.4 billion at March 31, 2023 and 2024, respectively, which are syndicated out to third parties. The contractual or notional amounts summarized in the following table do not necessarily bear any direct relationship to the future actual credit exposure, primarily because of risk management techniques of the MUFG Group.

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	Maximum potential/ Contractual or Notional amount	Amount by expiration period		
		1 year or less	1-5 years	Over 5 years
		(in billions)		
<b>At March 31, 2023:</b>				
Standby letters of credit and financial guarantees	¥ 4,975	¥ 4,047	¥ 743	¥ 185
Performance guarantees	4,179	3,100	930	149
Derivative instruments <sup>(1)</sup>	48,363	22,197	16,036	10,130
Liabilities of trust accounts	17,139	8,780	798	7,561
Other	85	15	70	—
Total	<u>¥ 74,741</u>	<u>¥ 38,139</u>	<u>¥ 18,577</u>	<u>¥ 18,025</u>
<b>At March 31, 2024:</b>				
Standby letters of credit and financial guarantees	¥ 5,320	¥ 4,330	¥ 823	¥ 167
Performance guarantees	4,770	3,598	1,005	167
Derivative instruments <sup>(1)</sup>	51,046	22,233	18,100	10,713
Liabilities of trust accounts	19,938	12,502	738	6,698
Other	40	38	2	—
Total	<u>¥ 81,114</u>	<u>¥ 42,701</u>	<u>¥ 20,668</u>	<u>¥ 17,745</u>

Note:

(1) Credit derivatives sold by the MUFG Group are excluded from this presentation.

*Nature of Guarantee Contracts*

Standby letters of credit and financial guarantees generally include an obligation of an issuer or a designated third-party to guarantee the performance of the customer to the beneficiary under the terms of contracts such as lending contracts and other similar financial transactions. The MUFG Group is required to make payments to the guaranteed parties in the event that the customers fail to fulfill the obligations under the contracts. The guarantees whose contractual maturities are over 5 years are mainly comprised of guarantees of housing loans.

Performance guarantees are contracts that contingently require the MUFG Group to make payments to the guaranteed party based on another party's failure to perform under an obligating agreement, except financial obligation. For example, performance guarantees include guarantees of completion of construction projects.

Derivative instruments that are deemed to be included within the definition of guarantees as prescribed in the guidance on guarantees include certain written options and credit default swaps. In order for the MUFG Group to determine if those derivative instruments meet the definition of guarantees, as prescribed in the guidance on guarantees, the MUFG Group has to track whether the counterparties are actually exposed to losses that will result from the adverse change in the underlying. Accordingly, the MUFG Group has disclosed information on all credit default swaps and certain written options for which there is a possibility of meeting the definition of guarantees as prescribed in the guidance on guarantees, regardless of whether the counterparties have assets or liabilities related to the underlying of the derivatives. However, credit derivatives sold by the MUFG Group at March 31, 2023 and 2024 are excluded from this presentation, as they are disclosed in Note 23.

Liabilities of trust accounts represent the trustee's potential responsibility for temporary payments to creditors of liabilities of trust accounts making use of funds of the MUFG Group, unless there are certain agreements with trust creditors that have provisions limiting the MUFG Group's exposure as a trustee to the trust account assets. A trust may incur external liabilities to obtain certain services during the terms of the trust arrangement. While in principle, any liabilities of a trust are payable by the trust account and its beneficiaries. A trustee's responsibility may be interpreted to encompass temporary payments for the trust account liabilities when the trust account does not maintain sufficient liquidity available for such liabilities unless the agreement with trust creditors limits the

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trustee's exposure to the trust account assets. Liabilities of trust accounts principally includes obligations to return collateral under security lending transactions. The MUFG Group has experienced no significant losses on such responsibilities and its exposure to the risk associated with the temporary payments is judged to be remote because trust account liabilities are generally covered by the corresponding trust account assets. The MUFG Group continuously monitors the liabilities of trust accounts and assesses the trust account's ability to perform its obligations to prevent any unfavorable outcomes; the MUFG Group claims its recourse for its temporary payments against the trust account assets and the beneficiaries.

*Carrying Amount*

At March 31, 2023 and 2024, the carrying amounts of the liabilities related to guarantees and similar instruments set forth above were ¥1,243,157 million and ¥1,242,240 million, respectively, which are included in Other liabilities and Trading account liabilities. The guarantees and similar instruments comprising the largest components of the total were options sold in the amount of ¥1,188,798 million and ¥1,175,027 million as of March 31, 2023 and 2024, respectively. Credit derivatives sold by the MUFG Group at March 31, 2023 and 2024 are excluded from this presentation, as they are disclosed in Note 23. In addition, Other liabilities include an allowance for off-balance sheet instruments of ¥48,615 million and ¥58,383 million at March 31, 2023 and 2024, respectively, related to these transactions.

*Performance Risk*

The MUFG Group monitors performance risk of its guarantees using the same credit rating system utilized for estimating probabilities of default with its loan portfolio. The MUFG Group's credit rating system is consistent with both the method of evaluating credit risk under Basel III and those of third-party credit rating agencies. On certain underlying referenced credits or entities, ratings are not available. Such referenced credits are included in the "Not rated" category in the following tables.

Presented in the tables below is the maximum potential amount of future payments classified based upon internal credit ratings as of March 31, 2023 and 2024. The determination of the maximum potential future payments is based on the notional amount of the guarantees without consideration of possible recoveries under recourse provisions or from collateral held or pledged. Such amounts do not represent the anticipated losses, if any, on these guarantees.

	Maximum potential/ Contractual or Notional amount	Amount by borrower grade			
		Normal	Close Watch <sup>(1)</sup>	Likely to become Bankrupt or Legally/ Virtually Bankrupt <sup>(2)</sup>	Not rated
<b>At March 31, 2023:</b>					
		(in billions)			
Standby letters of credit and financial guarantees	¥ 4,975	¥ 4,819	¥ 78	¥ 17	¥ 61
Performance guarantees	4,179	4,066	53	29	31
<b>Total</b>	<b>¥ 9,154</b>	<b>¥ 8,885</b>	<b>¥ 131</b>	<b>¥ 46</b>	<b>¥ 92</b>

	Maximum potential/ Contractual or Notional amount	Amount by borrower grade			
		Normal	Close Watch <sup>(1)</sup>	Likely to become Bankrupt or Legally/ Virtually Bankrupt <sup>(2)</sup>	Not rated
<b>At March 31, 2024:</b>					
		(in billions)			
Standby letters of credit and financial guarantees	¥ 5,320	¥ 5,161	¥ 123	¥ 18	¥ 18
Performance guarantees	4,770	4,668	44	29	29
<b>Total</b>	<b>¥ 10,090</b>	<b>¥ 9,829</b>	<b>¥ 167</b>	<b>¥ 47</b>	<b>¥ 47</b>

Notes:

- (1) Borrowers classified as Close Watch represent those that require close monitoring as the borrower has begun to exhibit elements of potential concern with respect to its business performance and financial condition, the borrower has begun to exhibit elements of serious concern with respect to its business performance and financial condition, including business problems requiring long-term solutions, or loans contractually past due 90 days or more for special reasons.

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(2) Borrowers classified as Likely to become Bankrupt or Legally/Virtually Bankrupt represent those that have a higher probability of default than those categorized as Close Watch due to serious debt repayment problems with poor progress in achieving restructuring plans, the borrower being considered virtually bankrupt with no prospects for an improvement in business operations, or the borrower being legally bankrupt with no prospects for continued business operations because of non-payment, suspension of business, voluntary liquidation or filing for legal liquidation.

The guarantees the MUFG Group does not classify based upon internal credit ratings are as follows.

The MUFG Group records all derivative contracts at fair value. Aggregate market risk limits have been established, and market risk measures are routinely monitored against these limits. The MUFG Group also manages its exposure to these derivative contracts through a variety of risk mitigation strategies, including, but not limited to, offsetting economic hedge positions. The MUFG Group expects the risk of loss to be remote and believes that the notional amounts of the derivative contracts generally exceed its exposure.

Liabilities of trust accounts represent the trustee’s potential responsibility for temporary payments to creditors of liabilities of trust accounts using funds of the MUFG Group. The MUFG Group has experienced no significant losses on such responsibilities and its exposure to the risk associated with the temporary payments is judged to be remote because trust account liabilities are generally covered by the corresponding trust account assets.

***Other Off-balance Sheet Instruments***

In addition to obligations under guarantees and similar arrangements set forth above, the MUFG Group issues other off-balance sheet instruments to meet the financial needs of its customers and for purposes other than trading. Such off-balance sheet instruments consist of lending-related commitments, including commitments to extend credit and commercial letters of credit that the MUFG Group provides to meet the financing needs of its customers. Once the MUFG Group issues these off-balance sheet instruments, the MUFG Group is required to extend credit to or make certain payments to the customers or beneficiaries specified pursuant to the underlying contracts unless otherwise provided in the contracts. Since many of these commitments expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Substantially all of our off-balance sheet instruments is comprised of commitments to extend credit at March 31, 2024, and approximately 63% of these commitments will expire within one year, 33% from one year to five years and 4% after five years. The table below presents the contractual amounts with regard to the other off-balance sheet instruments at March 31, 2023 and 2024:

	2023		2024	
	(in billions)			
Commitments to extend credit	¥	88,631	¥	94,383
Commercial letters of credit		871		974
Commitments to make investments		705		674

Commitments to extend credit, which generally have fixed expiration dates or other termination clauses, are binding agreements to lend to customers. Commitments are different from guarantees in that the commitments are generally revocable or have provisions that enable the MUFG Group to avoid payments in the event of violations of any conditions of the contracts and certain deterioration of the potential borrowers’ financial condition.

Commercial letters of credit, generally used for trade transactions, are typically secured by the underlying goods. The MUFG Group continually monitors the type and amount of collateral and other securities, and requires counterparties to provide additional collateral or guarantors as necessary.

Commitments to make investments are legally binding contracts such as to make additional contributions to corporate recovery or private equity investment funds in accordance with limited partnership agreements. Some of these funds, in which the MUFG Group has significant variable interests, are described in Note 25.

**25. VARIABLE INTEREST ENTITIES**

In the normal course of business, the MUFG Group has financial interests and other contractual obligations in various entities which may be deemed to be VIEs such as asset-backed conduits, various investment funds, special purpose entities created for structured financing, repackaged instruments, entities created for the securitization of the MUFG Group’s assets and trust arrangements.

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The following tables present the assets and liabilities of consolidated VIEs recorded on the accompanying consolidated balance sheets at March 31, 2023 and 2024:

<u>Consolidated VIEs</u>	<u>Consolidated assets</u>						
	<u>Total</u>	<u>Cash and due from banks</u>	<u>Interest- earning deposits in other banks</u>	<u>Trading account assets</u>	<u>Investment securities</u>	<u>Loans</u>	<u>All other assets</u>
<u>At March 31, 2023:</u>	(in millions)						
Asset-backed conduits	¥ 7,388,845	¥ 71,649	¥ 34,521	¥ 47,606	¥ 1,027,862	¥ 6,185,514	¥ 21,693
Investment funds	1,331,962	—	46,157	359,777	65,204	—	860,824
Special purpose entities created for structured financing	248,952	—	2,593	8,624	—	135,606	102,129
Repackaged instruments	243,513	7,882	—	167,007	53,617	15,007	—
Securitization of the MUFG Group's assets	10,389,398	—	1,434	—	—	10,371,275	16,689
Trust arrangements	8,176,795	—	—	833,864	1,514,530	5,828,397	4
Other	62,109	584	3,952	14,606	16,159	2,822	23,986
Total consolidated assets before elimination	27,841,574	80,115	88,657	1,431,484	2,677,372	22,538,621	1,025,325
The amounts eliminated in consolidation	(6,739,954)	(71,872)	(36,626)	(63,556)	(600,635)	(5,940,036)	(27,229)
Total consolidated assets	<u>¥21,101,620</u>	<u>¥ 8,243</u>	<u>¥ 52,031</u>	<u>¥1,367,928</u>	<u>¥ 2,076,737</u>	<u>¥16,598,585</u>	<u>¥ 998,096</u>
	<u>Consolidated liabilities</u>						
	<u>Total</u>	<u>Deposits</u>	<u>Other short- term borrowings</u>	<u>Long-term debt</u>	<u>All other liabilities</u>		
	(in millions)						
Asset-backed conduits	¥ 7,364,030	¥ —	¥ 5,587,813	¥ 1,367,234	¥ 408,983		
Investment funds	830,751	—	817,292	7,407	6,052		
Special purpose entities created for structured financing	127,768	—	—	109,352	18,416		
Repackaged instruments	245,829	—	—	230,285	15,544		
Securitization of the MUFG Group's assets	10,418,160	—	—	10,154,662	263,498		
Trust arrangements	8,176,907	6,408,837	840,690	—	927,380		
Other	56,902	—	1,456	31,900	23,546		
Total consolidated liabilities before elimination	27,220,347	6,408,837	7,247,251	11,900,840	1,663,419		
The amounts eliminated in consolidation	(16,102,106)	(302)	(3,696,647)	(11,469,378)	(935,779)		
The amount of liabilities with recourse to the general credit of the MUFG Group	(10,503,305)	(6,408,535)	(3,505,172)	(25,033)	(564,565)		
Liabilities of consolidated VIEs for which creditors or beneficial interest holders do not have recourse to the general credit of the MUFG Group	<u>¥ 614,936</u>	<u>¥ —</u>	<u>¥ 45,432</u>	<u>¥ 406,429</u>	<u>¥ 163,075</u>		

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<u>Consolidated VIEs</u>	<u>Consolidated assets</u>						
	<u>Total</u>	<u>Cash and due from banks</u>	<u>Interest- earning deposits in other banks</u>	<u>Trading account assets</u>	<u>Investment securities</u>	<u>Loans</u>	<u>All other assets</u>
<u>At March 31, 2024:</u>	(in millions)						
Asset-backed conduits	¥ 8,186,919	¥ 66,761	¥ 33,826	¥ 45,689	¥ 860,760	¥ 7,045,964	¥ 133,919
Investment funds	1,662,843	1,759	30,748	337,619	77,334	—	1,215,383
Special purpose entities created for structured financing	247,908	—	3,820	—	—	143,688	100,400
Repackaged instruments	296,435	9,892	—	137,795	132,951	15,000	797
Securitization of the MUFG Group's assets	10,447,956	—	1,664	—	—	10,428,225	18,067
Trust arrangements	5,352,775	—	—	803,348	1,811,498	2,737,908	21
Other	85,008	470	5,366	14,059	38,219	2,481	24,413
Total consolidated assets before elimination	26,279,844	78,882	75,424	1,338,510	2,920,762	20,373,266	1,493,000
The amounts eliminated in consolidation	(3,671,326)	(68,736)	(41,258)	(72,217)	(600,219)	(2,859,135)	(29,761)
Total consolidated assets	<u>¥22,608,518</u>	<u>¥ 10,146</u>	<u>¥ 34,166</u>	<u>¥1,266,293</u>	<u>¥ 2,320,543</u>	<u>¥17,514,131</u>	<u>¥1,463,239</u>

	<u>Consolidated liabilities</u>				
	<u>Total</u>	<u>Deposits</u>	<u>Other short- term borrowings</u>	<u>Long-term debt</u>	<u>All other liabilities</u>
	(in millions)				
Asset-backed conduits	¥ 8,162,014	¥ —	¥ 6,331,278	¥ 1,371,157	¥ 459,579
Investment funds	1,147,832	—	1,136,495	8,772	2,565
Special purpose entities created for structured financing	136,089	—	—	117,806	18,283
Repackaged instruments	301,045	—	—	287,192	13,853
Securitization of the MUFG Group's assets	10,460,439	—	—	10,454,694	5,745
Trust arrangements	5,352,880	3,292,449	1,131,120	—	929,311
Other	78,350	—	966	54,159	23,225
Total consolidated liabilities before elimination	25,638,649	3,292,449	8,599,859	12,293,780	1,452,561
The amounts eliminated in consolidation	(16,806,678)	(432)	(4,242,371)	(11,888,346)	(675,529)
The amount of liabilities with recourse to the general credit of the MUFG Group	(8,275,680)	(3,292,017)	(4,311,280)	(26,417)	(645,966)
Liabilities of consolidated VIEs for which creditors or beneficial interest holders do not have recourse to the general credit of the MUFG Group	<u>¥ 556,291</u>	<u>¥ —</u>	<u>¥ 46,208</u>	<u>¥ 379,017</u>	<u>¥ 131,066</u>

In general, the creditors or beneficial interest holders of consolidated VIEs have recourse not only to the assets of those VIEs of which they are creditors or beneficial interest holders, but also to other assets of the MUFG Group, since the MUFG Group is also contractually required to provide credit enhancement or program-wide liquidity to these VIEs.

The following tables present the total assets of non-consolidated VIEs, the maximum exposure to loss resulting from the MUFG Group's involvement with non-consolidated VIEs and the assets and liabilities which relate to the MUFG's variable interests in non-consolidated VIEs at March 31, 2023 and 2024:



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<u>Non-consolidated VIEs</u>	<u>On-balance sheet assets</u>						<u>On-balance sheet liabilities</u>		
	<u>Total assets</u>	<u>Maximum exposure</u>	<u>Total</u>	<u>Trading account assets</u>	<u>Investment securities</u>	<u>Loans</u>	<u>All other assets</u>	<u>Total</u>	<u>All other liabilities</u>
<b>At March 31, 2023:</b>	(in millions)								
Asset-backed conduits	¥ 41,001,958	¥ 8,062,589	¥ 6,384,079	¥ 21,719	¥ 2,205,877	¥ 4,142,995	¥ 13,488	¥ 10,823	¥ 10,823
Investment funds	55,386,213	4,930,989	3,446,109	262,312	120,436	2,710,177	353,184	27,606	27,606
Special purpose entities created for structured financing	54,543,066	5,864,814	3,907,598	80,382	39,357	3,749,670	38,189	208,100	208,100
Repackaged instruments	9,034,058	4,372,581	4,117,969	944,795	2,641,384	386,793	144,997	2,230	2,230
Other	87,989,676	3,989,548	2,761,087	146,286	7,552	2,523,976	83,273	46,354	46,354
Total	<u>¥ 247,954,971</u>	<u>¥ 27,220,521</u>	<u>¥ 20,616,842</u>	<u>¥ 1,455,494</u>	<u>¥ 5,014,606</u>	<u>¥ 13,513,611</u>	<u>¥ 633,131</u>	<u>¥ 295,113</u>	<u>¥ 295,113</u>
<b>At March 31, 2024:</b>	(in millions)								
Asset-backed conduits	¥ 39,009,182	¥ 9,223,412	¥ 7,284,351	¥ 13,184	¥ 2,147,351	¥ 5,123,816	¥ —	¥ 3,860	¥ 3,860
Investment funds	140,717,674	7,385,746	4,757,037	321,000	300,803	3,719,748	415,486	16,172	16,172
Special purpose entities created for structured financing	72,097,637	7,695,707	5,333,648	92,261	61,114	5,134,955	45,318	251,036	251,036
Repackaged instruments	10,205,539	5,144,654	5,004,762	1,683,889	2,592,589	497,156	231,128	—	—
Other	96,343,162	4,594,025	3,234,286	261,745	—	2,871,454	101,087	17,651	17,651
Total	<u>¥ 358,373,194</u>	<u>¥ 34,043,544</u>	<u>¥ 25,614,084</u>	<u>¥ 2,372,079</u>	<u>¥ 5,101,857</u>	<u>¥ 17,347,129</u>	<u>¥ 793,019</u>	<u>¥ 288,719</u>	<u>¥ 288,719</u>

Maximum exposure to loss on each type of entity is determined based on the carrying amount of any on-balance sheet assets and any off-balance sheet liabilities held, net of any recourse liabilities. Therefore, the maximum exposure to loss represents the maximum loss the MUFG Group could possibly incur at each balance sheet date and does not reflect the likelihood of such a loss being incurred. The difference between the amount of on-balance sheet assets and the maximum exposure to loss primarily comprises the remaining undrawn commitments.

**Analysis of Each Transaction Category**

***Asset-Backed Conduits***

This category primarily comprises the following:

*Multi-Seller Conduits (MUFG-sponsored Asset-Backed Commercial Paper (“ABCP”) Conduits and Other ABCP Conduits)*

The MUFG Group administers several conduits under asset-backed financing programs under which the conduits purchase financial assets, primarily trade accounts receivable, from the MUFG Group’s customers by issuing short-term financing instruments, primarily commercial paper, to third-party investors. Under the asset-backed financing programs, the MUFG Group acts as an agent for the conduits, which enter into agreements with the MUFG Group’s customers where the customers transfer financial assets to the conduits in exchange for monetary consideration. The MUFG Group also underwrites commercial paper for the conduits that is secured by the assets held by them and provides program-wide liquidity and credit enhancement facilities to the conduits. The MUFG Group receives fees related to the services it provides to the conduits and the program-wide liquidity and credit enhancement. The MUFG Group considers itself to be the primary beneficiary of the multi-seller conduits because, as an agent and sponsor, the MUFG Group has the power to direct activities of the conduits that most significantly impact the conduits’ economic performance and also has the obligation to absorb losses of the conduits that could potentially be significant to the conduits through the program-wide liquidity and credit enhancement. Consequently, the MUFG Group consolidates the conduits.

In addition to the entities described above, the MUFG Group participates as a provider of financing to several conduits that are administered by third parties. Most of these conduits are established under a multi-seller asset-backed financing program and the MUFG Group provides financing along with other financial institutions. With respect to these conduits, the MUFG Group is not considered as the primary beneficiary because the MUFG Group’s participation in the conduits is only to provide financing along with

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other third-party financial institutions and it does not have the power to direct the activities of the conduits. Consequently, the MUFG Group does not consolidate the conduits.

*Asset-Backed Conduits (MUFG-sponsored Asset-Backed Loan (“ABL”) Programs and Other Programs)*

The MUFG Group administers several conduits under asset-backed financing programs where the MUFG Group provides financing to fund the conduits' purchases of financial assets, comprising primarily trade accounts receivable, from its customers. The MUFG Group acts as an agent and sponsor for the conduits, which enter into agreements with the MUFG Group's customers where the customers transfer assets to the conduits in exchange for monetary consideration. In most cases, the MUFG Group is the sole provider of financing that is secured by the assets held by the conduits. The MUFG Group considers itself to be the primary beneficiary of the conduits because, as an agent and sponsor for the conduits, the MUFG Group has the power to direct activities of the conduits, such as selection of the assets to be purchased and condition for purchases, and debt collection from the original obligors, that most significantly impact the conduits' economic performance, and also has the obligation to absorb losses of the conduits that could potentially be significant to the conduits through financing it provides. Consequently, the MUFG Group consolidates the conduits.

In addition, the MUFG Group is involved with entities, which take in most cases the form of a trust, where originators of financial assets, which primarily comprise lease receivables, entrust the assets with trust banks and receive beneficial certificates of trusts in exchange. The originators then transfer the beneficiary certificates to the MUFG Group in exchange for cash. The originators of the financial assets entrusted continue to be involved in the assets as servicers. Because the originators are deemed to have the power to direct activities of the entities that most significantly impact the entities' economic performance through their role as a servicer, the MUFG Group is not considered as the primary beneficiary of these entities. Consequently, the MUFG Group does not consolidate these entities.

The MUFG Group also participates as a provider of financing to the ABL programs that are managed by third parties. The MUFG Group is not considered as the primary beneficiary of the entities used in these programs as the MUFG Group's participation in the entities is only to provide financing along with other third parties and it does not have the power to direct the activities of the entities. Consequently, the MUFG Group does not consolidate the entities used in these programs.

***Investment Funds***

This category primarily comprises the following:

*Corporate Recovery Funds*

These entities are established by fund managers, which are unrelated to the MUFG Group, for the purpose of investing in debt or equity instruments issued by distressed companies. After investment, the fund managers work closely with the management of the entities and attempt to enhance corporate value by various means including corporate restructuring and reorganization. Their exit strategies include, among others, sales to others and initial public offerings.

Typically, these entities take the form of a limited partnership which is entirely funded by general and limited partner interests. These partnerships are considered as VIEs unless the limited partners hold substantive kick-out rights or participating rights.

The MUFG Group mostly serves as a limited partner in corporate recovery funds that are considered as VIEs, and does not have the power to direct the activities of these funds that most significantly impact the economic performance of these funds. Therefore, the MUFG Group does not consider itself to be the primary beneficiary of these funds and does not consolidate them.

*Private Equity Funds*

The MUFG Group is involved in venture capital funds that are established by either the MUFG Group's entities or fund managers unrelated to the MUFG Group. These entities have specific investment objectives in connection with their acquisition of equity interests, such as providing financing and other support to start-up businesses, medium and small entities in a particular geographical area, and to companies with certain technology or companies in a high-growth industry.

These entities typically take the form of a limited partnership and usually are entirely funded by general and limited partner interests. These partnerships are considered as VIEs unless the limited partners hold substantive kick-out rights or participating rights.

The MUFG Group participates in these partnerships as a general partner or limited partner. The MUFG Group consolidates these funds, which are considered as VIEs, if the MUFG Group has the power to direct the activities of these funds that most

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significantly impact the economic performance of these funds, and also has the obligation to absorb losses of these funds that could potentially be significant to these funds or the right to receive benefits from these funds that could potentially be significant to these funds.

*Investment Trusts*

The MUFG Group invests in investment trusts that are professionally managed collective investment schemes which pool money from many investors and invest in, among others, equity and debt securities. Most of these funds take the form of a trust where there is a separation in investment decisions, which is assumed by an investment manager who has no investment in a trust, and ownership through beneficiary interests issued by a trust are owned by investors. Therefore, these investment trusts are considered as VIEs. The MUFG Group consolidates these funds if the MUFG Group has the power to direct the activities of these funds that most significantly impact the economic performance of these funds, and also has the obligation to absorb losses of these funds that could potentially be significant to these funds or the right to receive benefits from these funds that could potentially be significant to these funds.

*Buy-out Financing Vehicles*

The MUFG Group provides financing to buy-out vehicles. The buy-out vehicles are established by equity investments from, among others, private equity funds or the management of target companies for the purpose of purchasing the equity shares of target companies. Along with other financial institutions, the MUFG Group provides financing to the buy-out vehicles in the form of loans. While the buy-out vehicles' equity is normally substantive in its amount and the rights and obligations associated with it, in some cases, the vehicles have equity that is insufficient to absorb expected variability primarily because the amount provided by equity investors is nominal in nature. These vehicles engage in non-investment activities, and are considered as VIEs. In most cases, the MUFG Group's participation in these vehicles is only to provide financing to the vehicles, and the power to direct the activities that most significantly impact the economic performance of the vehicles is held by the management of target companies. As a result, the MUFG Group is not considered as the primary beneficiary of these vehicles and does not consolidate them.

***Special Purpose Entities Created for Structured Financing***

This category primarily comprises the following:

*Leasing Transaction Vehicles*

These entities are established to raise funds to purchase or build equipment and machinery including, among others, commercial vessels, passenger and cargo aircraft, and production equipment for the purpose of leasing them to lessees who use the equipment and machinery as part of their business operations. These entities typically take the form of a limited partnership or a special purpose company where they fund their purchases of equipment and machinery via senior and subordinate financing. When entities take the form of a limited partnership, these entities are considered as VIEs unless limited partners hold substantive kick-out rights or participating rights. The entities considered as VIEs are typically funded only by senior financing or there is a guarantee provided to the senior financing by parties unrelated to those providing the senior financing. In most cases, the MUFG Group participates in the senior financing and does not participate in the subordinate financing or provide guarantees. Generally, because the MUFG Group's participation in these entities is only to provide financing, it does not have the power to direct the activities of the entities that most significantly impact the economic performance of the entities. Therefore, the MUFG Group does not consider itself to be the primary beneficiary of these entities and does not consolidate them, except for limited circumstances where the MUFG Group is directly involved with the structuring of the transaction and has the power to direct the activities of the entities that most significantly impact the economic performance of the entities.

*Project Financing Vehicles*

These entities are established to raise funds in connection with, among others, production of natural resources, construction and development of urban infrastructure (including power plants and grids, highways and ports), and the development of real estate properties or complexes. These projects typically involve special purpose companies which issue senior and subordinate financing to raise funds in connection with the various projects. The subordinate financing is usually provided by parties that will ultimately make use of the assets constructed or developed. By contrast, the senior financing is typically provided by financial institutions, including the MUFG Group. Because the MUFG Group's participation in these entities is only to provide financing, it does not have the power to direct the activities that most significantly impact the economic performance of these entities. Therefore, the MUFG Group is not considered as the primary beneficiary of these entities and does not consolidate them.

*Sale-and-Leaseback Vehicles*

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The MUFG Group is involved with vehicles that acquire assets, primarily real estate, from the MUFG Group's customers and other unrelated parties where the sellers of the assets continue to use the assets through leaseback agreements. These vehicles typically take the form of a limited partnership, and are considered as VIEs unless the limited partners hold substantive kick-out rights or participating rights. The subordinated financing of these vehicles considered as VIEs is usually provided by the sellers of the assets, with the MUFG Group providing senior financing for the vehicles. Because the MUFG Group's participation in these vehicles is only to provide senior financing, it does not have the power to direct the activities that most significantly impact the economic performance of these vehicles. Therefore, the MUFG Group is not considered as the primary beneficiary and does not consolidate them.

*Securitization of Client Real Estate Properties*

These entities are established for the purpose of securitizing real estate properties held by the MUFG Group's customers. In most cases, these entities take the form of a limited partnership or a special purpose company. When entities take the form of a limited partnership, these entities are considered as VIEs unless the limited partners hold substantive kick-out rights or participating rights. The entities considered as VIEs are typically funded by senior and subordinated financing where the original owners of the real estate properties provide the subordinated financing, primarily in the form of partnership interests or subordinated notes, and financial institutions, including the MUFG Group, provide senior financing in the form of senior loans. Because the MUFG Group's participation in these vehicles is only to provide a portion of senior financing, it does not have the power to direct the activities that most significantly impact the economic performance of these entities. Therefore, the MUFG Group is not considered as the primary beneficiary and does not consolidate these entities.

***Repackaged Instruments***

This category primarily comprises the following:

*Investments in Financially-Engineered Products*

The MUFG Group is involved in special purpose entities that have been established to issue financial products through the engineering and repackaging of existing financial instruments such as collateralized debt obligations ("CDOs"). These entities are considered as VIEs because the holders of the equity investment at risk do not have the power to direct the activities that most significantly impact their economic performance. These entities are generally arranged and managed by parties that are not related to the MUFG Group. The MUFG Group's involvement with the entities arranged and managed by third parties is for investment purposes. In these cases, the MUFG Group participates as one of many other investors and the MUFG Group typically holds investments in senior tranches or tranches with high credit ratings. Therefore, the MUFG Group does not have the power to direct activities of the entities that most significantly impact the entities' economic performance, and thus is not considered as the primary beneficiary of these entities and does not consolidate these entities.

In certain instances, special purpose entities have been established and are managed by the MUFG Group. The MUFG Group's involvement includes establishing and arranging the transaction and underwriting securities issued by the entities to general investors. For these entities, the MUFG Group has the power to direct activities that most significantly impact the economic performance and it has the obligation to absorb losses or receive benefits that could potentially be significant to the entities. As such, the MUFG Group considers itself as the primary beneficiary of these entities and consolidates them.

*Investments in Securitized Financial Instruments*

The MUFG Group holds investments in special purpose entities that issue securitized financial products. The assets held by the entities include credit card receivables and residential mortgage loans. These entities are established and managed by parties that are unrelated to the MUFG Group and the MUFG Group's involvement with these entities is for its own investment purposes. In all cases, the MUFG Group participates as one of many other investors and the MUFG Group does not have the power to direct activities of the entities that most significantly impact the entities' economic performance. Therefore, the MUFG Group is not considered as the primary beneficiary of these entities and does not consolidate them.

***Securitization of the MUFG Group's Assets***

This category primarily comprises the following:

*Securitization for issuing interests or financing*

The MUFG Group establishes entities to securitize its own financial assets that include, among others, corporate and retail loans and lease receivables. The entities used for securitization, which typically take the form of a special purpose company or a trust, are

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established by the MUFG Group and, in most cases, issue senior and subordinate interests or financing. After securitization, the MUFG Group typically continues to service securitized assets as a servicer. The MUFG Group may also retain subordinate interests or financing or other interests. The MUFG Group is considered as the primary beneficiary and consolidates the entities used for securitization since it has the obligation to absorb losses through subordinate interests, and also has the power for determining and implementing policies as servicer that give it the ability to manage the entities' assets that become delinquent or are in default in order to improve the economic performance of the entities.

*Eligible beneficiary interests in housing loan trusts*

The MUFG Group establishes trusts, which acquire the MUFG Group's housing loans and in turn issue beneficiary interests to the MUFG Group, to pledge these beneficiary interests as collateral for borrowings from the Bank of Japan, as a result of the decision by the Bank of Japan on June 30, 2016 to accept these beneficial interests as collateral in the same way as it does for Japanese national government bonds. The MUFG Group is considered as the primary beneficiary and consolidates the trusts since it has the obligation to absorb losses through beneficiary interests, and also has the power for determining and implementing policies as servicer that give it the ability to manage housing loans owned by the trusts that become delinquent or are in default in order to improve the economic performance of the trusts.

***Trust Arrangements***

The MUFG Group offers, primarily through Mitsubishi UFJ Trust and Banking, a variety of trust products and services including securities investment trusts, pension trusts and trusts used as securitization vehicles. In a typical trust arrangement, however, the MUFG Group manages and administers assets on behalf of the customers in an agency, fiduciary and trust capacity and does not assume risks associated with the entrusted assets. The trusts are generally considered as VIEs because the trust beneficiaries, who provide all of the equity at risk, usually do not have power to direct the activities that most significantly impact its economic performance in the arrangements. The MUFG Group, however, is not considered as the primary beneficiary, mainly, except for the case mentioned below, because it merely receives fees for compensation for its services on terms that are customary for these activities and the fees are insignificant relative to the total amount of the trusts' economic performance and variability. Therefore, the MUFG Group does not consolidate these entities.

With respect to the jointly operated designated money in trusts, Mitsubishi UFJ Trust and Banking pools money from investors and determines how best to invest it. In addition, certain investors, such as money reserve funds and investment funds, place excess funds in the jointly operated designated money trusts. Mitsubishi UFJ Trust and Banking typically invests in high-quality financial assets, including government bonds, corporate bonds and corporate loans including loans to Mitsubishi UFJ Trust and Banking and receives fees as compensation for services. In this role as a sponsor of these trusts' Mitsubishi UFJ Trust and Banking provides guarantees under which it is required to compensate a loss on the stated principal of the trust beneficial interests. Mitsubishi UFJ Trust and Banking is considered as the primary beneficiary of these trusts' because it is exposed to a potentially significant amount of losses and also has the power to direct activities of these trusts' that most significantly impact their economic performance. Upon consolidation of the trusts, the certificates issued to the investors are accounted for as deposit liabilities as the products are structured and marketed to customers similar to Mitsubishi UFJ Trust and Banking's term deposit products.

Mitsubishi UFJ Trust and Banking considers the likelihood of incurring losses on the stated principal guarantee to be highly remote. In the trusts' operational history that extends over decades, the stated principal guarantee has never been called upon. The variability in fair value of the net assets of the trusts has been primarily affected by the fluctuations in interest rates, and the majority of such variability has been absorbed by investors or trust beneficiaries.

***Other***

This category primarily comprises the following:

*Financing Vehicles of the MUFG Group's Customers*

The MUFG Group is involved with several entities that are established by the MUFG Group's customers. These entities borrow funds from financial institutions and extend loans to their group entities. These entities effectively work as fund-raising vehicles for their respective group entities and enable the groups to achieve efficient financing by integrating their financing activities into a single entity. In all cases, the MUFG Group is not considered as the primary beneficiary because the MUFG Group's participation in these entities is only to provide financing, and the customers effectively hold the power to direct activities of these entities that most significantly impact the economic performance of the entities. Consequently, the MUFG Group does not consolidate these entities.



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*Funding Vehicles*

The MUFG Group has established several wholly-owned off-shore vehicles which issue securities, typically preferred stock that is fully guaranteed by the MUFG Group, to investors unrelated to the MUFG Group to fund purchases of debt instruments issued by the MUFG Group. These entities are considered as VIEs because the MUFG Group's investment in the vehicles' equity is not considered at risk and substantive as the entire amount raised by the vehicles was used to purchase debt instruments issued by the MUFG Group. Because the MUFG Group does not have variable interests in these vehicles, the MUFG Group does not consolidate these entities.

*Troubled Borrowers*

During the normal course of business, the borrowers from the MUFG Group may experience financial difficulties and sometimes enter into certain transactions that require the MUFG Group to assess whether they would be considered as VIEs due to their difficult financial position. While in most cases such borrowers are not considered as VIEs when the transactions take place, in limited circumstances they are considered as VIEs due to insufficient equity investment at risk. In all cases, the MUFG Group is not considered as the primary beneficiary because the power to direct activities that most significantly impact the economic performance of the troubled borrowers resides with the management of the troubled borrowers, and the MUFG Group, as a lender, does not have power over or assume any role in management. Therefore, the MUFG Group does not consolidate these troubled borrowers.

**26. CONTINGENT LIABILITIES**

*Repayment of Excess Interest*

The MUFG Group maintains an allowance for repayment of excess interest based on an analysis of past experience of reimbursement of excess interest, borrowers' profile, recent trend of borrowers' claims for reimbursement, and management future forecasts. Management believes that the provision for repayment of excess interest is adequate and the allowance is at the appropriate amount to absorb probable losses, so that the impact of future claims for reimbursement of excess interest will not have a material adverse effect on the MUFG Group's financial position and results of operations. The allowance for repayment of excess interest established by MUFG's consumer finance subsidiaries, which was included in Other liabilities, was ¥12,113 million and ¥7,073 million as of March 31, 2023 and 2024, respectively. Provision (reversal) related to the allowance is included in Other non-interest expenses in the accompanying consolidated statements of operations. For the fiscal years ended March 31, 2022, 2023 and 2024, there was a negative impact of ¥23,332 million, nil and nil, respectively, on Equity in earnings of equity method investees—net in the accompanying consolidated statements of operations.

*Litigation*

In the ordinary course of business, the MUFG Group is subject to various litigation and regulatory matters. In accordance with applicable accounting guidance, the MUFG Group establishes an accrued liability for loss contingencies arising from litigation and regulatory matters when they are determined to be probable in their occurrence 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 MUFG Group's financial position, results of operations or cash flows. Additionally, management believes the amount of loss that is reasonably possible, but not probable, from various litigation and regulatory matters is not material to the MUFG Group's financial position, results of operations or cash flows.



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**27. FEES AND COMMISSIONS INCOME**

*Disaggregation of Contract Revenue*

Details of fees and commissions income for the fiscal years ended March 31, 2022, 2023 and 2024 were as follows:

	2022	2023	2024
	(in millions)		
Fees and commissions on deposits	¥ 51,032	¥ 49,785	¥ 36,703
Fees and commissions on remittances and transfers	157,236	147,582	151,663
Fees and commissions on foreign trading business	56,344	69,010	74,485
Fees and commissions on credit card business	207,080	230,386	251,025
Fees and commissions on security-related services	264,530	224,900	278,502
Fees and commissions on administration and management services for investment funds	286,549	282,282	317,323
Trust fees	133,322	131,069	129,393
Guarantee fees <sup>(1)</sup>	45,849	47,986	51,167
Insurance commissions	42,353	49,420	64,665
Fees and commissions on real estate business	65,611	68,407	68,439
Other fees and commissions <sup>(2)</sup>	348,957	400,810	475,609
Total	<u>¥ 1,658,863</u>	<u>¥ 1,701,637</u>	<u>¥ 1,898,974</u>

Notes:

- (1) Guarantee fees are not within the scope of the guidance on revenue from contracts with customers.
- (2) Other fees and commissions include non-refundable financing related fees that are not within the scope of the guidance on revenue from contracts with customers.

The following is an explanation of the relationship with revenue information disclosed for each reportable segment.

These revenues from contracts with customers are related to various reportable segments disclosed in Note 29. The business segment information is derived from the internal management reporting system used by management to measure the performance of the MUFG Group's business segments. In addition, the business segment information is primarily based on the financial information prepared in accordance with Japanese GAAP as adjusted in accordance with internal management accounting rules and practices. Further, the format and information as disclosed in Note 29 are not consistent with the accompanying consolidated financial statements prepared on the basis of U.S. GAAP. For example, management does not use information on segments' gross revenue to allocate resources and assess performance.

The majority of fees and commissions on deposits are attributable to Digital Service Business Group ("DS") and Global Commercial Banking Business Group ("GCB") with no significant concentration in any particular segments.

The business activities relevant to fees and commissions on remittances and transfers are attributable to DS, Retail & Commercial Banking Business Group ("R&C"), Japanese Corporate Investment Banking Business Group ("JCIB") and Global Corporate Investment Banking Business Group ("GCIB") with no significant concentration in any particular segments.

The business activities relevant to fees and commissions on foreign trading business are attributable to DS, R&C, JCIB and GCIB with no significant concentration in any particular segments.

The business activities relevant to fees and commissions on credit card business are substantially attributable to DS and GCB with no significant concentration in any particular segments.

The majority of fees and commissions on security-related services are from the business activities relevant to R&C, with JCIB and GCIB providing a smaller impact.

The business activities relevant to fees and commissions on administration and management services for investment funds are substantially attributable to Asset Management & Investor Service Business Group ("AM/IS").

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The business activities relevant to trust fees are attributable to R&C, JCIB, and AM/IS with no significant concentration in any particular segments.

The majority of insurance commissions are from the business activities relevant to DS, R&C, JCIB, and GCB with no significant concentration in any particular segments.

The business activities relevant to fees and commissions on real estate business are attributable to R&C and JCIB with no significant concentration in any particular segments.

**28. TRADING ACCOUNT PROFITS AND LOSSES**

The MUFG Group performs trading activities through market-making, sales and arbitrage, while maintaining risk levels within appropriate limits in accordance with its risk management policy.

The MUFG Group has trading account securities and trading derivative assets and liabilities for this purpose. In addition, the trading account securities include foreign currency-denominated debt securities such as foreign government or official institution bonds, corporate bonds and mortgage-backed securities, which are mainly comprised of securities measured at fair value under the fair value option.

Net trading losses for the fiscal years ended March 31, 2022, 2023 and 2024 were comprised of the following:

	<u>2022</u>	<u>2023</u>	<u>2024</u>
	(in millions)		
Interest rate and other derivative contracts	¥ (102,122)	¥ 238,162	¥ (947,069)
Trading account securities, excluding derivatives	(722,298)	(1,030,260)	248,020
Trading account losses—net	(824,420)	(792,098)	(699,049)
Foreign exchange derivative contracts <sup>(1)</sup>	(44,693)	57,914	(406,744)
Net trading losses	<u>¥ (869,113)</u>	<u>¥ (734,184)</u>	<u>¥ (1,105,793)</u>

Note:  
(1) Gains (losses) on foreign exchange derivative contracts are included in Foreign exchange gains (losses)—net in the accompanying consolidated statements of operations. Foreign exchange gains (losses)—net in the accompanying consolidated statements of operations are also comprised of foreign exchange losses other than derivative contracts and foreign exchange gains related to the fair value option.

For further information on the methodologies and assumptions used to estimate fair value, see Note 31, which also shows fair values of trading account securities by major category. Note 23 discloses further information regarding the derivative-related impact on Trading account losses—net by major category.

**29. BUSINESS SEGMENTS**

The reportable segments of the MUFG Group are subject to the periodical review by the Executive Committee, which represents the MUFG Group’s chief operating decision maker, to determine the allocation of management resources and assess performance. The MUFG Group has established its business units according to the characteristics of customers and the nature of the underlying business. Each business unit engages in business activities based on comprehensive strategies developed for and aimed at respective targeted customers and businesses. The business segment information is primarily based on the financial information prepared in accordance with Japanese GAAP as adjusted in accordance with internal management accounting rules and practices. Accordingly, the format and information are not consistent with the accompanying consolidated financial statements prepared on the basis of U.S. GAAP. A reconciliation is provided for the total amounts of segments’ operating profit with income before income tax expense under U.S. GAAP. The MUFG Group does not use information on the segments’ total assets to allocate its resources and assess performance. Accordingly, business segment information on total assets is not presented. However, in order to ensure more efficient management of resources, and to strengthen controls on profits and losses in each business group, the MUFG Group allocates fixed assets of both MUFG Bank on a stand-alone basis and Mitsubishi UFJ Trust and Banking on a stand-alone basis to each business unit. Accordingly, such fixed assets allocated to business groups are presented below.

See Note 30 for financial information relating to the MUFG Group’s operations by geographic area. The geographic financial information is consistent with the basis of the accompanying consolidated financial statements.

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The MUFG Group integrated the operations of its consolidated subsidiaries into seven business segments.—Digital Service, Retail & Commercial Banking, Japanese Corporate & Investment Banking, Global Commercial Banking, Asset Management & Investor Services, Global Corporate & Investment Banking, and Global Markets.

The following is a brief explanation of the MUFG Group’s business segments:

*Digital Service Business Group*—Covers digital-based non-face-to-face businesses servicing “mass-segment” customers, or retail customers and small and medium-sized enterprise customers, of Mitsubishi UFJ NICOS, other consumer finance companies, and MUFG Bank in Japan.

*Retail & Commercial Banking Business Group*—Covers the domestic retail and commercial banking businesses. This business group mainly offers retail customers (with a strategic focus on high net-worth individuals) and small and medium-sized enterprise customers in Japan an extensive array of commercial banking, trust banking and securities products and services.

*Japanese Corporate & Investment Banking Business Group*—Covers the large Japanese corporate businesses. This business group offers large Japanese corporations advanced financial solutions designed to respond to their diversified and globalized needs and to contribute to their business and financial strategies through the global network of the MUFG group companies.

*Global Commercial Banking Business Group*—Covers the retail and commercial banking businesses of Krungsri and Bank Danamon. This business group offers a comprehensive array of financial products and services such as loans, deposits, fund transfers, investments and asset management services for local retail, small and medium-sized enterprise, and corporate customers across the Asia-Pacific region.

*Asset Management & Investor Services Business Group*—Covers the asset management and asset administration businesses of Mitsubishi UFJ Trust and Banking, MUFG Bank and First Sentier Investors. By integrating the trust banking expertise of Mitsubishi UFJ Trust and Banking and the global strengths of MUFG Bank, the business group offers a full range of asset management and administration services for corporations and pension funds, including pension fund management and administration, advice on pension structures, and payments to beneficiaries, and also offers investment trusts for retail customers.

*Global Corporate & Investment Banking Business Group*—Covers the global corporate, investment and transaction banking businesses of MUFG Bank and Mitsubishi UFJ Securities Holdings. Through a global network of offices and branches, this business group provides large non-Japanese corporate and financial institution customers outside Japan with a comprehensive set of solutions that meet their increasingly diverse and sophisticated financing needs.

*Global Markets Business Group*—Covers the customer business and the treasury operations of MUFG Bank, Mitsubishi UFJ Trust and Banking and Mitsubishi UFJ Securities Holdings. The customer business includes sales and trading in fixed income instruments, currencies, equities and other investment products as well as origination and distribution of financial products. The treasury operations include asset and liability management as well as global investments for the MUFG Group.

*Other*—Consists mainly of the corporate centers of MUFG, MUFG Bank, Mitsubishi UFJ Trust and Banking and Mitsubishi UFJ Morgan Stanley Securities. The elimination of duplicated amounts of net revenues among business segments is also reflected in Other.

The MUFG Group made modifications to its internal management accounting rules and practices, effective April 1, 2023, including reallocation of indirect expenses to the Retail & Commercial Banking Business Group from the Digital Service Business Group as well as updates to internal booking rules relating to net revenue in the customer business groups. Corresponding adjustments were booked in Other. There was no impact of these modifications on the Global Commercial Banking Business Group and the Asset Management & Investor Services Business Group.

These changes had the following impact on its previously reported business segment information for the fiscal year ended March 31, 2023:

- increasing the operating profits of the Digital Service Business Group and the Global Corporate & Investment Banking Business Group by ¥6.3 billion and ¥1.8 billion, respectively, and
- reducing the operating profits of the Japanese Corporate & Investment Banking Business Group, the Global Markets Business Group and the Retail & Commercial Banking Business Group by ¥4.4 billion, ¥2.0 billion and ¥1.7 billion, respectively.

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Prior period business segment information has been restated to enable comparison between the relevant amounts for the fiscal years ended March 31, 2022, 2023 and 2024.

	Customer Business									
	Digital Service Business Group	Retail & Commercial Banking Business Group	Japanese Corporate & Investment Banking Business Group	Global Commercial Banking Business Group	Asset Management & Investor Services Business Group	Global Corporate & Investment Banking Business Group	Total	Global Markets Business Group	Other	Total
(in billions)										
<b>Fiscal year ended March 31, 2022:</b>										
Net revenue:	¥ 741.6	¥ 584.6	¥ 623.2	¥ 771.7	¥ 348.9	¥ 540.1	¥3,610.1	¥ 427.0	¥ 11.3	¥4,048.4
BK and TB <sup>(1)</sup> :	257.2	390.3	496.8	1.9	106.3	362.2	1,614.7	203.4	53.2	1,871.3
Net interest income	218.0	160.8	210.7	2.1	9.3	171.6	772.5	231.5	148.6	1,152.6
Net fees	36.0	203.0	212.7	—	97.0	174.0	722.7	(8.7)	(57.4)	656.6
Other	3.2	26.5	73.4	(0.2)	—	16.6	119.5	(19.4)	(38.0)	62.1
Other than BK and TB	484.4	194.3	126.4	769.8	242.6	177.9	1,995.4	223.6	(41.9)	2,177.1
Operating expenses	558.9	490.9	320.9	528.0	241.4	295.3	2,435.4	253.0	127.6	2,816.0
Operating profit (loss)	¥ 182.7	¥ 93.7	¥ 302.3	¥ 243.7	¥ 107.5	¥ 244.8	¥1,174.7	¥ 174.0	¥(116.3)	¥1,232.4
Fixed assets <sup>(2)</sup>	¥ 140.6	¥ 191.7	¥ 155.8	¥ 1.0	¥ 13.3	¥ 133.0	¥ 635.4	¥ 108.4	¥ 550.3	¥1,294.1
<b>Fiscal year ended March 31, 2023:</b>										
Net revenue:	¥ 748.1	¥ 614.5	¥ 800.9	¥ 870.6	¥ 360.8	¥ 712.6	¥4,107.5	¥ 409.1	¥ (0.8)	¥4,515.8
BK and TB <sup>(1)</sup> :	251.9	430.1	645.5	35.1	105.4	532.3	2,000.3	130.8	19.5	2,150.6
Net interest income	214.1	192.4	342.5	35.7	9.4	260.2	1,054.3	710.6	89.7	1,854.6
Net fees	34.9	199.0	228.3	—	96.0	243.2	801.4	(16.6)	(48.3)	736.5
Other	2.9	38.7	74.7	(0.6)	—	28.9	144.6	(563.2)	(21.9)	(440.5)
Other than BK and TB	496.2	184.4	155.4	835.5	255.4	180.3	2,107.2	278.3	(20.3)	2,365.2
Operating expenses	527.4	458.9	330.7	580.3	255.7	334.8	2,487.8	274.0	176.4	2,938.2
Operating profit (loss)	¥ 220.7	¥ 155.6	¥ 470.2	¥ 290.3	¥ 105.1	¥ 377.8	¥1,619.7	¥ 135.1	¥(177.2)	¥1,577.6
Fixed assets <sup>(2)</sup>	¥ 156.9	¥ 201.9	¥ 161.2	¥ 1.1	¥ 18.8	¥ 171.2	¥ 711.2	¥ 110.6	¥ 546.3	¥1,368.1
Increase in fixed assets <sup>(3)</sup>	¥ 37.0	¥ 41.9	¥ 37.1	¥ 0.6	¥ 11.6	¥ 23.4	¥ 151.5	¥ 23.2	¥ 34.2	¥ 208.9
Depreciation <sup>(3)</sup>	¥ 10.6	¥ 21.1	¥ 36.6	¥ 0.2	¥ 6.0	¥ 35.2	¥ 109.8	¥ 28.3	¥ 19.5	¥ 157.6
<b>Fiscal year ended March 31, 2024:</b>										
Net revenue:	¥ 782.5	¥ 709.4	¥ 1,013.7	¥ 685.0	¥ 432.3	¥ 863.1	¥4,486.0	¥ 323.4	¥ (37.6)	¥4,771.8
BK and TB <sup>(1)</sup> :	253.1	492.5	829.5	29.3	118.6	781.0	2,504.0	21.8	40.2	2,566.0
Net interest income	213.0	232.7	501.1	29.3	14.7	413.8	1,404.6	113.2	99.1	1,616.9
Net fees	37.7	213.0	233.5	—	103.8	328.8	916.8	(15.0)	(16.4)	885.4
Other	2.4	46.8	94.9	—	0.1	38.4	182.6	(76.4)	(42.5)	63.7
Other than BK and TB	529.4	216.9	184.2	655.7	313.7	82.1	1,982.0	301.6	(77.8)	2,205.8
Operating expenses	536.6	464.0	343.9	382.9	307.3	361.4	2,396.1	300.0	232.8	2,928.9
Operating profit (loss)	¥ 245.9	¥ 245.4	¥ 669.8	¥ 302.1	¥ 125.0	¥ 501.7	¥2,089.9	¥ 23.4	¥(270.4)	¥1,842.9
Fixed assets <sup>(2)</sup>	¥ 186.8	¥ 228.6	¥ 169.2	¥ 1.6	¥ 21.2	¥ 170.9	¥ 778.3	¥ 114.3	¥ 502.3	¥1,394.9
Increase in fixed assets <sup>(3)</sup>	¥ 38.6	¥ 47.1	¥ 46.1	¥ 0.4	¥ 11.5	¥ 32.5	¥ 176.2	¥ 28.2	¥ 29.3	¥ 233.7
Depreciation <sup>(3)</sup>	¥ 14.7	¥ 24.6	¥ 42.1	¥ 0.2	¥ 9.1	¥ 42.1	¥ 132.8	¥ 32.5	¥ 16.3	¥ 181.6

Notes:

- (1) “BK and TB” is a sum of MUFG Bank on a stand-alone basis (BK) and Mitsubishi UFJ Trust and Banking on a stand-alone basis (TB).
- (2) Fixed assets in the above table are based on the financial information prepared in accordance with Japanese GAAP as adjusted in accordance with internal management accounting rules and practices, and the amounts correspond to premises and equipment-net, intangible assets-net and goodwill of BK and TB. Fixed assets of MUFG and other consolidated subsidiaries and Japanese GAAP consolidation adjustments amounting to ¥1,286.1 billion as of March 31, 2022, ¥1,210.2 billion as of March 31, 2023 and

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¥1,505.4 billion as of March 31, 2024, respectively, are not allocated to each business segment when determining the allocation of management resources and assessing performance and, therefore, such amounts are not included in the table above.

(3) These amounts are related to the fixed assets of BK and TB included in the table above.

**Reconciliation**

As set forth above, the measurement basis and the income and expense items of the internal management reporting system are different from the accompanying consolidated statements of operations. Therefore, it is impracticable to present reconciliations of all of the business segments' information, other than operating profit, to corresponding items in the accompanying consolidated statements of operations.

A reconciliation of operating profit and fixed assets under the internal management reporting system for the fiscal years ended March 31, 2022, 2023 and 2024 above to income before income tax expense shown in the accompanying consolidated statements of operations and the total amount of premises and equipment-net, intangible assets-net and goodwill are as follows:

	2022	2023 (Restated)	2024
	(in billions)		
Operating profit:	¥ 1,232	¥ 1,578	¥ 1,843
Provision for credit losses	(278)	(8)	(238)
Trading account losses—net	(1,174)	(1,385)	(1,067)
Equity investment securities gains (losses)—net	(109)	(139)	1,449
Debt investment securities gains—net	139	517	297
Foreign exchange losses—net	(9)	(33)	(427)
Equity in earnings of equity method investees—net	437	398	464
Impairment of goodwill	—	(34)	—
Impairment of intangible assets	(33)	(5)	(15)
Provision for off-balance sheet credit instruments	(46)	(21)	(33)
Reversal of impairment (impairment) of assets held for sale	(134)	134	—
Loss on valuation adjustment for loans held for sale held by MUFG Union Bank	(3)	(283)	—
Gain on sale of MUFG Union Bank	—	349	—
Loss on pension buyout	—	(84)	—
Other—net	(81)	(536)	(390)
Income (loss) before income tax expense (benefit)	¥ (59)	¥ 448	¥ 1,883
Fixed assets:	¥ 1,294	¥ 1,368	¥ 1,395
U.S. GAAP adjustments and other	974	964	1,267
Premises and equipment-net, Intangible assets-net and Goodwill	¥ 2,268	¥ 2,332	¥ 2,662

**30. FOREIGN ACTIVITIES**

Foreign operations include the business conducted by overseas offices, as well as international business conducted from domestic offices, principally several international banking-related divisions of MUFG Bank's and Mitsubishi UFJ Trust and Banking's head office in Tokyo, and involve various transactions with debtors and customers residing outside Japan. Close integration of the MUFG Group's foreign and domestic activities makes precise estimates of the amounts of assets, liabilities, income and expenses attributable to foreign operations difficult and necessarily subjective. Assets, income and expenses attributable to foreign operations are allocated to geographical areas based on the domicile of the debtors and customers.

Generally, interest rates with respect to funds borrowed and loaned between domestic and foreign operations are based on prevailing money market rates appropriate for the transactions. In general, the MUFG Group has allocated all direct expenses and a proportionate share of general and administrative expenses to income derived from foreign loans and other transactions by the MUFG Group's foreign operations. The following table sets forth estimated total assets at March 31, 2022, 2023 and 2024, and estimated total

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revenue, total expense, income (loss) before income tax expense (benefit) and net income (loss) attributable to Mitsubishi UFJ Financial Group for the respective fiscal years then ended:

	Domestic	Foreign				Total
	Japan	United States of America	Europe	Asia/Oceania excluding Japan	Other areas <sup>(1)</sup>	
	(in millions)					
<b>Fiscal year ended March 31, 2022:</b>						
Total revenue <sup>(2)</sup>	¥ 2,160,509	¥ 500,590	¥ 67,687	¥ 975,340	¥ 221,601	¥ 3,925,727
Total expense <sup>(3)</sup>	2,198,650	666,564	311,639	726,042	81,559	3,984,454
Income (loss) before income tax expense (benefit)	(38,141)	(165,974)	(243,952)	249,298	140,042	(58,727)
Net income (loss) attributable to Mitsubishi UFJ Financial Group	(7,380)	(498,205)	(344,044)	506,621	259,688	(83,320)
Total assets at end of fiscal year <sup>(4)</sup>	246,637,054	54,576,602	22,319,350	31,909,321	12,207,691	367,650,018
<b>Fiscal year ended March 31, 2023 (Restated):</b>						
Total revenue <sup>(2)</sup>	¥ 2,617,973	¥ 1,319,244	¥ 173,013	¥ 1,479,618	¥ 508,472	¥ 6,098,320
Total expense <sup>(3)</sup>	2,074,369	1,621,492	370,130	1,282,806	301,301	5,650,098
Income (loss) before income tax expense (benefit)	543,604	(302,248)	(197,117)	196,812	207,171	448,222
Net income (loss) attributable to Mitsubishi UFJ Financial Group	616,243	(110,235)	(246,138)	9,074	107,691	376,635
Total assets at end of fiscal year	249,539,149	59,695,647	24,675,334	34,452,071	13,373,532	381,735,733
<b>Fiscal year ended March 31, 2024:</b>						
Total revenue <sup>(2)</sup>	¥ 3,824,204	¥ 2,579,150	¥ 594,053	¥ 2,026,469	¥ 950,781	¥ 9,974,657
Total expense <sup>(3)</sup>	2,695,953	2,214,010	690,299	1,784,126	707,675	8,092,063
Income (loss) before income tax expense (benefit)	1,128,251	365,140	(96,246)	242,343	243,106	1,882,594
Net income (loss) attributable to Mitsubishi UFJ Financial Group	929,638	442,036	(249,528)	(44,115)	250,090	1,328,121
Total assets at end of fiscal year	257,570,207	61,265,784	23,577,515	39,097,955	15,925,000	397,436,461

Notes:

- (1) Other areas primarily include Canada, Latin America, the Caribbean and the Middle East.
- (2) Total revenue is comprised of Interest income and Non-interest income.
- (3) Total expense is comprised of Interest expense, Provision for credit losses and Non-interest expense.
- (4) Total assets at the fiscal year ended March 31, 2022 in this table includes those relating to financial assets and liabilities of transferred business of MUFG Union Bank. See Note 2 for more information.



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The following is an analysis of certain asset and liability accounts related to foreign activities at March 31, 2023 and 2024:

	2023	2024
	(in millions)	
Cash and due from banks	¥ 738,309	¥ 688,020
Interest-earning deposits in other banks	17,518,035	12,701,980
Total	<u>¥ 18,256,344</u>	<u>¥ 13,390,000</u>
Trading account assets	<u>¥ 31,158,079</u>	<u>¥ 32,450,982</u>
Investment securities	<u>¥ 11,456,886</u>	<u>¥ 12,869,037</u>
Loans—net of unearned income, unamortized premiums and deferred loan fees	<u>¥ 50,981,148</u>	<u>¥ 57,457,037</u>
Deposits	<u>¥ 52,278,932</u>	<u>¥ 63,114,752</u>
Funds borrowed:		
Call money, funds purchased	¥ 18,088	¥ 3,061
Payables under repurchase agreements	10,730,611	13,531,043
Payables under securities lending transactions	54,985	90,061
Other short-term borrowings	5,058,454	6,380,759
Long-term debt	<u>1,530,782</u>	<u>1,666,451</u>
Total	<u>¥ 17,392,920</u>	<u>¥ 21,671,375</u>
Trading account liabilities	<u>¥ 8,611,974</u>	<u>¥ 8,598,192</u>

**31. FAIR VALUE**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The guidance on fair value measurements also specifies a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The fair value hierarchy gives the highest priority to quoted prices in active markets and the lowest priority to unobservable inputs, for example, the reporting entity's own data. Based on the observability of the inputs used in the valuation techniques, the following three-level hierarchy is specified by the guidance:

- Level 1—Unadjusted quoted prices for identical instruments in active markets.
- Level 2—Observable inputs other than Level 1 prices for substantially the full term of the instruments, such as quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; other inputs that are observable; or market-corroborated inputs.
- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the instruments.

A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The tables in this note except for Estimated Fair Value of Financial Instruments include the portion of the assets and liabilities held for sale.

The MUFG Group has an established and documented process for determining fair values in accordance with the guidance. When available, quoted prices are used to determine fair value. If quoted prices are not available, fair value is based upon valuation techniques that use observable or unobservable inputs. The fair values of liabilities are determined by discounting future cash flows at a rate which incorporates the MUFG Group's own creditworthiness. In addition, valuation adjustments may be made to ensure the financial instruments are recorded at fair value. These adjustments include, but are not limited to, amounts that reflect counterparty credit quality, funding cost, liquidity risk and model risk.

The following section describes the valuation techniques used by the MUFG Group to measure fair values of certain financial instruments. The discussion includes the general classification of such financial instruments in accordance with the fair value hierarchy, a brief explanation of the valuation techniques, the significant inputs to those valuation techniques, and any additional significant assumptions.

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***Trading Account Assets and Liabilities—Trading Account Securities***

When quoted prices are available in an active market, the MUFG Group uses quoted prices to measure the fair values of securities and such securities are classified in Level 1 of the fair value hierarchy. Examples of Level 1 securities include certain Japanese and foreign government bonds, and marketable equity securities.

When quoted prices are available but the securities are not traded in active markets, such securities are classified in Level 2 of the fair value hierarchy. These securities include certain Japanese government agency bonds, Japanese prefectural and municipal bonds, foreign government and official institution bonds, corporate bonds, residential mortgage-backed securities and equity securities.

As for quoted prices provided by third-party vendors, independent price verification is performed by the MUFG group to determine the quality and reliability of the data for fair value measurement purposes. As part of its independent price verification procedures, the MUFG group obtains a sufficient understanding of the vendors' pricing sources and valuation processes. Further, the MUFG group performs internal price verification procedures to ensure that the quoted prices provided from the third-party vendors are reasonable. Such verification procedures include comparison of pricing sources and analysis of variances beyond certain thresholds.

When quoted prices are not available, the MUFG Group estimates fair values by using an internal model, quoted prices of securities with similar characteristics or non-binding prices obtained from independent third parties. Such securities include certain commercial paper, corporate bonds, asset-backed securities and residential mortgage-backed securities. For commercial paper, the MUFG Group estimates fair value using discounted cash flows. The cash flows are estimated in accordance with the terms of contracts and discounted using a discount rate based on the yield curve estimated from market interest rates appropriate to the securities. Commercial paper is generally classified in Level 2 of the fair value hierarchy. For corporate bonds, the MUFG Group estimates fair value using discounted cash flows. The cash flows are estimated in accordance with the terms of contracts and discounted using discount rates applicable to the maturity of the bonds, which are adjusted to reflect credit risk of issuers. Credit risk of issuers is reflected in the future cash flows being discounted by the interest rate applicable to the maturity of the bonds. Corporate bonds are classified in either Level 1, Level 2 or Level 3 of the fair value hierarchy, depending primarily on the significance of the adjustments to the unobservable input of credit worthiness. For residential mortgage-backed securities, the MUFG Group estimates fair value using non-binding prices obtained from independent third parties. Residential mortgage-backed securities are classified as level 2 unless otherwise significant unobservable input is used for the valuation.

When there is less liquidity for securities or significant inputs used in the fair value measurements are unobservable, such securities are classified in Level 3 of the fair value hierarchy. Examples of such Level 3 securities include CLOs backed by general corporate loans, which are classified in asset-backed securities. The fair value of CLOs is measured by weighing the estimated fair value amounts from the internal model and the non-binding quotes from the independent broker-dealers. The weight of the quotes from independent broker-dealers is determined based on the result of inquiries with the broker-dealers to understand their basis of fair value calculation with consideration given to transaction volume. Key inputs to the internal model include projected cash flows through an analysis of underlying loans, probability of default which incorporates market indices such as LCDX (which is an index of loan credit default swaps), prepayment rates and discount rates reflecting liquidity premiums based on historical market data.

***Trading Account Assets and Liabilities—Derivatives***

Exchange-traded derivatives valued using quoted prices are classified in Level 1 of the fair value hierarchy. Examples of Level 1 derivatives include stock futures index and interest rate futures. However, the majority of the derivative contracts entered into by the MUFG Group are traded over-the-counter and valued using valuation techniques as there are no quoted prices for such derivatives. The valuation techniques and inputs vary depending on the types and contractual terms of the derivatives. The principal valuation techniques used to value derivatives include discounted cash flows, the Black-Scholes model and the Hull-White model. The key inputs include interest rate yield curve, foreign currency exchange rate, volatility, credit quality of the counterparty or the MUFG Group and spot price of the underlying. These models are commonly accepted in the financial industry and key inputs to the models are generally readily observable in an active market. Derivatives valued using such valuation techniques and inputs are generally classified in Level 2 of the fair value hierarchy. Examples of such Level 2 derivatives include plain-vanilla interest rate swaps, foreign currency forward contracts and currency option contracts.

Derivatives that are valued using valuation techniques with significant unobservable inputs are classified in Level 3 of the fair value hierarchy. Examples of Level 3 derivatives include long-term interest rate or currency swaps and certain credit derivatives, where significant inputs such as volatility and correlation of such inputs are unobservable.

***Investment Securities***

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Investment securities include Available-for-sale debt and equity securities, whose fair values are measured using the same valuation techniques as the trading account securities described above. Investment securities also include investments in nonmarketable equity securities which are subject to specialized industry accounting principles. The valuation of such nonmarketable equity securities involves significant management judgment due to the absence of quoted prices, lack of liquidity and the long term nature of these investments. Further, there may be restriction on transfers of nonmarketable equity securities. The MUFG Group values such securities initially at transaction price and subsequently adjusts such valuations, considering evidence such as current sales transactions of similar securities, initial public offerings, recent equity issuances and change in financial condition of the investee company. Nonmarketable equity securities are included in Level 3 of the fair value hierarchy.

***Other Assets***

Other assets measured at fair value mainly consist of securities received as collateral that may be sold or repledged under securities lending transactions. The securities received as collateral under lending transactions mainly consist of certain Japanese and foreign government bonds which are valued using the valuation techniques previously described in the section entitled “*Trading Account Assets and Liabilities—Trading Account Securities*” above.

***Obligations to Return Securities Received as Collateral***

Obligations to return securities received as collateral under securities lending transactions included in Other liabilities are measured at the fair values of the securities received as collateral. The securities received as collateral consist primarily of certain Japanese and foreign government bonds, whose fair values are measured using the valuation techniques described in the “*Trading Account Assets and Liabilities—Trading Account Securities*” above.

***Other Short-term Borrowings and Long-term Debt***

Certain short-term borrowings and long-term debt are measured at fair value due to the election of the fair value option. The fair value of these instruments are measured principally based on the discounted cash flows. Where the inputs into the valuation techniques are mainly based on observable inputs, these instruments are classified in Level 2 of the fair value hierarchy. Where significant inputs are unobservable, they are classified in Level 3 of the fair value hierarchy.

***Market Valuation Adjustments***

Counterparty credit risk adjustments are made to certain financial assets such as over-the-counter derivatives to factor in counterparty credit exposure. As not all counterparties have the same credit risk, it is necessary in calculating credit risk adjustments, to take into account probability of a default event occurring for each counterparty, which is primarily derived from observed or estimated spreads on credit default swaps. In addition, the counterparty credit risk adjustment takes into account the effect of credit risk mitigation such as pledged collateral and the legal right of offset with the counterparty.

Funding valuation adjustment (“FVA”) represents the adjustment to reflect the impact of uncollateralized funding. The FVA is calculated using the MUFG’s market funding spread and the funding exposure of any uncollateralized component of the over-the-counter derivative instrument. The MUFG Group’s FVA framework incorporates key inputs, such as the expected future funding requirements arising from the MUFG Group’s positions with each counterparty and collateral arrangements, and the estimated market funding cost in the principal market, which considers the MUFG Group’s credit risk.

Liquidity adjustments are applied mainly to the instruments classified in Level 3 of the fair value hierarchy when recent observable prices of such instruments are not available or such instruments are traded in inactive or less active markets. The liquidity adjustments are based on the facts and circumstances of the markets including the availability of external quotes and the time since the latest available quote.

Model valuation adjustments such as unobservable parameter valuation adjustments may be provided when the fair values of instruments are determined based on internally developed valuation techniques. Examples of such adjustments include adjustments to the model price of certain derivatives where parameters such as correlation are unobservable. Unobservable parameter valuation adjustments are applied to mitigate the uncertainty inherent in the resulting valuation estimate.

***Investments in Certain Entities That Calculate Net Asset Value per Share***

The MUFG Group has interests in investment funds mainly private equity funds, and real estate funds that are measured at fair value on a recurring or nonrecurring basis.

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Private equity funds have specific investment objectives in connection with their acquisition of equity interests, such as providing financing and other support to start-up businesses, medium and small entities in a particular geographical area, and to companies with certain technology or companies in a high-growth industry. Generally, these investments cannot be redeemed with the funds, and the return of invested capital and its gains are derived from distributions received upon the liquidation of the underlying assets of the fund, the timing of which is uncertain.

Real estate funds invest globally and primarily in real estate companies, debt recapitalizations and direct property. These investments are generally not redeemable with the funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated, the timing of which is uncertain.

***Assets and Liabilities Measured at Fair Value on a Recurring Basis***

The following tables present the financial instruments carried at fair value by level within the fair value hierarchy as of March 31, 2023 and 2024:

<u>At March 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
	(in millions)			
<b>Assets</b>				
Trading account assets:				
Trading securities <sup>(1)</sup>	¥ 19,098,208	¥ 12,746,415	¥ 1,182,319	¥ 33,026,942
Debt securities				
Japanese national government and Japanese government agency bonds	6,092,523	329,502	—	6,422,025
Japanese prefectural and municipal bonds	—	279,168	—	279,168
Foreign government and official institution bonds	11,760,274	493,691	1,168	12,255,133
Corporate bonds	3,965	2,252,424	—	2,256,389
Residential mortgage-backed securities	—	4,978,709	—	4,978,709
Commercial mortgage-backed securities	—	4,627	—	4,627
Asset-backed securities	—	1,210,381	668,911	1,879,292
Other debt securities	—	—	334,124	334,124
Commercial paper	—	1,931,569	—	1,931,569
Equity securities <sup>(2)</sup>	1,241,446	1,266,344	178,116	2,685,906
Trading derivative assets	84,406	12,674,978	142,343	12,901,727
Interest rate contracts	40,013	7,311,689	93,833	7,445,535
Foreign exchange contracts	3,909	5,258,511	13,714	5,276,134
Equity contracts	40,484	28,617	20,659	89,760
Commodity contracts	—	17	9,908	9,925
Credit derivatives	—	76,144	3,801	79,945
Other <sup>(8)</sup>	—	—	428	428
Trading loans <sup>(3)</sup>	—	13,820	—	13,820
Investment securities:				
Available-for-sale debt securities	25,236,359	10,250,511	253,932	35,740,802
Japanese national government and Japanese government agency bonds	23,292,055	2,754,548	—	26,046,603
Japanese prefectural and municipal bonds	—	2,759,941	—	2,759,941
Foreign government and official institution bonds	1,944,304	978,438	—	2,922,742
Corporate bonds	—	1,056,191	1,970	1,058,161
Residential mortgage-backed securities	—	1,110,239	15	1,110,254
Asset-backed securities	—	1,247,377	182,938	1,430,315
Other debt securities	—	343,777	69,009	412,786
Equity securities	4,362,017	101,576	74,761	4,538,354
Marketable equity securities	4,362,017	101,576	—	4,463,593
Nonmarketable equity securities <sup>(4)</sup>	—	—	74,761	74,761
Other <sup>(5)</sup>	1,535,446	848,596	92,251	2,476,293
Total	<u>¥ 50,316,436</u>	<u>¥ 36,635,896</u>	<u>¥ 1,745,606</u>	<u>¥ 88,697,938</u>

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**At March 31, 2023**

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
	(in millions)			
<b>Liabilities</b>				
Trading account liabilities:				
Trading securities sold, not yet purchased	¥ 232,287	¥ 2,620	¥ —	¥ 234,907
Trading derivative liabilities	163,129	13,718,992	61,247	13,943,368
Interest rate contracts	85,641	8,566,043	45,204	8,696,888
Foreign exchange contracts	1,679	5,013,909	2,369	5,017,957
Equity contracts	75,809	48,953	3,731	128,493
Commodity contracts	—	—	9,817	9,817
Credit derivatives	—	90,087	62	90,149
Other <sup>(8)</sup>	—	—	64	64
Obligation to return securities received as collateral <sup>(6)</sup>	6,664,578	158,763	68,204	6,891,545
Other <sup>(7)</sup>	—	313,482	73,663	387,145
<b>Total</b>	<u>¥ 7,059,994</u>	<u>¥ 14,193,857</u>	<u>¥ 203,114</u>	<u>¥ 21,456,965</u>

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

<u>At March 31, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
	(in millions)			
<b>Assets</b>				
Trading account assets:				
Trading securities <sup>(1)</sup>	¥ 18,626,829	¥ 13,457,903	¥ 2,041,954	¥ 34,126,686
Debt securities				
Japanese national government and Japanese government agency bonds	6,278,228	395,745	—	6,673,973
Japanese prefectural and municipal bonds	—	91,683	—	91,683
Foreign government and official institution bonds	10,170,757	662,651	101	10,833,509
Corporate bonds	8,937	2,723,957	—	2,732,894
Residential mortgage-backed securities	—	5,422,286	—	5,422,286
Asset-backed securities	—	1,374,191	1,352,755	2,726,946
Other debt securities	—	2,599	536,846	539,445
Commercial paper	—	1,609,441	—	1,609,441
Equity securities <sup>(2)</sup>	2,168,907	1,175,350	152,252	3,496,509
Trading derivative assets				
Interest rate contracts	90,325	15,081,739	151,242	15,323,306
Foreign exchange contracts	14,143	9,382,147	110,013	9,506,303
Equity contracts	10,473	5,604,544	12,647	5,627,664
Commodity contracts	65,709	48,606	8,647	122,962
Credit derivatives	—	391	18,282	18,673
Other <sup>(8)</sup>	—	46,047	1,148	47,195
Trading loans <sup>(3)</sup>	—	4	505	509
Investment securities:				
Available-for-sale debt securities	23,569,981	7,620,772	204,619	31,395,372
Japanese national government and Japanese government agency bonds	21,336,860	1,830,540	—	23,167,400
Japanese prefectural and municipal bonds	—	1,045,991	—	1,045,991
Foreign government and official institution bonds	2,233,121	1,046,162	—	3,279,283
Corporate bonds	—	1,016,574	5,017	1,021,591
Residential mortgage-backed securities	—	1,229,510	15	1,229,525
Asset-backed securities	—	1,114,195	132,951	1,247,146
Other debt securities	—	337,800	66,636	404,436
Equity securities	5,401,388	70,823	86,137	5,558,348
Marketable equity securities	5,401,388	70,823	—	5,472,211
Nonmarketable equity securities <sup>(4)</sup>	—	—	86,137	86,137
Other <sup>(5)</sup>	1,175,125	1,224,351	139,117	2,538,593
<b>Total</b>	<b>¥ 48,863,648</b>	<b>¥ 37,487,130</b>	<b>¥ 2,623,069</b>	<b>¥ 88,973,847</b>



**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

<u>At March 31, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
	(in millions)			
<b>Liabilities</b>				
Trading account liabilities:				
Trading securities sold, not yet purchased	¥ 103,705	¥ 4,508	¥ —	¥ 108,213
Trading derivative liabilities	117,567	16,269,035	92,336	16,478,938
Interest rate contracts	30,997	10,591,825	70,527	10,693,349
Foreign exchange contracts	954	5,542,872	2,449	5,546,275
Equity contracts	85,616	72,337	389	158,342
Commodity contracts	—	—	18,327	18,327
Credit derivatives	—	61,999	488	62,487
Other <sup>(8)</sup>	—	2	156	158
Obligation to return securities received as collateral <sup>(6)</sup>	6,955,747	195,622	71,399	7,222,768
Other <sup>(7)</sup>	—	193,599	66,452	260,051
<b>Total</b>	<u>¥ 7,177,019</u>	<u>¥ 16,662,764</u>	<u>¥ 230,187</u>	<u>¥ 24,069,970</u>

Notes:

- (1) Includes securities measured under the fair value option.
- (2) Excludes certain investments valued at net asset value of private equity funds, whose fair values were ¥225,972 million and ¥264,458 million at March 31, 2023 and 2024, respectively. The amounts of unfunded commitments related to these private equity funds were ¥172,562 million and ¥134,429 million at March 31, 2023 and 2024, respectively.
- (3) Includes loans measured under the fair value option.
- (4) Excludes certain investments valued at net asset value of real estate funds and private equity and other funds, whose fair values at March 31, 2023 were ¥29,308 million and ¥51,458 million, respectively, and those at March 31, 2024 were ¥37,207 million and ¥53,324 million, respectively. The amounts of unfunded commitments related to these real estate funds and private equity and other funds at March 31, 2023 were ¥1,305 million and nil, respectively, and those at March 31, 2024 were ¥869 million and ¥250 million, respectively.
- (5) Mainly comprises securities received as collateral that may be sold or repledged under securities lending transactions.
- (6) Included in Other liabilities.
- (7) Mainly includes other short-term borrowings, long-term debt, and bifurcated embedded derivatives carried at fair value.
- (8) Includes certain derivatives such as earthquake derivatives.

***Changes in Level 3 Recurring Fair Value Measurements***

The following tables present a reconciliation of the assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the fiscal years ended March 31, 2023 and 2024. The determination to classify a financial instrument within Level 3 is based upon the significance of the unobservable inputs to overall fair value measurement. However, Level 3 financial instruments typically include, in addition to the unobservable or Level 3 input, observable inputs (inputs that are actively quoted and can be validated to external sources). Accordingly, the gains and losses in the tables below include changes in fair value due in part to observable inputs used in the valuation techniques.

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

	Total gains (losses) for the period		Included in other comprehen sive income	Purchases	Issues	Sales	Settlements	Transfers into Level 3	Transfers out of Level 3	March 31, 2023	Change in unrealized gains (losses) for assets and liabilities still held at March 31, 2023
	March 31, 2022	Included in earnings									
(in millions)											
<b>Assets</b>											
Trading account assets:											
Trading securities <sup>(1)</sup>	¥ 797,997	¥ 50,044	¥ —	¥ 387,100	¥ —	¥ (21,409)	¥ (30,468)	¥ —	¥ (945)	¥ 1,182,319	¥ 43,990
Debt securities											
Foreign government and official institution bonds	1,711	16	—	5,718	—	(5,765)	(250)	—	(262)	1,168	(35)
Corporate bonds	683	—	—	—	—	—	—	—	(683)	—	—
Asset-backed securities	315,231	17,132	—	354,978	—	(15,636)	(2,794)	—	—	668,911	15,749
Other debt securities	313,166	21,297	—	8,128	—	—	(8,467)	—	—	334,124	20,646
Equity securities	167,206	11,599	—	18,276	—	(8)	(18,957)	—	—	178,116	7,630
Trading derivatives—net	71,089	(2,045)	1,138	612	(334)	—	(17,198)	55,211	(27,377)	81,096	45,862
Interest rate contracts—net	37,493	(27,947)	297	—	—	—	10,932	55,243	(27,389)	48,629	10,779
Foreign exchange contracts— net	7,463	8,210	86	—	—	—	(4,484)	(32)	102	11,345	7,877
Equity contracts—net	23,420	16,190	758	19	—	—	(23,369)	—	(90)	16,928	25,646
Commodity contracts—net	(45)	153	(3)	—	—	—	(14)	—	—	91	153
Credit derivatives—net	2,729	1,273	—	—	—	—	(263)	—	—	3,739	1,303
Other—net <sup>(8)</sup>	29	76	—	593	(334)	—	—	—	—	364	104
Investment securities:											
Available-for-sale debt securities	212,936	(1,303)	16,357	301,283	—	—	(272,638)	1,405	(4,108)	253,932	2,094
Foreign government and official institution bonds	11,890	—	(925)	128	—	—	(11,093)	—	—	—	—
Corporate bonds	3,089	(164)	142	1,823	—	—	(67)	1,255	(4,108)	1,970	147
Residential mortgage-backed securities	15	—	—	—	—	—	—	—	—	15	—
Asset-backed securities	124,379	(1,174)	14,406	296,645	—	—	(251,318)	—	—	182,938	(823)
Other debt securities	73,563	35	2,734	2,687	—	—	(10,160)	150	—	69,009	2,770
Equity securities	55,883	712	345	18,963	—	(2,682)	(806)	3,411	(1,065)	74,761	161
Nonmarketable equity securities	55,883	712	345	18,963	—	(2,682)	(806)	3,411	(1,065)	74,761	161
Other	4,912	61	(21)	90,986	—	—	(5,612)	1,925	—	92,251	61
Assets held for sale	76,918	992	9,263	1,620	—	(77,390)	(11,403)	—	—	—	—
Investment securities	65,262	(3,619)	7,156	297	—	(56,292)	(12,804)	—	—	—	—
Other	11,656	4,611	2,107	1,323	—	(21,098)	1,401	—	—	—	—
<b>Total</b>	<b>¥ 1,219,735</b>	<b>¥ 48,461</b>	<b>¥ 27,082</b>	<b>¥ 800,564</b>	<b>¥ (334)</b>	<b>¥ (101,481)</b>	<b>¥ (338,125)</b>	<b>¥ 61,952</b>	<b>¥ (33,495)</b>	<b>¥ 1,684,359</b>	<b>¥ 92,168</b>
<b>Liabilities</b>											
Obligation to return securities received as collateral											
	¥ —	¥ —	¥ —	¥ —	¥ 73,595	¥ —	¥ (5,391)	¥ —	¥ —	¥ 68,204	¥ —
Other	16,463	35,755	(3,879)	—	53,887	—	(36,792)	72,173	(192)	73,663	43,066
<b>Total</b>	<b>¥ 16,463</b>	<b>¥ 35,755</b>	<b>¥ (3,879)</b>	<b>¥ —</b>	<b>¥ 127,482</b>	<b>¥ —</b>	<b>¥ (42,183)</b>	<b>¥ 72,173</b>	<b>¥ (192)</b>	<b>¥ 141,867</b>	<b>¥ 43,066</b>

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

	Total gains (losses) for the period		Included in other comprehen sive income	Purchases	Issues	Sales	Settlements	Transfers into Level 3	Transfers out of Level 3	March 31, 2024	Change in unrealized gains (losses) for assets and liabilities still held at March 31, 2024
	March 31, 2023	Included in earnings									
(in millions)											
<b>Assets</b>											
Trading account assets:											
Trading securities <sup>(1)</sup>	¥ 1,182,319	¥ 213,607	¥ —	¥ 728,692	¥ —	¥ (16,552)	¥ (66,257)	¥ 145	¥ —	¥ 2,041,954	¥ 206,853
Debt securities											
Foreign government and official institution bonds	1,168	123	—	7	—	(7)	(1,190)	—	—	101	—
Asset-backed securities	668,911	143,982	—	552,320	—	—	(12,458)	—	—	1,352,755	143,014
Other debt securities	334,124	61,722	—	141,000	—	—	—	—	—	536,846	61,722
Equity securities	178,116	7,780	—	35,365	—	(16,545)	(52,609)	145	—	152,252	2,117
Trading derivatives—net	81,096	1,979	(2)	1,383	423	(355)	(16,407)	49,297	(58,510)	58,906	1,549
Interest rate contracts—net	48,629	(9,448)	(1,240)	—	—	—	4,784	49,324	(52,563)	39,486	(8,541)
Foreign exchange contracts— net	11,345	2,429	922	—	—	—	(582)	98	(4,014)	10,198	3,309
Equity contracts—net	16,928	10,324	1,694	4	—	—	(20,415)	(125)	(152)	8,258	8,070
Commodity contracts—net	91	(128)	7	—	—	—	(15)	—	—	(45)	(128)
Credit derivatives—net	3,739	(1,119)	—	—	—	—	(179)	—	(1,781)	660	(1,087)
Other—net <sup>(8)</sup>	364	(79)	—	419	(355)	—	—	—	—	349	(74)
Investment securities:											
Available-for-sale debt securities	253,932	1,403	(3)	20,914	208,844	—	(278,573)	26	(1,927)	204,619	12,786
Corporate bonds	1,970	(83)	150	2,978	—	—	(4)	26	(20)	5,017	69
Residential mortgage-backed securities	15	—	—	—	—	—	—	—	—	15	—
Asset-backed securities	182,938	1,597	14,325	205,611	—	—	(271,520)	—	—	132,951	6,360
Other debt securities	69,009	(111)	6,439	255	—	—	(7,049)	—	(1,907)	66,636	6,357
Equity securities	74,761	1,223	(3)	524	10,665	—	(2,200)	2,015	(851)	86,137	64
Nonmarketable equity securities	74,761	1,223	524	10,665	—	(2,200)	—	2,015	(851)	86,137	64
Other	92,251	(204)	(7)	186	49,009	—	(2,125)	—	—	139,117	(204)
<b>Total</b>	<b>¥ 1,684,359</b>	<b>¥ 218,008</b>	<b>¥ 23,007</b>	<b>¥ 997,633</b>	<b>¥ (355)</b>	<b>¥ (18,752)</b>	<b>¥ (363,362)</b>	<b>¥ 51,483</b>	<b>¥ (61,288)</b>	<b>¥ 2,530,733</b>	<b>¥ 221,048</b>
<b>Liabilities</b>											
Obligation to return securities received as collateral	¥ 68,204	¥ —	¥ —	¥ —	¥ 5,053	¥ —	¥ (1,858)	¥ —	¥ —	¥ 71,399	¥ —
Other	73,663	(58,355)	(4)	(8,293)	—	61,123	(111,353)	(705)	(22,924)	66,452	(17,683)
<b>Total</b>	<b>¥ 141,867</b>	<b>¥ (58,355)</b>	<b>¥ (8,293)</b>	<b>¥ —</b>	<b>¥ 66,176</b>	<b>¥ —</b>	<b>¥ (113,211)</b>	<b>¥ (705)</b>	<b>¥ (22,924)</b>	<b>¥ 137,851</b>	<b>¥ (17,683)</b>

Notes:

- (1) Includes Trading securities measured under the fair value option.
- (2) Included in Trading account losses—net and Foreign exchange gains (losses)—net.
- (3) Included in Investment securities gains (losses)—net and Other comprehensive income—net.
- (4) Included in Trading account losses—net and Other comprehensive income—net.
- (5) Transfers into (out of) Level 3 for Interest rate contracts—net were mainly caused by changes in the impact of unobservable input to the entire fair value measurement. Unobservable input includes loss given default.
- (6) Transfers into (out of) Level 3 for long-term debt in Other were mainly caused by the decrease (increase) in the observability of the key inputs to the valuation models and a corresponding increase (decrease) in the significance of the unobservable inputs.
- (7) Included in Other non-interest income.
- (8) Includes certain derivatives such as earthquake derivatives.
- (9) Included in Investment securities gains (losses)—net, Trading account losses—net and Fees and commissions income.

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**Quantitative Information about Level 3 Fair Value Measurements**

The following tables present information on the valuation techniques, significant unobservable inputs and their ranges for each major category of assets and liabilities measured at fair value on a recurring basis and classified in Level 3:

<u>At March 31, 2023</u>	<u>Fair value<sup>(1)</sup></u> <u>(in millions)</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Range</u>	<u>Weighted average<sup>(2)</sup></u>
<b>Assets</b>					
Trading securities and Investment securities :					
Residential mortgage-backed securities and Asset-backed securities	¥ 101,014	Discounted cash flow	Recovery rate	100.0%	100.0%
	591,515	Internal model <sup>(4)</sup>	Asset correlations	3.0%	3.0%
			Discount factor	2.0%~2.3%	2.0%
			Prepayment rate	13.1%	13.1%
			Probability of default	0.0%~99.0%	— <sup>(3)</sup>
			Recovery rate	72.2%	72.2%
Other debt securities	385,046	Discounted cash flow	Liquidity premium	0.9%~3.2%	2.8%
<b>At March 31, 2023</b>					
<u>At March 31, 2023</u>	<u>Fair value<sup>(1)</sup></u> <u>(in millions)</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Range</u>	<u>Median<sup>(2)</sup></u>
Trading derivatives—net:					
Interest rate contracts—net	48,209	Option model	Correlation between interest rates	30.0%~60.6%	44.4%
			Correlation between interest rate and foreign exchange rate	2.0%~60.0%	36.6%
			Volatility	70.3%~106.7%	80.1%
Foreign exchange contracts—net	11,345	Option model	Correlation between interest rates	30.0%~70.0%	50.6%
			Correlation between interest rate and foreign exchange rate	14.3%~60.0%	36.8%
			Correlation between foreign exchange rates	50.0%~70.6%	66.4%
			Volatility	10.6%~23.0%	15.6%
Equity contracts—net	3,316	Option model	Correlation between foreign exchange rate and equity	(58.4)%~55.0%	15.0%
			Correlation between equities	5.6%~95.0%	54.1%
			Volatility	28.0%~37.0%	32.2%
	13,612	Discounted cash flow	Term of litigation	0.1 years~1.0 year	0.5 years

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

<u>At March 31, 2024</u>	<u>Fair value<sup>(1)</sup></u> <u>(in millions)</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Range</u>	<u>Weighted average<sup>(2)</sup></u>
<b>Assets</b>					
Trading securities and Investment securities:					
Asset-backed securities	¥ 1,248,241	Internal model <sup>(4)</sup>	Asset correlations	3.0%	3.0%
			Discount factor	1.4%~1.6%	1.4%
			Prepayment rate	17.7%	17.7%
			Probability of default	0.0%~93.0%	— <sup>(3)</sup>
			Recovery rate	55.0%	55.0%
Other debt securities	587,272	Discounted cash flow	Liquidity premium	0.9%~3.2%	2.8%
<u>At March 31, 2024</u>	<u>Fair value<sup>(1)</sup></u> <u>(in millions)</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Range</u>	<u>Median<sup>(2)</sup></u>
Trading derivatives—net:					
Interest rate contracts—net	41,687	Option model	Correlation between interest rates	30.0%~60.7%	44.6%
			Correlation between interest rate and foreign exchange rate	(2.0)%~60.0%	35.0%
			Volatility	61.2%~80.6%	75.6%
Foreign exchange contracts—net	9,800	Option model	Correlation between interest rates	30.0%~70.0%	48.2%
			Correlation between interest rate and foreign exchange rate	17.6%~60.0%	36.3%
			Correlation between foreign exchange rates	50.0%~70.6%	66.4%
			Volatility	9.9%~21.3%	14.1%
Equity contracts—net	4,414	Option model	Correlation between foreign exchange rate and equity	0.0%~30.0%	20.0%
			Correlation between equities	5.0%~76.0%	57.5%
			Volatility	25.0%~37.0%	33.9%

Notes:

- (1) The fair value as of March 31, 2023 and 2024 excludes the fair value of investments valued using vendor prices.
- (2) Weighted average is calculated by weighing each input by the relative fair value of the respective financial instruments for investment securities. Median is used for derivative instruments.
- (3) See “Probability of default” in “Changes in and range of unobservable inputs.”
- (4) For further detail of Internal model, refer to the last paragraph of “Trading Account Assets and Liabilities—Trading Account Securities.”

***Changes in and range of unobservable inputs***

***Probability of default***—Probability of default is an estimate of the likelihood that the default event will occur and the MUFG Group will be unable to collect the contractual amounts. A significant increase (decrease) in the default rate would have resulted in a significant decrease (increase) in a fair value through a decrease (increase) in the estimated cash flows. Probability of default used in internal model of Residential mortgage-backed securities and Asset-backed securities represents that of underlying assets, whereas probability of default used in other valuation techniques represents the counterparty default risks, determined through the MUFG Group’s credit rating system.

The wide range of probability of default used in the internal model of Residential mortgage-backed securities and Asset-backed securities is mainly caused by Asset-backed securities. Asset-backed securities have a large number of underlying loans, mainly corporate loans, in several industries. The MUFG Group primarily makes investments in the senior tranches of such securities, with no investments in the equity portion. Thus, the MUFG Group’s investments have higher priority of payments than mezzanine and equity and even if some of underlying loans become default, the MUFG Group may still be able to receive the full contractual payments.

***Discount factor and Liquidity premium***—Discount factor and liquidity premium are adjustments to discount rates to reflect uncertainty of cash flows and liquidity of the instruments. When recent prices of similar instruments are unobservable in inactive or less active markets, discount rates are adjusted based on the facts and circumstances of the markets including the availability of quotes

**mitsubishi UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

and the time since the latest available quotes. A significant increase (decrease) in discount rate would have resulted 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. For many debt securities (such as asset-backed securities), there is no directly observable market input for recovery, but indications of recovery levels are available from third-party pricing services. The assumed recovery of a security may differ from its actual recovery that will be observable in the future. Prepayment rate represents the proportion of principal that is expected to be paid prematurely in each period on a security or pool of securities. Prepayment rates change the future cash flows for the investor and thereby change the fair value of the security. Recovery rate and prepayment rate would affect estimation of future cash flows to a certain extent and changes in these inputs could have resulted in a significant increase or decrease in fair value.

**Volatility**—Volatility is a measure of the speed and severity of market price changes and is a key factor in pricing. Typically, instruments can become more expensive if volatility increases. A significant increase (decrease) in volatility would cause a significant increase (decrease) in the value of an option resulting in the significant increase (decrease) in fair value.

The level of volatility generally depends on the tenor of the underlying instrument and the strike price or level defined in the contract. Volatilities for certain combinations of tenor and strike price are not observable. The volatility inputs used to estimate fair value of interest rate contracts are distributed throughout the range.

**Correlation**—Correlation is a measure of the relationship between the movements of two variables (i.e., how the change in one variable influences a change in the other variables). A variety of correlation-related assumptions are required for a wide range of instruments including foreign government and official institution bonds, asset-backed securities, corporate bonds, derivatives and certain other instruments. 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 equity), 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 or across asset classes.

For interest rate contracts and foreign exchange contracts, the diversity in the portfolio held by the MUFG Group 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. For equity derivative contracts, the wide range of correlation between interest rate and equity is primarily due to the large number of correlation pairs with different maturities of contracts. For credit derivative contracts, the wide range of correlation between underlying assets is primarily due to factors such as reference assets with different maturities, capital structure subordinations, and credit quality.

**Term of litigation**—Term of litigation is the estimated period until the resolution of a certain litigation matter that relates to an issuer's restricted shares ("Covered Litigation") that the MUFG Group purchased, which is referenced in certain swap transactions.

These swaps are valued using a discounted cash flow methodology and are dependent upon the final resolution of the Covered Litigation. The settlement timing of the Covered Litigation is not observable in the market, therefore the estimated term is classified as a level 3 input.

The restricted shares which the MUFG Group purchased will be convertible to listed shares of the issuer at the end of the Covered Litigation. The restricted shares will be diluted dependent upon the settlement amount of the Covered Litigation and the dilution of the restricted shares is accomplished through an adjustment to the conversion rate of the restricted shares. In order to hedge the reduction of the conversion rate, the MUFG Group entered into certain swaps with the seller which references the conversion rate. The value generated by these trades is subject to the ultimate term of the issuer's litigation, subject to a minimum term referenced within the trade contracts.



**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

*Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis*

Certain assets and liabilities may be measured at fair value on a nonrecurring basis in periods subsequent to their initial recognition. These assets are subject to fair value adjustments that result from the application of the lower of cost or fair value accounting, write-downs of individual assets or the measurement alternative for nonmarketable equity securities. The following table presents the carrying value of assets measured at fair value on a nonrecurring basis by level within the fair value hierarchy as of March 31, 2023 and 2024:

	2023				2024			
	Level 1	Level 2	Level 3	Total carrying value	Level 1	Level 2	Level 3	Total carrying value
	(in millions)							
<b>Assets</b>								
Investment securities <sup>(1)(2)</sup>	¥ —	¥ 13,366	¥ 13,271	¥ 26,637	¥ —	¥ 9,460	¥ 45,175	¥ 54,635
Loans	1,917	3,388	611,055	616,360	2,271	5,201	626,372	633,844
Loans held for sale	—	—	439,361	439,361	—	—	472,711	472,711
Collateral dependent loans	1,917	3,388	171,694	176,999	2,271	5,201	153,661	161,133
Premises and equipment	—	—	11,835	11,835	—	—	6,950	6,950
Intangible assets	—	—	309	309	—	—	5,174	5,174
Goodwill	—	—	184,364	184,364	—	—	—	—
Other assets	178,592	—	29,003	207,595	—	32,481	18,173	50,654
Investments in equity method investees <sup>(1)</sup>	178,592	—	12,472	191,064	—	27,801	1,702	29,503
Other	—	—	16,531	16,531	—	4,680	16,471	21,151
Total	<u>¥ 180,509</u>	<u>¥ 16,754</u>	<u>¥ 849,837</u>	<u>¥ 1,047,100</u>	<u>¥ 2,271</u>	<u>¥ 47,142</u>	<u>¥ 701,844</u>	<u>¥ 751,257</u>

Notes:

- (1) Excludes certain investments valued at net asset value of ¥33,595 million and ¥18,037 million at March 31, 2023 and 2024, respectively. The unfunded commitments related to these investments are ¥23,029 million and ¥24,208 million at March 31, 2023 and 2024, respectively. These investments are in private equity funds.
- (2) Includes certain nonmarketable equity securities that are measured at fair value on a nonrecurring basis, including impairment and observable price change for nonmarketable equity securities measured under the measurement alternative.

The following table presents losses recorded as a result of changes in the fair value of assets measured at fair value on a nonrecurring basis for the fiscal years ended March 31, 2023 and 2024:

	2023		2024	
	(in millions)			
Investment securities	¥	3,580	¥	12,628
Loans		73,282		67,955
Loans held for sale		32,146		55,064
Collateral dependent loans		41,136		12,891
Premises and equipment		5,293		2,925
Intangible assets		3,650		14,929
Goodwill		33,553		—
Other assets		74,470		40,867
Investments in equity method investees		58,061		19,978
Other		16,409		20,889
Assets held for sale		282,540		—
Loans held for sale		282,540		—
Total	<u>¥</u>	<u>476,368</u>	<u>¥</u>	<u>139,304</u>

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

Investment securities for the year ended March 31, 2023 and 2024 primarily include nonmarketable equity securities measured under the measurement alternative. See Note 3 for the details of the measurement alternative.

Loans held for sale are recorded at the lower of cost or fair value. The fair value of loans held for sale is based on secondary market prices, where available. Where no such price exists, the fair value is determined using prices observed in the market for a similar asset or assets, which may be adjusted, as appropriate, to reflect other market conditions or the perceived credit risk of the borrower. These loans are principally classified in Level 3 of the fair value hierarchy, except when quoted prices are available but not traded actively, which results in such loans held for sale being classified in Level 2 of the fair value hierarchy.

The significant unobservable inputs used for the fair value measurements of loans held for sale based on adjusted prices, which are categorized within Level 3 of the fair value hierarchy, consisted of prices ranging from ¥54.00 to ¥100.00 and from ¥4.21 to ¥100.00 as of March 31, 2023 and 2024, respectively, and the weighted average of prices were ¥91.21 and ¥83.38 as of March 31, 2023 and 2024, respectively. The significant unobservable inputs used for the fair value measurements of loans held for sale based on discounted cash flows, which are categorized within Level 3 of the fair value hierarchy, consisted of discount rates ranging from 2.65% to 13.44% and from 0.83% to 11.87% as of March 31, 2023 and 2024, respectively, and the weighted averages of the discount rates were 11.58% and 11.51% as of March 31, 2023 and 2024, respectively. Weighted average is calculated by weighing each input by the relative fair value of the respective financial instruments.

Collateral dependent loans are measured at fair value of the underlying collateral. Collateral is comprised mainly of real estate and exchange-traded equity securities. The MUFG Group maintains an established process for internally determining the fair value of real estate, using the following valuation techniques and assumptions. Collateral dependent loans that are measured based on underlying real estate collateral are classified in Level 3 of the fair value hierarchy.

- *Replacement cost approach.* The replacement cost approach is primarily used for buildings and the land they are built on. This approach calculates the fair value of the collateral using the replacement cost of the property as of the valuation date. Replacement cost tables and useful life tables used for this approach are developed by subsidiaries of MUFG.
- *Sales comparison approach.* The sales comparison approach is mainly used for land. The fair value of the collateral located in Japan is based on Japanese government official land prices and standard land prices, considering the results of comparison analysis between the official roadside value which is used for tax purposes and the related government official land and standard land prices.
- *Income approach.* The income approach is, as a general rule, applied to all rental properties based on the highest and best use concept. This approach calculates the fair value of the collateral using expected future cash flows. In this approach, the expected annual net operating income is discounted using the related capitalization yield. The significant assumptions within the income approach are the expected annual net operating income and capitalization yield. The expected annual net operating income is estimated based on rental income of the property. The capitalization yield is determined based on the location and use of the property by subsidiaries of MUFG. The capitalization yield may be adjusted to reflect the trends in locations, occupancy rates and rent level and other factors.

Premises and equipment consist of those assets which were written down to fair value. The fair values are determined based on prices obtained from an appraiser or discounted cash flows. These impaired premises and equipment are classified as Level 3 of the fair value hierarchy.

Intangible assets consist of those assets which were written down to fair value. The fair values are determined based on discounted cash flows. These impaired intangible assets are classified as Level 3 of the fair value hierarchy.

Other assets mainly consist of investments in equity method investees which were written down to fair value due to impairment. When investments in equity method investees are marketable equity securities, the fair values are determined based on quoted prices. Impaired investments in equity method investees which are marketable equity securities are classified in either Level 1 or Level 2 of the fair value hierarchy. When investments in equity method investees are nonmarketable equity securities, the fair values are determined using the same methodologies as those for impaired nonmarketable equity securities described above. Impaired investments in equity method investees which are nonmarketable equity securities are classified in Level 3 of the fair value hierarchy.

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

***Fair Value Option***

The MUFG Group elected the fair value option for foreign currency-denominated debt securities and equity securities held by MUFG Bank and Mitsubishi UFJ Trust and Banking. The election was made to mitigate accounting mismatches related to fluctuations of foreign exchange rates by allowing the gains and losses on translation of these securities to be included in current earnings. The gains and losses on translation of debt securities without the fair value option, are included in OCI, while the gains and losses on translation of foreign currency-denominated financial liabilities are included in current earnings.

The MUFG Group also elected the fair value option for certain financial instruments held by Mitsubishi UFJ Securities Holdings' foreign subsidiaries because those financial instruments are managed on a fair value basis, and these exposures are considered to be trading-related positions. These financial assets are included in Other assets. These financial liabilities are mainly included in Other short-term borrowings and Long-term debt. Unrealized gains and losses on such financial instruments are recognized in the accompanying consolidated statements of operations.

The following table presents the gains or losses recorded for the fiscal years ended March 31, 2022, 2023 and 2024 related to the eligible instruments for which the MUFG Group elected the fair value option:

	2022			2023			2024		
	Trading account profits (losses)	Foreign exchange gains (losses)	Total changes in fair value	Trading account profits (losses)	Foreign exchange gains (losses)	Total changes in fair value	Trading account profits (losses)	Foreign exchange gains (losses)	Total changes in fair value
(in millions)									
Financial assets:									
Trading account securities	¥ (984,605)	¥ 1,752,995	¥ 768,390	¥(1,180,311)	¥ 1,369,071	¥ 188,760	¥ (173,290)	¥ 2,176,389	¥ 2,003,099
Total	<u>¥ (984,605)</u>	<u>¥ 1,752,995</u>	<u>¥ 768,390</u>	<u>¥(1,180,311)</u>	<u>¥ 1,369,071</u>	<u>¥ 188,760</u>	<u>¥ (173,290)</u>	<u>¥ 2,176,389</u>	<u>¥ 2,003,099</u>
Financial liabilities:									
Other short-term borrowings <sup>(1)</sup>	¥ 5,552	¥ —	¥ 5,552	¥ (3,626)	¥ —	¥ (3,626)	¥ 3,690	¥ —	¥ 3,690
Long-term debt <sup>(1)</sup>	50,082	—	50,082	40,944	—	40,944	(20,426)	—	(20,426)
Total	<u>¥ 55,634</u>	<u>¥ —</u>	<u>¥ 55,634</u>	<u>¥ 37,318</u>	<u>¥ —</u>	<u>¥ 37,318</u>	<u>¥ (16,736)</u>	<u>¥ —</u>	<u>¥ (16,736)</u>

Note:

(1) Changes in the value attributable to the instrument-specific credit risk related to those financial liabilities were not material.

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

The following table presents the differences between the aggregate fair value and the aggregate remaining contractual principal balance outstanding as of March 31, 2023 and 2024 for long-term debt instruments for which the fair value option has been elected:

	2023			2024		
	Remaining aggregate contractual amounts outstanding	Fair value	Fair value over (under) remaining aggregate contractual amounts outstanding	Remaining aggregate contractual amounts outstanding	Fair value	Fair value over (under) remaining aggregate contractual amounts outstanding
(in millions)						
Financial liabilities:						
Long-term debt	¥ 501,982	¥ 431,338	¥ (70,644)	¥ 246,153	¥ 234,909	¥ (11,244)
Total	¥ 501,982	¥ 431,338	¥ (70,644)	¥ 246,153	¥ 234,909	¥ (11,244)

Interest income and expense related to the assets and liabilities for which the fair value option is elected are measured based on the contractual rates and dividend income related to these assets are recognized when the shareholder right to receive the dividend is established. These interest income and expense and dividend income are reported in the accompanying consolidated statements of operations as either interest income or expense, depending on the nature of the related asset or liability.

***Estimated Fair Value of Financial Instruments***

The following is a summary of carrying amounts and estimated fair values by level within the fair value hierarchy of financial instruments which are not carried at fair value on a recurring basis in the accompanying consolidated balance sheets as of March 31, 2023 and 2024:

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

<u>At March 31, 2023</u>	Carrying amount	Estimated fair value			
		Total	Level 1	Level 2	Level 3
(in billions)					
<b>Financial assets:</b>					
Cash and due from banks	¥ 60,051	¥ 60,051	¥ 60,051	¥ —	¥ —
Interest-earning deposits in other banks	53,990	53,990	—	53,990	—
Call loans and funds sold	1,802	1,802	—	1,802	—
Receivables under resale agreements	14,059	14,059	—	14,059	—
Receivables under securities borrowing transactions	4,556	4,556	—	4,556	—
Investment securities	21,520	21,386	13,527	5,354	2,505
Loans, net of allowance for credit losses <sup>(1)</sup>	118,679	118,933	2	263	118,668
Other financial assets <sup>(2)</sup>	10,108	10,108	—	10,108	—
<b>Financial liabilities:</b>					
<b>Deposits</b>					
Non-interest-bearing	¥ 37,804	¥ 37,804	¥ —	¥ 37,804	¥ —
Interest-bearing	197,500	197,573	—	197,573	—
Total deposits	235,304	235,377	—	235,377	—
Call money and funds purchased	3,438	3,438	—	3,438	—
Payables under repurchase agreements	40,132	40,132	—	40,132	—
Payables under securities lending transactions	1,138	1,138	—	1,138	—
Due to trust account and other short-term borrowings	14,260	14,260	—	14,260	—
Long-term debt	38,704	37,928	—	37,928	—
Other financial liabilities	9,595	9,595	—	9,595	—

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

<u>At March 31, 2024</u>	Carrying amount	Estimated fair value			
		Total	Level 1	Level 2	Level 3
(in billions)					
<b>Financial assets:</b>					
Cash and due from banks	¥ 4,392	¥ 4,392	¥ 4,392	¥ —	¥ —
Interest-earning deposits in other banks	105,632	105,632	—	105,632	—
Call loans and funds sold	1,738	1,738	—	1,738	—
Receivables under resale agreements	18,495	18,495	—	18,495	—
Receivables under securities borrowing transactions	5,001	5,001	—	5,001	—
Investment securities	24,844	24,558	14,522	7,457	2,579
Loans, net of allowance for credit losses <sup>(1)</sup>	126,572	126,746	2	295	126,449
Other financial assets <sup>(2)</sup>	11,787	11,787	—	11,787	—
<b>Financial liabilities:</b>					
<b>Deposits</b>					
Non-interest-bearing	¥ 38,787	¥ 38,787	¥ —	¥ 38,787	¥ —
Interest-bearing	207,659	207,808	—	207,808	—
Total deposits	246,446	246,595	—	246,595	—
Call money and funds purchased	5,094	5,094	—	5,094	—
Payables under repurchase agreements	35,711	35,711	—	35,711	—
Payables under securities lending transactions	1,017	1,017	—	1,017	—
Due to trust account and other short-term borrowings	15,743	15,743	—	15,743	—
Long-term debt	39,743	39,010	—	39,010	—
Other financial liabilities	9,473	9,473	—	9,473	—

Notes:

- (1) Includes loans held for sale and collateral dependent loans measured at fair value on a nonrecurring basis. Refer to “Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis” for the details of the level classification.
- (2) Excludes investments in equity method investees of ¥3,482 billion and ¥4,113 billion at March 31, 2023 and 2024, respectively.

The fair values of certain off-balance sheet financial instruments held for purposes other than trading, including commitments to extend credit and commercial letters of credit, are estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the credit quality. The aggregate fair value of such instruments at March 31, 2023 and 2024 was not material.

**32. PARENT COMPANY ONLY FINANCIAL INFORMATION**

Distributions of retained earnings of MUFG Bank and Mitsubishi UFJ Trust and Banking are restricted in order to meet the minimum capital adequacy requirements under the Banking Law. Additionally, retained earnings of these banking subsidiaries are restricted, except for approximately ¥5,837 billion and ¥6,159 billion, in accordance with the statutory reserve requirements under the Companies Act at March 31, 2023 and 2024, respectively. See Notes 19 and 21 for further information.

The Banking Law and related regulations restrict the ability of these banking subsidiaries to extend loans or credit to the parent company. Such loans or credits to the parent company are generally limited to 15% of the banking subsidiary’s consolidated total capital, as determined by the capital adequacy guidelines.

At March 31, 2023 and 2024, approximately ¥5,352 billion and ¥6,441 billion, respectively, of net assets of consolidated subsidiaries may be restricted as to payment of cash dividends and loans to the parent company.

As described in Note 1A, the restatement of the March 31, 2023 consolidated financial statements resulted in the amounts previously recognized as direct adjustments to equity, including retained earnings of ¥223,273 million, net of tax, being recognized as



**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

reductions of the gain on sale. This correction resulted in reductions of ¥223,273 million in "Equity in undistributed net income (loss) of subsidiaries and affiliated companies—net", "Income (loss) before income tax expense", and "Net income (loss)" in the condensed statements of operations for the year ended March 31, 2023.

The following table presents the parent company only financial information of MUFG:

***Condensed Balance Sheets***

	<b>As of March 31,</b>	
	<b>2023</b>	<b>2024</b>
	<b>(in millions)</b>	
<b>Assets:</b>		
Cash and interest-earning deposits with banking subsidiaries	¥ 173,603	¥ 147,740
Investments in subsidiaries and affiliated companies	16,834,133	18,819,492
Banking subsidiaries	11,893,171	12,822,717
Non-banking subsidiaries and affiliated companies	4,940,962	5,996,775
Loans to subsidiaries	12,841,655	14,198,572
Banking subsidiaries	12,225,477	13,651,662
Non-banking subsidiaries	616,178	546,910
Other assets	229,005	178,222
Total assets	<u>¥ 30,078,396</u>	<u>¥ 33,344,026</u>
<b>Liabilities and Shareholders' equity:</b>		
Short-term borrowings from banking subsidiaries	¥ 1,291,660	¥ 1,285,635
Long-term debt from non-banking subsidiaries and affiliated companies	15,591	21,902
Long-term debt	12,792,670	14,163,977
Other liabilities	215,129	226,850
Total liabilities	<u>14,315,050</u>	<u>15,698,364</u>
Total shareholders' equity	<u>15,763,346</u>	<u>17,645,662</u>
Total liabilities and shareholders' equity	<u>¥ 30,078,396</u>	<u>¥ 33,344,026</u>

**MITSUBISHI UFJ FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

*Condensed Statements of Operations*

	Fiscal years ended March 31,		
	2022	2023 (Restated) (in millions)	2024
<b>Income:</b>			
Dividends from subsidiaries and affiliated companies	¥ 586,108	¥ 605,115	¥ 774,211
Banking subsidiaries	419,691	407,630	545,886
Non-banking subsidiaries and affiliated companies	166,417	197,485	228,325
Management fees from subsidiaries	34,957	35,052	34,393
Interest income from subsidiaries	183,679	273,536	371,860
Foreign exchange gains—net	6,851	3,465	451
Trading account profits (losses)—net	(4,059)	28,970	(40,379)
Gains on sales of investment in subsidiaries and affiliated companies—net	—	17,748	—
Other income	11,732	13,255	15,374
<b>Total income</b>	<b>819,268</b>	<b>977,141</b>	<b>1,155,910</b>
<b>Expense:</b>			
Operating expenses	40,158	44,149	47,600
Interest expense to subsidiaries and affiliated companies	12,256	15,442	15,673
Interest expense	167,057	256,333	355,781
Other expense	7,154	6,496	6,229
<b>Total expense</b>	<b>226,625</b>	<b>322,420</b>	<b>425,283</b>
Equity in undistributed net income (loss) of subsidiaries and affiliated companies—net	(667,088)	(259,130)	592,064
Income (loss) before income tax expense	(74,445)	395,591	1,322,691
Income tax expense (benefit)	8,875	18,956	(5,430)
<b>Net income (loss)</b>	<b>¥ (83,320)</b>	<b>¥ 376,635</b>	<b>¥ 1,328,121</b>

**mitsubishi UFJ Financial Group, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements-(Continued)**

**Condensed Statements of Cash Flows**

	Fiscal years ended March 31,		
	2022	2023	2024
	(in millions)		
<b>Operating activities:</b>			
Net cash provided by operating activities	570,448	609,641	839,937
<b>Investing activities:</b>			
Proceeds from sales and dispositions of investments in subsidiaries and affiliated companies	136	41,125	865
Purchase of equity investment in subsidiaries and an affiliated company	(1,000)	—	—
Net increase in loans to subsidiaries	(257,619)	(2,204,831)	(231,891)
Other—net	(9,413)	(7,791)	(8,787)
Net cash used in investing activities	(267,896)	(2,171,497)	(239,813)
<b>Financing activities:</b>			
Net increase (decrease) in short-term borrowings from subsidiaries	(61,415)	145,513	(6,025)
Proceeds from issuance of long-term debt	1,625,173	3,833,878	1,809,416
Repayment of long-term debt	(1,369,254)	(1,630,695)	(1,578,887)
Proceeds from sales of treasury stock	—	—	1
Payments for acquisition of treasury stock	(150,017)	(450,019)	(400,037)
Dividends paid	(334,620)	(380,447)	(439,755)
Other—net	(10,410)	(14,160)	(10,700)
Net cash provided by (used in) financing activities	(300,543)	1,504,070	(625,987)
Net increase (decrease) in cash and cash equivalents	2,009	(57,786)	(25,863)
Cash and cash equivalents at beginning of fiscal year	229,380	231,389	173,603
Cash and cash equivalents at end of fiscal year	¥ 231,389	¥ 173,603	¥ 147,740

**33. SUBSEQUENT EVENTS**

***Approval of Dividends***

On June 27, 2024, the shareholders approved the payment of cash dividends of ¥20.5 per share of Common stock, totaling ¥240,938 million, that were payable on June 28, 2024, to the shareholders of record on March 31, 2024.

***Repurchase of own shares***

At the meeting of the Board of Directors of MUFG held on May 15, 2024, it was resolved to repurchase up to 80,000,000 shares of MUFG's common stock by market purchases based on the discretionary dealing contract regarding repurchase of its own shares for approximately ¥100 billion, in aggregate, from May 16, 2024 to June 30, 2024. This repurchase plan allowed for the repurchase of the equivalent of up to 0.7% of the total number of common shares outstanding excluding its own shares, or of an aggregate repurchase amount of up to ¥100 billion. The purpose of the repurchase is to enhance the return of earnings to shareholders, to improve capital efficiency, and to implement flexible capital policies.

\* \* \* \* \*

## EXHIBIT INDEX

Exhibit	Description
1(a)	<u>Articles of Incorporation of Mitsubishi UFJ Financial Group, Inc., as amended on June 29, 2022 (English translation)</u>
1(b)	<u>Board of Directors Regulations of Mitsubishi UFJ Financial Group, Inc., as amended on June 25, 2015 (English translation)*</u>
1(c)	<u>Corporation Meetings Regulations of Mitsubishi UFJ Financial Group, Inc., as amended on April 1, 2022 (English translation)**</u>
1(d)	<u>Share Handling Regulations of Mitsubishi UFJ Financial Group, Inc., as amended on August 2, 2022 (English Translation)</u>
1(e)	<u>Charter of the Audit Committee of Mitsubishi UFJ Financial Group, Inc., as amended on July 1, 2024 (English translation)</u>
1(f)	<u>Charter of the Compensation Committee of Mitsubishi UFJ Financial Group, Inc., as amended on July 1, 2018 (English translation)*</u>
1(g)	<u>Charter of the Nominating and Governance Committee of Mitsubishi UFJ Financial Group, Inc., as amended on July 1, 2018 (English translation)*</u>
1(h)	<u>Charter of the Risk Committee of Mitsubishi UFJ Financial Group, Inc., as amended on July 1, 2018 (English translation)*</u>
2(a)	<u>Form of American Depositary Receipt*</u>
2(b)	<u>Form of Deposit Agreement, amended and restated as of December 22, 2004, among Mitsubishi Tokyo Financial Group, Inc. (subsequently renamed Mitsubishi UFJ Financial Group, Inc.), The Bank of New York Mellon and the holders from time to time of American Depositary Receipts issued thereunder*</u>
2(c)	<u>Description of Securities</u>
8	<u>Subsidiaries of the Company—see “Item 4.C. Information on the Company—Organizational Structure.”</u>
11(a)	<u>MUFG Group Code of Conduct, Compliance Rules, Compliance Manual, and Rules of Employment of Mitsubishi UFJ Financial Group, Inc. applicable to its principal executive officer, principal financial officer, principal accounting officer and persons performing similar functions (English translation of relevant sections)</u>
11(b)	<u>MUFG Insider Trading Control Policy and Insider Trading Control Rule</u>
12	<u>Certifications required by Rule 13a-14(a) (17 CFR 240.13a-14(a)) or Rule 15d-14(a)(17 CFR 240.15d-14(a))</u>
13	<u>Certifications required by Rule 13a-14(b) (17 CFR 240.13a-14(b)) or Rule 15d-14(b)(17 CFR 240.15d-14(b)) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350)</u>
15(a)	<u>Consent of independent registered public accounting firm (Deloitte Touche Tohmatsu LLC)</u>
15(b)	<u>Consent of independent registered public accounting firm (Deloitte &amp; Touche LLP)</u>
97	<u>MUFG Executive Compensation Recovery Policy</u>
99(a)	<u>Capitalization and Indebtedness of Mitsubishi UFJ Financial Group, Inc. as of March 31, 2024***</u>
99(b)	<u>Unaudited Reverse Reconciliation of Selected Financial Information of Mitsubishi UFJ Financial Group, Inc. as of and for the fiscal year ended March 31, 2024****</u>
99(c)	<u>Financial Statements and Supplementary Data of Morgan Stanley*****</u>
101.INS	Inline XBRL Instance Document—the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	The cover page for the Company’s Annual Report on Form 20-F for the year ended March 31, 2024, has been formatted in Inline XBRL

Notes:

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- \* Incorporated by reference to our annual report on Form 20-F (File No. 000-54189) filed on July 12, 2018.
- \*\* Incorporated by reference to our annual report on Form 20-F (File No. 000-54189) filed on July 8, 2022.
- \*\*\* Deemed to be incorporated by reference into the registration statement on Form F-3 (No. 333-273681) of Mitsubishi UFJ Financial Group, Inc. and to be a part thereof.
- \*\*\*\* Deemed to be incorporated as Annex A to the registration statement on Form F-3 (No. 333-273681) of Mitsubishi UFJ Financial Group, Inc. and to be a part thereof.
- \*\*\*\*\* Incorporated by reference to Morgan Stanley's annual report on Form 10-K (File No. 001-11758) filed on February 22, 2024.

**Signature**

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

MITSUBISHI UFJ FINANCIAL GROUP, INC.

By:           /s/ HIRONORI KAMEZAWA            
Name: **Hironori Kamezawa**  
Title: **President & Group Chief Executive Officer**

Date: July 30, 2024

**ARTICLES OF INCORPORATION**  
**OF**  
**MITSUBISHI UFJ FINANCIAL GROUP, INC.**

**CHAPTER I.**  
**GENERAL PROVISIONS**  
(English Translation)

*(Trade Name)*

**Article 1.**

The Company shall be called “Kabushiki Kaisha Mitsubishi UFJ Financial Group” and shall be called in English “Mitsubishi UFJ Financial Group, Inc.” (hereinafter referred to as the “Company”).

*(Purpose)*

**Article 2.**

The purpose of the Company shall be to engage in the following businesses as a bank holding company:

1. Administration of management of banks, trust banks, specialized securities companies, insurance companies or other companies which the Company may own as its subsidiaries under the Banking Law;
2. Any businesses incidental to the foregoing businesses mentioned in the preceding item; and
3. Any other businesses in which bank holding companies are permitted to engage under the Banking Law in addition to the foregoing businesses mentioned in the preceding two items.

*(Location of Head Office)*

**Article 3.**

The Company shall have its head office in Chiyoda-ku, Tokyo.

*(Organization)*

**Article 4.**

The Company, being a company with three committees, shall establish the following organizations in addition to the general meeting of shareholders and the Directors:

1. The Board of Directors;
2. The Nominating and Governance Committee (which constitutes a Nominating Committee defined in the Companies Act), the Audit Committee, and the Compensation Committee;
3. Corporate Executives; and
4. An Accounting Auditor.

*(Method of Public Notice)*

**Article 5.**

1. Public notices of the Company shall be given by way of electronic public notice.
2. In cases where the Company is unable to give an electronic public notice due to unavoidable circumstances, public notices of the Company shall be given in the manner of the publication in the *Nihon Keizai Shimbun*.



## CHAPTER II.

### SHARES

*(Total Number of Shares Authorized to be Issued)*

#### **Article 6.**

The aggregate number of shares authorized to be issued by the Company shall be thirty-three billion eight hundred million (33,800,000,000) shares, and the aggregate number of each class shares authorized to be issued shall be as set forth below; provided, however, that the aggregate number of shares authorized to be issued with respect to the Second to the Fourth Series of Class 5 Preferred Shares shall not exceed four hundred million (400,000,000) in total, the aggregate number of shares authorized to be issued with respect to the First to the Fourth Series of Class 6 Preferred Shares shall not exceed two hundred million (200,000,000) in total, and the aggregate number of shares authorized to be issued with respect to the First to the Fourth Series of Class 7 Preferred Shares shall not exceed two hundred million (200,000,000) in total.

Ordinary Shares:

thirty-three billion (33,000,000,000) shares

The Second Series of Class 5 Preferred Shares:

four hundred million (400,000,000) shares

The Third Series of Class 5 Preferred Shares:

four hundred million (400,000,000) shares

The Fourth Series of Class 5 Preferred Shares:

four hundred million (400,000,000) shares

The First Series of Class 6 Preferred Shares:

two hundred million (200,000,000) shares

The Second Series of Class 6 Preferred Shares:

two hundred million (200,000,000) shares

The Third Series of Class 6 Preferred Shares:

two hundred million (200,000,000) shares

The Fourth Series of Class 6 Preferred Shares:

two hundred million (200,000,000) shares

The First Series of Class 7 Preferred Shares:

two hundred million (200,000,000) shares

The Second Series of Class 7 Preferred Shares:

two hundred million (200,000,000) shares

The Third Series of Class 7 Preferred Shares:

two hundred million (200,000,000) shares

The Fourth Series of Class 7 Preferred Shares:

two hundred million (200,000,000) shares

*(Number of Shares Constituting One (1) Unit of Shares)*

#### **Article 7.**

The number of shares constituting one (1) unit of shares of the Company shall be one hundred (100) with respect to Ordinary Shares and each class of Preferred Shares, respectively.

*(Rights Pertaining to Fractional Unit Shares)*

#### **Article 8.**

A Shareholder of the Company may not exercise any rights with respect to fractional unit shares held by such shareholder, except for the following:

1. The rights provided for in each item of Article 189, Paragraph 2 of the Companies Act;
2. The right to make a request pursuant to Article 166, Paragraph 1 of the Companies Act;
3. The right to receive an allotment of offered shares and offered stock acquisition rights in proportion to the number of shares held by such shareholder; and
4. The right to make a request provided for in the following Article.

*(Request for Sale of Fractional Unit Shares)*

**Article 9.**

A shareholder of the Company may request the Company to sell to the shareholder such number of shares which will, when combined with the fractional unit shares already held by such shareholder, constitute one (1) full unit of shares pursuant to the Share Handling Regulations.

*(Record Date)*

**Article 10.**

1. The Company shall deem the shareholders whose names have been entered or recorded in the latest register of shareholders as of March 31 of each year to be the shareholders who are entitled to exercise their rights at the ordinary general meeting of shareholders for the relevant business year.
2. The provision of the preceding paragraph shall apply *mutatis mutandis* to the record date for voting rights at general meetings of class shareholders, where there is a matter to be resolved at an ordinary general meeting of shareholders that requires, in addition to such resolution, a resolution by the relevant general meeting of class shareholders.
3. In addition to the preceding two paragraphs of this article, whenever necessary, the Company may, upon giving prior public notice, fix a date as a record date and may deem the shareholders or registered share pledgees whose names have been entered or recorded in the latest register of shareholders as of such date as the shareholders or the registered share pledgees entitled to exercise their rights.

*(Transfer Agent)*

**Article 11.**

1. The Company shall have a share transfer agent.
2. The share transfer agent and the handling office thereof shall be designated by resolution of the Board of Directors, and public notice thereof shall be given.
3. The establishment and retention of the register of shareholders and the register of stock acquisition rights of the Company and any other businesses with respect to the register of shareholders and the register of stock acquisition rights of the Company shall be handled by the share transfer agent, not by the Company.

*(Share Handling Regulations)*

**Article 12.**

The registration of transfers of shares, the registration of pledges on shares, the entries or records in the register of shareholders and in the register of stock acquisition rights, and any other handling with respect to shares and stock acquisition rights as well as the fees therefor shall be governed by the Share Handling Regulations established by the Board of Directors.

**CHAPTER III**

**PREFERRED SHARES**

*(Preferred Dividends)*

**Article 13.**

1. The Company shall distribute cash dividends from surplus on Preferred Shares (hereinafter referred to as the “Preferred Dividends”) in such respective amount as prescribed below to the holders of Preferred Shares (hereinafter referred to as the “Preferred Shareholders”) or registered share pledgees who hold pledges over Preferred Shares (hereinafter referred to as the “Registered Preferred Share Pledgees”), whose names have been entered or recorded in the latest register of shareholders as of March 31 of each year, with priority over the holders of Ordinary Shares (hereinafter referred to as the “Ordinary Shareholders”) or registered share pledgees who hold pledges over Ordinary Shares (hereinafter referred to as the “Registered Ordinary Share Pledgees”); provided, however, that in the event that the Preferred Interim Dividends provided for in Article 14 hereof have been paid in the relevant business year, the amount so paid shall be deducted accordingly from the amount of the Preferred Dividends set forth below for each relevant class of Preferred Shares.

The Second to the Fourth Series of Class 5 Preferred Shares:

Amount to be determined by resolution of the Board of Directors adopted at the time of issuance of the Class 5 Preferred Shares, up to two hundred fifty (250) yen per share per year

The First to the Fourth Series of Class 6 Preferred Shares:

Amount to be determined by resolution of the Board of Directors adopted at the time of issuance of the Class 6 Preferred Shares, up to one hundred twenty-five (125) yen per share per year

The First to the Fourth Series of Class 7 Preferred Shares:

Amount to be determined by resolution of the Board of Directors adopted at the time of issuance of the Class 7 Preferred Shares, up to one hundred twenty-five (125) yen per share per year

2. If the aggregate amount paid to a Preferred Shareholder or Registered Preferred Share Pledgee as cash dividends from surplus in any particular business year is less than the prescribed amount of the relevant Preferred Dividends, the unpaid amount shall not be carried over to nor cumulated in subsequent business years.
3. The Company shall not distribute any dividends from surplus to any Preferred Shareholder or Registered Preferred Share Pledgee in excess of the prescribed amount of the relevant Preferred Dividends except for the distribution from surplus in the process of the corporate split (*kyushu-bunkatsu*) pursuant to Article 758, Item 8 (b) or Article 760, Item 7 (b) of the Companies Act, or the distribution from surplus in the process of the corporate split (*shinsetsu-bunkatsu*) pursuant to Article 763 Paragraph 1, Item 12 (b) or Article 765 Paragraph 1, Item 8 (b) of the said act.

*(Preferred Interim Dividends)*

#### **Article 14.**

In the event of payment of Interim Dividends provided for in Article 46 of these Articles (hereinafter referred to as the “Preferred Interim Dividends”), the Company shall make a cash distribution from surplus in such respective amount as prescribed below for each class of Preferred Shares to the Preferred Shareholders or Registered Preferred Share Pledgees with priority over the Ordinary Shareholders or Registered Ordinary Share Pledgees.

The Second to the Fourth Series of Class 5 Preferred Shares:

Amount to be determined by resolution of the Board of Directors adopted at the time of issuance of the Class 5 Preferred Shares, up to one hundred twenty-five (125) yen per share

The First to the Fourth Series of Class 6 Preferred Shares:

Amount to be determined by resolution of the Board of Directors adopted at the time of issuance of the Class 6 Preferred Shares, up to sixty-two and fifty hundredths (62.50) yen per share

The First to the Fourth Series of Class 7 Preferred Shares:

Amount to be determined by resolution of the Board of Directors adopted at the time of issuance of the Class 7 Preferred Shares, up to sixty-two and fifty hundredths (62.50) yen per share

*(Distribution of Residual Assets)*

#### **Article 15.**

1. If the Company distributes its residual assets in cash upon liquidation, the Company shall pay cash to the Preferred Shareholders or Registered Preferred Share Pledgees with priority over the Ordinary Shareholders or Registered Ordinary Share Pledgees in such respective amount as prescribed below:

The Second to the Fourth Series of Class 5 Preferred Shares:

Two thousand five hundred (2,500) yen  
per share

The First to the Fourth Series of Class 6 Preferred Shares:

Two thousand five hundred (2,500) yen  
per share

The First to the Fourth Series of Class 7 Preferred Shares:

Two thousand five hundred (2,500) yen  
per share

2. The Company shall not make a distribution of residual assets other than as provided for in the preceding paragraph to the Preferred Shareholders or Registered Preferred Share Pledges.

*(Voting Rights)*

**Article 16.**

Unless otherwise provided for by laws or regulations, the Preferred Shareholders shall not have voting rights at any general meeting of shareholders; provided, however, that the Preferred Shareholders shall have voting rights from (i) the commencement of an ordinary general meeting of shareholders in the event that no proposal for declaration of the Preferred Dividends be paid to the Preferred Shareholders is submitted to such ordinary general meeting of shareholders or (ii) the close of an ordinary general meeting of shareholders in the event that such proposal is rejected at such ordinary general meeting of shareholders, until, in either case, a proposal for declaration of the Preferred Dividends be paid to the Preferred Shareholders is approved at an ordinary general meeting of shareholders.

*(Consolidation or Split of Preferred Shares and Rights to Be Allotted Shares, etc.)*

**Article 17.**

1. Unless otherwise provided for by laws or regulations, the Company shall not consolidate or split any Preferred Shares.
2. The Company shall not grant the Preferred Shareholders any rights to be allotted shares or stock acquisition rights.
3. The Company shall not grant the Preferred Shareholders any rights for the free allotment of shares or stock acquisition rights.

*(Provisions for Acquisition)*

**Article 18.**

1. In respect of the Second to the Fourth Series of Class 5 Preferred Shares and/or the First to the Fourth Series of Class 6 Preferred Shares, the Company may, after issuance of the respective Preferred Shares and after the lapse of the period designated by resolution of the Board of Directors adopted at the time of the issuance of respective Preferred Shares, acquire such Preferred Shares, in whole or in part, in exchange for the amount of cash as deemed appropriate as the acquisition price giving due consideration to the prevailing market conditions, as determined by such resolution of the Board of Directors, on a certain date as separately determined by the Company by a resolution of the Board of Directors after the issue of the relevant Preferred Shares.
2. Partial acquisition shall be effected pro rata or in lot.

*(Right to Request Acquisition)*

**Article 19.**

Any holder of the First to the Fourth Series of Class 6 or the First to the Fourth Series of Class 7 Preferred Shares may request acquisition of such Preferred Shares during the period in which such Preferred Shareholder is entitled to request acquisition as determined by resolution of the Board of Directors adopted at the time of issuance of such Preferred Shares, in exchange for Ordinary Shares of the Company in the number as is calculated by the formula designated by such resolution.

*(Mandatory Acquisition)*

**Article 20.**

1. The Company shall mandatorily acquire any of the First to the Fourth Series of Class 6 Preferred Shares or the First to the Fourth Series of Class 7 Preferred Shares for which no request for acquisition is made during the period in which the holders of such

Preferred Shares are entitled to request acquisition on the day immediately following the last day of such period in exchange for Ordinary Shares in the number as is obtained by dividing an amount equivalent to the subscription price per each relevant Preferred Share by the average daily closing price (including closing bids or offered prices) of Ordinary Shares of the Company (in regular trading) as reported by the Tokyo Stock Exchange for the thirty (30) consecutive trading days (excluding a trading day or days on which no closing price or closing bid or offered price is reported) commencing on the forty-fifth (45th) trading day prior to such date; provided, however, that such calculation shall be made to the second decimal place denominated in yen, and rounded up to one decimal place when the fraction beyond it is equal to or more than 0.05 yen, discarding amounts less than 0.05 yen. If the relevant average price is less than the amount determined by resolution of the Board of Directors adopted at the time of issuance of respective Preferred Shares, the relevant Preferred Shares shall be acquired in exchange for Ordinary Shares in the number as is obtained by dividing an amount equivalent to the subscription price per each relevant Preferred Shares by an amount so determined by such resolution of the Board of Directors.

2. After issuance of the Second to the Fourth Series of Class 5 Preferred Shares, the First to the Fourth Series of Class 6 Preferred Shares and/or the First to the Fourth Series of Class 7 Preferred Shares, upon the occurrence of a certain event that requires the acquisition of the relevant Preferred Shares pursuant to the capital adequacy requirements applicable to the Company and which event shall be determined by resolution of the Board of Directors adopted at the time of the issuance of the relevant Preferred Shares, the Company shall mandatorily acquire the relevant Preferred Shares in whole on an acquisition date which falls after the occurrence of the certain event. The acquisition date shall be either of a certain date which falls after the occurrence of the relevant certain event and which date shall be determined by such resolution of the Board of Directors, giving due consideration to such capital adequacy requirements and other factors, or a date separately determined by the Company by resolution of the Board of Directors adopted after the occurrence of the relevant certain event. The Company shall mandatorily acquire the relevant Preferred Shares in exchange for Ordinary Shares or free of consideration, and whether such acquisition shall be made in exchange for Ordinary Shares or free of consideration shall be determined by resolution of the Board of Directors adopted at the time of issuance of the relevant Preferred Shares, giving due consideration to the market conditions and other factors. The formula for calculating the number of Ordinary Shares in case where the relevant Preferred Shares shall be acquired in exchange for Ordinary Shares shall be determined by resolution of the Board of Directors adopted at the time of issuance of the relevant Preferred Shares, giving due consideration to the market price of Ordinary Shares, the subscription price of the relevant Preferred Shares and other factors.
3. In the calculation of the number of Ordinary Shares provided for in the preceding two paragraphs of this article, if any number less than one (1) share is yielded, such fractions shall be handled by the method provided for in Article 234 of the Companies Act.

*(Order of Priority)*

#### **Article 21.**

All classes of Preferred Shares shall rank *pari passu* with each other in respect of the payment of Preferred Dividends and Preferred Interim Dividends and the distribution of residual assets.

*(Prescription Period)*

#### **Article 22.**

The provisions set forth in Article 47 of these Articles shall apply *mutatis mutandis* to the payment of Preferred Dividends and Preferred Interim Dividends.

### **CHAPTER IV.**

#### **GENERAL MEETING OF SHAREHOLDERS**

*(Convocation)*

#### **Article 23.**

1. An ordinary general meeting of shareholders shall be convened within three (3) months from the last day of each business year.
2. An extraordinary general meeting of shareholders shall be convened whenever necessary.

*(Chairman)*

#### **Article 24.**

1. The Director concurrently serving as President and Representative Corporate Executive shall act as chairman of general meetings of shareholders.
2. If the Director concurrently serving as President and Representative Corporate Executive is unable to act as such, one of the other Directors shall act as chairman in accordance with the order of priority determined in advance by the Board of Directors.

*(Measures for Electronic Provision, Etc.)*

**Article 25.**

1. The Company shall, when convening a general meeting of shareholders, provide information contained in the reference documents for the general meeting of shareholders, etc. electronically.
2. Among the matters to be provided electronically, the Company may choose not to include all or part of the matters stipulated in the Ordinance of the Ministry of Justice in the paper copy to be sent to shareholders who have requested it by the record date for voting rights.

*(Method of Resolution)*

**Article 26.**

1. Unless otherwise provided for by law or regulation or these Articles of Incorporation, resolutions of a general meeting of shareholders shall be adopted by an affirmative vote of a majority of the voting rights of the shareholders in attendance who are entitled to vote.
2. Resolutions of a general meeting of shareholders provided for in Article 309, Paragraph 2 of the Companies Act and resolutions of a general meeting of shareholders for which the method of resolution provided for in the said Paragraph shall be applied mutatis mutandis pursuant to the Companies Act and other laws and regulations shall be adopted by an affirmative vote of two-thirds (2/3) or more of the voting rights of the shareholders in attendance who hold in the aggregate not less than one-third (1/3) of the total number of voting rights of all shareholders who are entitled to vote.

*(Voting by Proxy)*

**Article 27.**

1. Shareholders may exercise their voting rights at a general meeting of shareholders by appointing one (1) proxy who is one (1) shareholder of the Company entitled to exercise its own voting rights at such meeting.
2. In the case of the preceding paragraph, the shareholder or the proxy thereof shall submit to the Company a document evidencing authority of the proxy to act as such at each general meeting of shareholders.

*(Minutes)*

**Article 28.**

The proceedings of general meetings of shareholders shall be stated or recorded in the minutes pursuant to laws and regulations.

*(General Meetings of Holders of Classes of Shares)*

**Article 29.**

1. The provisions of Articles 24, 25, 27 and 28 of these Articles shall apply mutatis mutandis to general meetings of class shareholders.
2. The provisions of Article 26, Paragraph 1 of these Articles shall apply mutatis mutandis to the resolutions of general meetings of class shareholders made pursuant to Article 324, Paragraph 1 of the Companies Act.
3. The provisions of Article 26, Paragraph 2 of these Articles shall apply mutatis mutandis to the resolutions of general meetings of class shareholders made pursuant to Article 324, Paragraph 2 of the Companies Act.

**CHAPTER V.**

**DIRECTORS AND BOARD OF DIRECTORS**

*(Number of Directors and Method of Election)*

**Article 30.**

1. The Company shall have not more than twenty (20) Directors, who shall be elected at a general meeting of shareholders.
2. A resolution for the election of Directors shall be adopted at a general meeting of shareholders by an affirmative vote of a majority of the voting rights of the shareholders in attendance who hold voting rights representing in the aggregate one-third (1/3) or more of the total number of voting rights of all shareholders who are entitled to vote.
3. Resolutions for the election of Directors shall not be made by cumulative voting.

*(Term of Office)*

**Article 31.**

The term of office of Directors shall expire at the close of the ordinary general meeting of shareholders held in respect of the last business year ending within one (1) year after their election.

*(Board of Directors)*

**Article 32.**

1. The Board of Directors shall decide the business execution of the Company and oversee the performance of duties of Corporate Executives and Directors.
2. Unless otherwise provided for by laws and regulations, the Board of Directors may delegate decisions on the business execution of the Company to Corporate Executives.
3. Unless otherwise provided for by laws and regulations, the Director determined in advance by the Board of Directors shall convene meetings of the Board of Directors and act as chairman. If the Director determined in advance by the Board of Directors is unable to act as such, one of the other Directors shall act as Chairman and Director in accordance with the order of priority determined in advance by the Board of Directors.
4. Notice to convene a meeting of the Board of Directors shall be given to each Director at least three (3) days prior to the date of such meeting; provided, however, that the foregoing shall not apply in cases of emergency.
5. Unless otherwise provided for by law or regulation, resolutions of a meeting of the Board of Directors shall be adopted by an affirmative vote of a majority of the Directors present who constitute in number a majority of all the Directors of the Company.
6. With respect to the matters to be resolved by the Board of Directors, the Company shall deem that such matters were approved by a resolution of the Board of Directors when all the Directors express their agreement in writing or by an electromagnetic device.
7. The proceedings of meetings of the Board of Directors shall, pursuant to laws and regulations, be stated or recorded in the minutes, to which the Directors present shall put their names and affix their seals or electronic signatures.

*(Exemption from Liability of Directors)*

**Article 33.**

In accordance with the provisions of Article 426, Paragraph 1 of the Companies Act, the Company may, by a resolution of the Board of Directors, exempt Directors (including former Directors) from their liabilities provided for in Article 423, Paragraph 1 of the Companies Act within the limits stipulated by laws and regulations provided that such Director has acted in good faith and without gross negligence.

*(Limited Liability Agreement with Directors)*

**Article 34.**

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may execute agreements with Directors other than Executive Directors etc., which limit the liability of such Directors provided for in Article 423, Paragraph 1 of the Companies Act; provided, however, that the limit of the liability under such agreements shall be the greater of an amount determined in advance which shall not be less than ten million (10,000,000) yen or the minimum liability amount prescribed by laws or regulations.

**CHAPTER VI.**

**Committees**



*(Method of Appointment of Committee Members)*

**Article 35.**

The members of the Nominating and Governance Committee (which constitutes a Nominating Committee defined in the Companies Act), the Audit Committee, and the Compensation Committee shall be appointed from among the Directors by the resolution of the Board of Directors.

*(Authority etc. of Committees)*

**Article 36.**

Matters concerning the Nominating and Governance Committee (which constitutes a Nominating Committee defined in the Companies Act), the Audit Committee, and the Compensation Committee shall be governed by the Regulations thereof established by each Committee, as well as by applicable laws and regulations, these Articles of Incorporation, or resolutions of the Board of Directors.

**CHAPTER VII.**

**Corporate Executives**

*(Method of Election)*

**Article 37.**

Corporate Executives shall be elected by the Board of Directors.

*(Term of Office)*

**Article 38.**

The term of office of Corporate Executives shall expire at the close of the first meeting of the Board of Directors convened after the close of the ordinary general meeting of shareholders held in respect of the last business year ending within one (1) year after their election.

*(Representative Corporate Executive and Corporate Executive with Executive Power)*

**Article 39.**

1. The Board of Directors shall, by its resolution, elect Representative Corporate Executive(s) from among the Corporate Executives.
2. The Board of Directors may, by its resolution, appoint the President and Corporate Executive, Chairman and Corporate Executive, Deputy Chairman and Corporate Executive(s), Deputy President and Corporate Executive(s), Senior Managing Corporate Executive (s) and Managing Corporate Executive (s).

*(Exemption from Liability of Corporate Executives)*

**Article 40.**

In accordance with the provisions of Article 426, Paragraph 1 of the Companies Act, the Company may, by a resolution of the Board of Directors, exempt Corporate Executives (including former Corporate Executives) from their liabilities provided for in Article 423, Paragraph 1 of the Companies Act within the limits stipulated by laws and regulations provided that such Corporate Executive has acted in good faith and without gross negligence.

**CHAPTER VIII.**

**ACCOUNTING AUDITOR**

*(Method of Election)*

**Article 41.**

The Accounting Auditor shall be elected at a general meeting of shareholders.

*(Term of Office)*

**Article 42.**

1. The term of office of the Accounting Auditor shall expire at the close of the ordinary general meeting of shareholders held in respect of the last business year ending within one (1) year after his/her assumption of office.
2. The Accounting Auditor shall be deemed to be reappointed at a general meeting of shareholders provided that there is no resolution to the contrary.

**CHAPTER IX.**

**ACCOUNTS**

*(Business Year)*

**Article 43.**

The business year of the Company shall commence on April 1 of each year and end on March 31 of the following year.

*(Acquisition of Own Shares)*

**Article 44.**

Unless otherwise provided for by laws or regulations, the company may determine by a resolution of the Board of Directors to acquire its own shares by obtaining consent of the shareholders as provided for in Article 459, Paragraph 1, Item 1 of the Companies Act.

*(Year-End Dividends)*

**Article 45.**

The Company shall distribute cash dividends from surplus (referred to as the “Year-End Dividends” in these Articles of Incorporation) to the shareholders or registered share pledgees whose names have been entered or recorded in the latest register of shareholders as of March 31 of each year.

*(Interim Dividends)*

**Article 46.**

By resolution of the Board of Directors, the Company may distribute cash dividends from surplus pursuant to Article 454, Paragraph 5 of the Companies Act (referred to as the “Interim Dividends” in these Articles of Incorporation) to the shareholders or registered share pledgees whose names have been entered or recorded in the latest register of shareholders as of September 30 of each year.

*(Prescription Period for Payment of Dividends)*

**Article 47.**

In the event that the dividends from surplus are to be paid in cash, the Company shall be released from the obligation to distribute dividends from surplus if such distribution has not been accepted after the lapse of five (5) full years from the date of commencement of payment thereof. Year-End Dividends and Interim Dividends of the Company shall bear no interest.

**Additional Rule(s)**

*(Transitional Measure Regarding Exemption from Liability of Corporate Auditors)*

**Article 1.**

In accordance with the provisions of Article 426, Paragraph 1 of the Companies Act, the Company may, by a resolution of the Board of Directors, exempt Corporate Auditors (including former Corporate Auditors) from their liabilities provided for in Article 423, Paragraph 1 of the Companies Act in relation to the acts conducted before the close of the 10th Ordinary General Meeting of Shareholders within the limits stipulated by laws and regulations provided that such Corporate Auditor has acted in good faith and without gross negligence.

**Date of Establishment**

April 2, 2001

**Date of Amendment**

June 27, 2002

June 27, 2003

June 29, 2004

June 29, 2005

October 1, 2005 (However, the Amendments to Articles of 5, 11, 12 (except for the amendment to Article 12 changing the reference to Article 37 into that to Article 38), 13, 17, 18 and 39 shall be effective from October 3, 2005.)

June 29, 2006

June 28, 2007 (However, the Amendments to Article 6, Article 8 through Article 16, Article 19, Article 21, Article 50 and Article 51 (except for the deletions in the Articles of Incorporation pertaining to Class 9 Preferred Shares and Class 10 Preferred Shares) shall be effective from September 30, 2007.)

June 26, 2009

June 27, 2013

June 25, 2015

June 29, 2016

July 6, 2018

June 29, 2022

**SHARE HANDLING REGULATIONS OF  
MITSUBISHI UFJ FINANCIAL GROUP, INC.,  
AS AMENDED ON AUGUST 2, 2022  
(ENGLISH TRANSLATION)**

**CHAPTER I. GENERAL PROVISIONS**

**Article 1. (Purpose)**

1. The handling with respect to the shares and stock acquisition rights and the fees therefor provided for in Article 12 of the Articles of Incorporation of the Company shall be governed by the rules prescribed by the Japan Securities Depository Center, Inc., as a depository company (hereinafter referred to as the “Center”), and account management institutions, such as securities companies and trust banks (hereinafter referred to as the “Securities Companies, Etc.”) as well as these Regulations.
2. The handling of special accounts opened pursuant to the agreement entered into by and between the Company and a trust bank designated by the Company and the fees therefor shall be governed by the rules prescribed by such trust bank as well as these Regulations.

**Article 2. (Share Transfer Agent)**

The Company’s share transfer agent and its handling office shall be as follows:

Share Transfer Agent:

Mitsubishi UFJ Trust and Banking Corporation  
4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo

Handling Office:

Mitsubishi UFJ Trust and Banking Corporation Corporate Agency Division  
4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo

**Article 3. (Method of Making Requests or Notifications)**

1. All requests or notifications to the Company shall be made in the form prescribed by the Company, except in the event where such request or notification is made through the Securities Companies, Etc. and the Center or through the Securities Companies, Etc., and in the event set forth in Article 36, Paragraph 1 hereof.
2. In case any request or notification as described in the preceding paragraph is made by a proxy or requires consent of a protector (*hosanin*) or an assistant (*hojonin*), a document evidencing the authority of such proxy; or such consent, respectively, shall be submitted.
3. In the event that the request or the notification set forth in Paragraph 1 is made through the Securities Companies, Etc. and the Center or through the Securities Companies, Etc., such request or notification may be deemed to have been made by a shareholder himself/herself.
4. The Company may require the person who made the request or the notification set forth in Paragraph 1 to submit materials certifying that the person is a shareholder or a proxy himself/herself.
5. In the event that the Company requires the person to submit the materials provided for in the preceding paragraph, the Company shall not accept the request or the notification set forth in Paragraph 1 unless such materials are submitted.

**CHAPTER II. ENTRIES OR RECORDS, ETC. IN REGISTER OF SHAREHOLDERS**

**Article 4. (Entries or Records in Register of Shareholders)**

1. The Company shall make entries or records in the register of shareholders in accordance with the notice concerning all shareholders (*sokabunushi tsuchi*) (which means the notice provided for in Article 151 of the Law Concerning Central Clearing of Bonds, Shares and Other Securities; hereinafter referred to as the “Clearing Law”) given by the Center.
2. In the event that the Company receives a notice of a change of address of a person entered or recorded in the register of shareholders (hereinafter referred to as the “Shareholder(s), Etc.”) or a notice of any other change in the matters entered or recorded in the register of shareholders (other than an individual shareholder notice (*kobetsu kabunushi tsuchi*) (which means the notice provided for in Article 154, Paragraph 3 of the Clearing Law; the same shall apply hereinafter)) through the Securities Companies, Etc. and the Center, the Company shall change the entry or the record in the register of shareholders pursuant to such notice.
3. In addition to the provisions of the preceding two (2) paragraphs, in the case of the issuance of new shares or in any other case prescribed by laws or regulations, the Company shall make entries or records in the register of shareholders.

#### **Article 5. (Characters, Etc. to be Used in Register of Shareholders)**

Entries or records in the register of shareholders of the Company shall be made using the characters and/or symbols designated by the Center.

#### **Article 6. (Entries or Records, Etc. in Ledger of Stock Acquisition Rights)**

1. A request for entries or records in the ledger of stock acquisition rights, a request for registration, transfer or cancellation of a pledge with respect to stock acquisition rights, and/or a request for the recordation of shares held in trust or cancellation thereof shall be made to the share transfer agent.
2. In addition to the provisions of the preceding paragraph, the handling of stock acquisition rights may be separately prescribed.

### **CHAPTER III. NOTIFICATIONS, ETC.**

#### **Article 7. (Notification of Address, and Name or Trade Name)**

1. Shareholders, Etc. shall notify the Company of their addresses and names or trade names.
2. The notification set forth in the preceding paragraph or any change in such notification shall be made through the Securities Companies, Etc. and the Center, except in the case of the issuance of new shares or in any other case prescribed by laws or regulations.

#### **Article 8. (Notification of Nonresident Shareholders, etc.)**

1. Shareholders, Etc. residing in foreign countries shall either appoint their standing proxies in Japan or designate their mailing addresses in Japan for receiving notices and notify the Company thereof.
2. Standing proxies shall be included in the Shareholders, Etc. set forth in Paragraph 1 of the preceding article.
3. The notification set forth in Paragraph 1 or any change in such notification shall be made through the Securities Companies, Etc. and the Center, except in the case of the issuance of new shares or in any other case prescribed by laws or regulations.

#### **Article 9. (Representative of Corporation)**

1. In case a Shareholder, Etc. is a corporation, the title and the name of one (1) representative of such corporation shall be notified.
2. The notification set forth in the preceding paragraph or any change in such notification shall be made through the Securities Companies, Etc. and the Center, except in the case of the issuance of new shares or in any other case prescribed by laws or regulations.

#### **Article 10. (Representative, Etc. of Co-owned Shares)**

1. Shareholders who co-own shares shall appoint one (1) representative on their behalf, and shall notify the address and the name or the trade name of such representative.
2. The notification set forth in the preceding paragraph or any change in such notification shall be made through the Securities Companies, Etc. and the Center, except in the case of the issuance of new shares or in any other case prescribed by laws or regulations.
3. In case a Shareholder, Etc. is an unincorporated association, the provisions of the preceding two (2) paragraphs shall apply.

#### **Article 11. (Statutory Agent)**

1. In case a statutory agent, such as a person in parental authority or a guardian (kokennin) represents a Shareholder, Etc., the address and the name or the trade name of such statutory agent shall be notified.
2. The notification set forth in the preceding paragraph, or any change or cancellation thereof, shall be made through the Securities Companies, Etc. and the Center, except in the case of the issuance of new shares or in any other case prescribed by laws or regulations.

#### **Article 12. (Other Notifications)**

1. In addition to the notifications set forth in Article 7 hereof through the preceding article, unless otherwise designated by the Company, any notification to the Company shall be made through the Securities Companies, Etc. and the Center, or through the Securities Companies, Etc., except in the case of the issuance of new shares or in any other case prescribed by laws or regulations.
2. Any notification that is unable to be accepted or handled by the Securities Companies, Etc. shall be made to the share transfer agent.

#### **Article 13. (Matters, Etc. to be Notified concerning Holders of Stock Acquisition Rights)**

The provisions of Article 7 hereof through the preceding article shall apply mutatis mutandis to the matters to be notified concerning the person who is entered or recorded and the method of notification thereof in the ledger of stock acquisition rights of the Company, except that such notification shall be made to the share transfer agent, unless otherwise prescribed pursuant to Article 6, Paragraph 2 hereof.

#### **Article 14. (Making a request for delivery in paper format and lodging objections)**

Requests for paper versions of reference documents for shareholder meetings provided in electronic form as stipulated in Article 325-5, paragraph (1) of the Companies Act (hereafter referred to as a “request for delivery in paper format”) and the lodging of objections stipulated in paragraph (5) of the above Article shall be made in writing. However, if the request for delivery in paper format is made through a securities company, etc. or through a securities depository center, the procedures shall be as stipulated by the securities company, etc. or securities depository center.

### **CHAPTER IV. PURCHASE OF FRACTIONAL UNIT SHARES**

#### **Article 15. (Request for Purchase of Fractional Unit Shares)**

In case a shareholder requests the Company to purchase fractional unit shares, such request shall be made through the Securities Companies, Etc. and the Center in accordance with the rules prescribed by the Center.

#### **Article 16. (Determination of Purchase Price)**

The purchase price of fractional unit shares shall be the amount equivalent to the closing price per share of the shares of the Company as reported by the Tokyo Stock Exchange on the day when a request pursuant to the preceding article reaches the handling office of the share transfer agent provided for in Article 2 hereof, multiplied by the number of such fractional unit shares; provided, however, that if there is no trading of the shares of the Company effected on such day or if such day falls on a day when the Tokyo Stock Exchange is closed, such closing price shall be deemed the amount equivalent to the first trading price per share effected thereafter.

#### **Article 17. (Payment of Purchase Proceeds)**

1. The Company shall pay to the shareholder who requested for purchase of fractional unit shares the amount equivalent to the purchase price as calculated pursuant to the preceding article after deducting the handling fees set forth in Article 40 hereof (hereinafter referred to as the “Purchase Proceeds”) on the fourth (4th) business day from the day immediately following the day on which the purchase price is determined, unless the Company otherwise determines; provided, however, that if the purchase price reflects the right to receive dividends from a surplus or shares arising from a stock split, etc., such purchase price shall be paid by the record date.
2. Upon request of the shareholder who requested for purchase of fractional unit shares, the Purchase Proceeds may be paid by transfer to a bank account designated by him/her or by Japan Post Bank cash payment. In such cases, the payment of the Purchase Proceeds is deemed to be completed when the procedures for such transfer or the procedures for Japan Post Bank cash payment are taken.

**Article 18. (Transfer of Shares Purchased)**

The fractional unit shares for which a request for purchase is made shall be transferred to the transfer account of the Company on the day on which the payment of the Purchase Proceeds, as prescribed in the preceding article, has been completed.

**CHAPTER V. PURCHASE OF ADDITIONAL FRACTIONAL UNIT SHARES BY FRACTIONAL UNIT SHAREHOLDERS**

**Article 19. (Request for Purchase of Additional Fractional Unit Shares by Fractional Unit Shareholders)**

In case a shareholder holding fractional unit shares makes a request for the Company to sell to such fractional unit shareholder shares held by the Company in the number as will constitute one (1) full unit of shares when added to the fractional unit shares held by such shareholder (hereinafter referred to as the "Request for Additional Purchase"), such request shall be made through the Securities Companies, Etc. and the Center pursuant to the rules prescribed by the Center.

**Article 20. (Restriction on Request for Additional Purchase)**

If an aggregate number of fractional unit shares for which the Requests for Additional Purchase are made on the same day exceeds the number of shares owned by the Company which shall be transferred, the Company shall not transfer any fractional unit share for any of the Requests for Additional Purchase made on such day.

**Article 21. (Effective Date of Request for Additional Purchase)**

Requests for Additional Purchase shall be deemed to be made on the day when a request as described in Article 19 hereof is accepted at the handling office of the share transfer agent provided for in Article 2 hereof.

**Article 22. (Determination of Additional Purchase Price)**

The additional purchase price of fractional unit shares shall be the amount equivalent to the closing price per share of the shares of the Company as reported by the Tokyo Stock Exchange on the day when the request set forth in Article 19 hereof is accepted at the handling office of the share transfer agent provided for in Article 2 hereof, multiplied by the number of such fractional unit shares; provided, however, that if there is no trading of the shares of the Company effected on such day or if such day falls on a day when the Tokyo Stock Exchange is closed, such closing price shall be deemed the amount equivalent to the first trading price per share effected thereafter.

**Article 23. (Timing of Transfer of Shares Additionally Purchased)**

With respect to the fractional unit shares for which the Request for Additional Purchase is made, the application for the transfer thereof to the transfer account of the shareholder who made such Request for Additional Purchase shall be made on the day on which it is confirmed that the amount of the additional purchase price calculated pursuant to the preceding article and the fees provided for in Article 40 hereof (hereinafter referred to as the "Proceeds from Additional Purchase") have been remitted to the bank account designated by the Company.

**Article 24. (Suspension of Acceptance of Request for Additional Purchase)**

1. The Company shall suspend the acceptance of Requests for Additional Purchase during the period beginning ten (10) business days prior to any of the days provided for in the following items up to the day provided for in such item:
  - i. March 31;
  - ii. September 30; and
  - iii. Any other determination date of shareholders.
2. In addition to the case provided for in the preceding paragraph, when the Company or the Center deems necessary, the Company may suspend the acceptance of Requests for Additional Purchase.

**CHAPTER VI. PREFERRED SHARES**

**Article 25. (Exceptions for Preferred Shares)**

1. With respect to the provisions concerning the Preferred Shares, notwithstanding any other provisions hereof, the provisions of this Chapter shall prevail and apply.
2. All request or notification procedures, or any other handling, concerning the Preferred Shares shall be made to the share transfer agent, unless otherwise provided for in this Chapter.



#### **Article 26. (Entries or Records in Register of Holders of Preferred Shares)**

1. In case of a request for entries or records in the register of holders of the Preferred Shares (hereinafter referred to as the "Registration of Transfer"), a written request therefor, with the names and seals of both the holder of the Preferred Shares entered or recorded in the register of shareholders and the person who acquired such Preferred Shares affixed thereto, shall be submitted together with the materials evidencing the matters regarding the Registration of Transfer.
2. In case a request for the Registration of Transfer is made with respect to the Preferred Shares acquired due to inheritance, merger or any other event other than assignment, a written request therefor shall be submitted together with a document evidencing the cause for such acquisition.

#### **Article 27. (Notifications of Holders, Etc. of Preferred Shares)**

1. Holders of the Preferred Shares and the registered preferred share pledgees, or their statutory agents, in addition to the notification set forth in Article 7 hereof, shall notify the Company of their seal impressions; provided, however, that foreigners may substitute their specimen signatures for seal impressions.
2. In case of a change in the matters notified pursuant to the preceding paragraph, such change shall be notified.
3. All requests, notifications or any other exercises of holders' rights concerning the Preferred Shares to the Company shall be made in the form prescribed by the Company, bearing the seal impressions notified pursuant to the provisions of Paragraph 1.

#### **Article 28. (Registration of Transfer in Case of Special Procedures Required by Laws and Regulations)**

If any special procedure is required by laws and regulations in connection with transfer of the Preferred Shares, a written request therefor shall be submitted together with a document evidencing the completion of such procedure.

#### **Article 29. (Registration of Pledges, Transfer or Cancellation Thereof)**

In case of a request for the registration of pledges on the Preferred Shares, transfer or cancellation thereof, a written request therefor with the names and seals of both a pledgor and a pledgee affixed thereto shall be submitted.

#### **Article 30. (Recordation of Shares Held in Trust or Cancellation Thereof)**

In case of a request for the recordation of the Preferred Shares held in trust or cancellation thereof, a written request therefor shall be submitted either by a trustor or a trustee.

#### **Article 31. (Method for Request for Acquisition of Preferred Shares)**

1. In case of a request to the Company for acquisition of Class 6 Preferred Shares (the First to the Fourth Series) and Class 7 Preferred Shares (the First to the Fourth Series), in exchange for ordinary shares of the Company (hereinafter referred to as the "Ordinary Shares") in the number as is calculated by the formula set forth in Article 19 of the Articles of Incorporation, such request shall be made in the prescribed written form through the Securities Companies, Etc. or otherwise in accordance with the rules prescribed by the Center, and a transfer account (other than a special account) which has been opened for himself/herself for the purpose of the transfer of such Ordinary Shares shall be designated.
2. The request provided for in the preceding paragraph may not be cancelled after submitting the written request therefor.
3. The delivery of the Ordinary Shares set forth in Paragraph 1 shall be made by a notification of new record or an application for the transfer of such Ordinary Shares to the transfer account designated pursuant to the provisions of such paragraph.

#### **Article 32. (Effect of Request for Acquisition of Preferred Shares)**

The request set forth in the preceding article shall come into effect when the written request therefor reaches the handling office of the share transfer agent provided for in Article 2 hereof.

#### **Article 33. (Notice or Public Notice of Change in Acquisition Price and Delivery Ratio of Preferred Shares)**

In case the acquisition price or the delivery ratio included in the terms of the acquisition of Preferred Shares provided for in Article 19 of the Articles of Incorporation shall be reset or adjusted, details of such reset or adjustment and the number of the Ordinary Shares to be delivered in exchange for acquisition of Preferred Shares shall be notified or notified publicly to the holders of the Preferred Shares by the day preceding the reset date or the day on which such adjusted acquisition price or delivery ratio shall be applied (hereinafter referred to as the "Reset Date, Etc."); provided, however, that in case the Company is not able to give notices or public notices of such change to the holders of the Preferred Shares by the day preceding the Reset Date, Etc., the Company shall give notices or public notices of such change to the holders of the Preferred Shares promptly after the Reset Date, Etc.

#### **Article 34. (Notice or Public Notice of Restriction on Period for Request for Acquisition of Preferred Shares)**

In case there is a provision which excludes a certain period within the period in which the holders of the Preferred Shares are entitled to request acquisition, included in the terms of the acquisition of Preferred Shares provided for in Article 19 of the Articles of Incorporation, the Company shall give notices or public notices of such excluded period to the holders of the Preferred Shares in advance.

#### **Article 35. (Procedures for Acquisition pursuant to Provisions of Acquisition of Preferred Shares)**

1. In case of acquisition of Preferred Shares set forth in Article 18 of the Articles of Incorporation, the Company shall give notices or public notices of the amount of cash to be delivered to the holders of the Preferred Shares in exchange for the acquisition of one (1) share of such Preferred Shares and any other necessary matters to the holders of the Preferred Shares.
2. In case of mandatory acquisition of Preferred Shares provided for in Article 20 of the Articles of Incorporation, the Company shall give notices or public notices of (i) the acquisition date, (ii) the occurrence of any acquisition event, (iii) if the Ordinary Shares will be delivered in exchange for the acquisition of such Preferred Shares set forth in the said article, the number of the Ordinary Shares to be delivered, (iv) if such Preferred Shares will be acquired free of consideration, the fact that such Preferred Shares will be acquired free of consideration, and (v) any other necessary matters, to the holders of the Preferred Shares.

#### **Article 36. (Delivery of New Shares upon Mandatory Acquisition of Preferred Shares)**

1. In case of mandatory acquisition of Preferred Shares provided for in Article 20 of the Articles of Incorporation, a holder of the Preferred Shares shall give written notice of a transfer account (other than a special account) which has been opened for himself/herself for the purpose of the transfer of such Ordinary Shares.
2. The delivery of the Ordinary Shares set forth in the preceding paragraph shall be made by a notification of new record or an application for the transfer of such Ordinary Shares to the transfer account notified pursuant to the provisions of the preceding paragraph.

### **CHAPTER VII. METHODS BY WHICH TO EXERCISE**

#### **MINORITY SHAREHOLDERS' RIGHTS, ETC.**

#### **Article 37. (Methods by Which to Exercise Minority Shareholders' Rights, Etc.)**

1. In case of direct exercise of the minority shareholders' rights, etc. set forth in Article 147, Paragraph 4 of the Clearing Law against the Company, a shareholder shall submit a document on which his/her printed name and seal is affixed, after requesting the individual shareholder notice; provided, however, that a foreigner may substitute his/her signature for such printed name and seal.
2. Notwithstanding the provisions of the preceding paragraph, in case of exercise of the minority shareholders' rights, etc. by the holders of the Preferred Shares, the request for the individual shareholder notice shall not be required.
3. The provisions of Article 3, Paragraphs 2, 4 and 5 hereof shall apply mutatis mutandis to the exercise of the minority shareholders' rights, etc. referred to in the preceding two (2) paragraphs.

#### **Article 38. (Agenda that are Proposed by Shareholders in Reference Materials for General Meeting of Shareholders)**

In case of exercise of the shareholders' proposal rights pursuant to the provisions of Paragraph 1 of the preceding article, if the description of the following matters that are included in the proposed agenda exceeds 400 characters or is otherwise determined by the Company to be inappropriate to describe all of the matters, such description may be summarized in the reference materials for a general meeting of shareholders: (1) Reasons for the proposal; or (2) Matters relating to the appointment of directors, accounting advisors, corporate auditors and accounting auditors.

### **CHAPTER VIII. IDENTIFICATION OF SHAREHOLDERS**

#### **Article 39. (Identification of Shareholders)**

1. In case of exercises of shareholders' rights, except as otherwise provided for in laws and regulations or these Regulations, the Company may request the submission of materials certifying that the person who exercises the rights is a shareholder himself/herself or a proxy thereof.
2. The provisions of Article 3, Paragraphs 2 and 5 hereof shall apply mutatis mutandis to the identifications of shareholders set forth in the preceding paragraph.

## CHAPTER IX. HANDLING FEES

### Article 40. (Handling Fees)

Fees for handling of shares of the Company (including consumption tax) shall be as follows:

1. In case of purchase of fractional unit shares pursuant to Article 15 hereof or purchase of additional fractional unit shares pursuant to Article 19 hereof:

The fee shall be the amount obtained by multiplying the purchase price provided for in Article 16 hereof by 0.75%, or the amount obtained by multiplying the additional purchase price provided for in Article 22 hereof by 0.75%, in each case plus consumption tax. (Fractions less than one (1) yen shall be disregarded.)

2. Fees to be paid by the Shareholders, Etc. to the Securities Companies, Etc. or the Center shall be borne by the Shareholders, Etc.

### Amendment History

October 1, 2001	Article 9 amended
June 27, 2002	Articles 1, 9, 10, 11, 23, 33, 34, 35 and 36 amended
April 1, 2003	Articles 4, 5, 24, 25, 26, 27, 29, 30, 33, 40, 41, Article 2 of Supplemental Provision amended Articles after No. 28 were renumbered
July 1, 2003	Articles 1, 2, 32, 33, 35, 36, 37, 38, 39, 40, 41, 42, 45, 46, 47, 48 and 49 amended Articles after No. 43 were renumbered
June 29, 2004	Articles 1, 45, 46, 47 and 48 amended
June 29, 2005	Articles 43, 44, 45, 46, 47 and 48 amended
October 1, 2005	Articles 2, 33, 35, 36, 38, 41, 43, 49 and 50 amended Articles after No. 37 were renumbered
May 1, 2006	Articles 2, 4 through 10, 16 through 18, 20, 21, 23 through 27, 29, 31 through 33, and 35 through 50 amended Articles after No. 37 were renumbered Articles 1 through 3 of Supplemental Provisions amended
June 29, 2006	Articles 1, 9, 23 (newly established), 34, 39, 41, 46, 48, 49, 50, 51, 52 and Article 1 of Supplemental Provisions amended Articles after No. 34 were renumbered
September 30, 2007	Articles 1, 3, 5 through 7, 15 through 17, 26, 29 through 39, 42, 44, 46 through 50 amended Articles after No. 7 were renumbered Article 1 of Supplemental Provisions amended Article 3 of Supplemental Provisions deleted
January 5, 2009	The Regulations were wholly amended
May 19, 2009	Article 36 amended Article 1 of Supplemental Provisions deleted Articles after No. 2 of Supplemental Provisions were renumbered
June 26, 2009	Articles 1, 30, and 32 through 35 amended
June 27, 2013	Articles 17, 22, 34 and 35 amended
June 25, 2015	Article 30 amended Articles 1 through 4 of Supplemental deleted
August 2, 2022	CHAPTER III ( amendment of chapter name ) Articles 14 ( newly established ) , 17, 21 through 23, 40 amended Articles after No. 14 were renumbered

- No further entry -

**MITSUBISHI UFJ FINANCIAL GROUP, INC.**

**AUDIT COMMITTEE CHARTER**

**1. Purpose**

- i. The Audit Committee (“Committee”), as a committee of the Board of Directors (“Board”) of Mitsubishi UFJ Financial Group, Inc. (“Company”), shall oversee the Company’s operations as set forth herein.
- ii. Pursuant to the provisions of the Companies Act of Japan, the Committee shall conduct an audit on the execution by the members of the Board and the corporate executive officers of the Company of their respective duties and responsibilities (“Companies Act Audit”) and shall prepare a report on such audit.
- iii. The Committee shall assist the Board with oversight of the operations of the Company and its subsidiaries (collectively, “Group”) by overseeing the following:
  - a. financial reporting,
  - b. risk management and internal controls,
  - c. compliance,
  - d. internal audits, and
  - e. external audits.
- iv. The above purpose shall include all such duties and responsibilities as are imposed by the laws, regulations and rules in Japan (“Japanese Law”) and the U.S. Securities Exchange Act of 1934, the rules of the U.S. Securities and Exchange Commission (“SEC”) and the rules of the New York Stock Exchange (“U.S. Law” and, together with Japanese Law, “Applicable Laws”) on companies, including the Company, which are publicly listed in Japan and in the United States.

**2. Composition**

- i. Membership
  - a. The Committee shall consist of five or more non-executive directors who shall be appointed as members of the Committee (“Committee Members”) by the Board each year based on recommendations of the Nominating and Governance Committee of the Company.
  - b. The Committee shall, as appropriate, engage in communications with and, to the extent it deems necessary, provide its view to, the Board and the Nominating and Governance Committee of the Company regarding appointments of Committee Members.
  - c. Each Committee Member shall have such qualifications as are required by Applicable Laws for members of audit committees, including the independence requirements under U.S. Law, and have such expertise and work experience as are necessary to fulfill the duties and responsibilities of a Committee Member. The Committee shall collectively maintain appropriate knowledge and expertise relating to the capital markets and the financial sector.
  - d. At least one Committee Member shall be an “audit committee financial expert” as determined by the Board in accordance with Item 16A of Form 20-F.
- ii. The Board shall appoint a Committee Member who is an “independent outside director” as such term is defined by Japanese Law to serve as the Committee Chair. The Committee Chair shall not concurrently serve as the chair of any other committees of the Board (except any such subcommittee as the Committee may create pursuant to Section 4.v hereof). The Committee Chair shall (1) call meetings of the Committee, (2) establish the agendas for the meetings in consultation with the other Committee Members, (3) preside at the meetings, and (4) communicate and share information with the other Committee Members and the Chairs of the Board and the other committees of the Board as appropriate.
- iii. Each Committee Member shall report to the Board on the Committee’s discussions and actions as appropriate.

- iv. The Committee may have up to two Committee Members engaged in Committee activities on a full-time basis (“full-time committee members”). The full-time committee members shall attend meetings of the other committees of the Board, and the Executive Committee, the Disclosure Committee and other committees and organizations of the Company as appropriate, and shall report to the Committee on such meetings.
- v. The Committee shall establish a secretariat office to assist the Committee in administering and managing the operations of the Committee. The secretariat office shall be staffed with employees from the Internal Audit Division of the Company and such other persons as the Committee determines appropriate.

### **3. Operations**

- i. The Committee shall meet once a month unless it otherwise determines, in which case it shall meet as it deems necessary.
- ii. The quorum for a meeting of the Committee shall be a simple majority of the Committee Members.
- iii. The Committee may, as it deems necessary, have the external auditor, other members of the Board, the Chief Audit Officer (Group CAO), the Chief Compliance Officer (Group CCO), the Chief Financial Officer (Group CFO) and other corporate executive officers and employees of the Company, and any external adviser retained pursuant to Section 4.vi hereof attend its meetings.
- iv. The Committee shall, as necessary, communicate with other members of the Board and the corporate executive officers and other employees of the Company. The Committee shall, as appropriate, exchange opinions with the representative corporate executive officers of the Company.
- v. The Committee shall, as necessary, obtain reports from management and other employees of the Company with respect to such matters subject to the oversight of the audit committees, audit and supervisory committees, and corporate auditors (“audit committees and other committees”) of the Company’s subsidiaries as the Committee deems may have a material impact on the Group.
- vi. The Committee shall, as it deems necessary, obtain the assistance of the Group CAO and Internal Audit Division of the Company, through their cooperation with the internal audit divisions of the Company’s subsidiaries or other appropriate means, with the Committee’s coordination with the audit committees and other committees of the Company’s subsidiaries.
- vii. The Committee shall have prepared and maintained minutes of its meetings to properly record its discussions, deliberations, reports, and other actions and activities. The Committee may, as it deems appropriate, make such minutes, in part or whole, available to other members of the Board.
- viii. The Committee shall report to the Board on the Committee’s discussions, deliberations, reports, and other actions and activities as appropriate, and shall make recommendations to the Board as necessary.
- ix. The Committee shall conduct an annual evaluation of the performance of its duties and responsibilities and shall report the results of such evaluation to the Board.

### **4. Authority**

- i. The Committee shall have such authority as is necessary to fulfill its purpose set forth in Section 1 hereof and its duties and responsibilities set forth in Section 5 hereof in accordance with Applicable Laws and any such other authority as is granted to it by Applicable Laws.
- ii. The Committee shall have the authority to request such information relating to the operations of the Group as it deems necessary from the external auditor, other members of the Board, and the corporate executive officers and other employees of the Company in accordance with Applicable Laws.
- iii. The Committee shall have the authority to request, in accordance with Applicable Laws, from the audit committees and other committees of the Company’s subsidiaries such information relating to their discussions, deliberations, reports, and other actions and activities, as well as investigations conducted by them and other matters as it deems necessary.
- iv. The Committee shall have the authority to conduct any such investigation relating to the Group’s operations and assets and other matters as it deems necessary in accordance with Applicable Laws.
- v. The Committee shall have the authority to delegate any of its duties and responsibilities, together with the necessary authority, to one or more subcommittees consisting of one or more Committee Members as the Committee determines appropriate.

- vi. The Committee shall have the authority, in its sole discretion, to retain and obtain the advice and assistance of such external advisers as it determines necessary.
- vii. The Company shall provide such funding and other resources as the Committee determines appropriate for the fulfillment of the Committee's purpose and duties and responsibilities set forth herein.

## 5. Duties and Responsibilities

### i. Companies Act Audits

- a. The Committee shall conduct a Companies Law Audit on the execution by the members of the Board and the corporate executive officers of the Company of their respective duties and responsibilities based on such audit policy and plans as the Committee adopts for each fiscal year.
- b. The Committee shall, as appropriate, report to the Board on its audit policy and plan for such Companies Law Audit.
- c. The Committee shall report to the Board on the results of its Companies Act Audit in the form of an audit report to be included in the Company's Annual Business Report for each fiscal year or otherwise presented.

### ii. Oversight of Financial Reporting

- a. The Committee shall discuss with the external auditor and management, and examine, the following matters relating to financial reporting:
  - The Company's financial statements and accompanying notes prepared in accordance with Japanese Law and generally accepted accounting principles in Japan ("Japanese GAAP") (including the Company's non-consolidated and consolidated financial statements and accompanying schedules prepared in accordance with the Companies Act and the Company's non-consolidated and consolidated full-year and semi-annual financial statements and accompanying notes prepared in accordance with the Financial Instruments and Exchange Act of Japan) (collectively, the "Japanese GAAP Financial Statements").
  - The Company's financial information prepared in accordance with U.S. Law and generally accepted accounting principles in the United States ("U.S. GAAP") and filed with the SEC (including the Company's financial statements, accompanying notes and financial analysis and discussion filed on Form 20-F with, and the Company's semi-annual financial statements, accompanying notes and financial analysis and discussion submitted on Form 6-K to, the SEC) (collectively, the "U.S. GAAP Financial Information").
  - The Company's semi-annual securities report prepared in accordance with Japanese GAAP (including the Company's semi-annual securities report prepared in accordance with the Financial Instrument and Exchange Act) ("Japanese GAAP Semi-annual Securities Report").
- b. The Committee shall examine the financial information included in the Company's earnings releases (*kessan-tanshin*), press releases, investor relations materials and other information that are published in connection with the Japanese GAAP Financial Statements, the U.S. GAAP Financial Information and the Japanese GAAP Semi-annual Securities Report prior to their publication, considering discussions of the Disclosure Committee and the Executive Committee and other relevant information.
- c. The Committee shall discuss with the external auditor, the Internal Audit Division and management, and examine, the Group's critical accounting policies and practices (including those accounting policies and practices which relate to such items as critical accounting estimates, items requiring a high degree of judgment, items involving uncertainty such as contingent liabilities, and related party transactions) and related disclosures.
- d. The Committee shall obtain reports from the external auditor and management with respect to any material communications relating to the Group's financial and accounting matters between the external auditor and management in accordance with Applicable Laws. The Committee shall discuss with the external auditor and management, and examine, disagreements between them regarding such matters to resolve such disagreements.
- e. The Committee shall prepare a report based on the result of its examination of the Company's non-consolidated and consolidated financial statements and accompanying schedules prepared in accordance with Japanese GAAP and present such report to the Board.

### iii. Oversight of Risk Management and Internal Controls

- a. The Committee shall obtain reports from management, the Internal Audit Division and the external auditor on, examine and evaluate any significant risks and the risk management and corporate governance frameworks of the Group and the operation of such frameworks.
  - b. The Committee shall communicate and coordinate, as appropriate, with the Risk Committee of the Company with respect to the Group's risk management through such means as the participation of the full-time committee members in meetings of the Risk Committee and discussions with the Risk Committee, as necessary.
  - c. The Committee shall obtain reports from management, the Internal Audit Division and the external auditor on, discuss and examine the following matters relating to the Group's internal control over financial reporting:
    - The Group's accounting and financial reporting processes and the frameworks for internal controls over the Group's accounting and financial reporting and the operation of such frameworks.
    - Management's assessment of the effectiveness of such processes and internal controls, the Internal Audit Division's audit relating to management's assessment of the same, and the external auditor's evaluation of the same.
    - Any significant deficiency, material weakness or other similar issue identified through such assessment, audit or evaluation.
    - Management's responses to any such deficiency, weakness or issue.
    - Any fraud, or reasonably suspected fraud, that involves management or other employees who have a significant role in the Group's processes and internal controls described above.
  - d. The Committee shall obtain reports from management, the Internal Audit Division and the external auditor on, discuss and examine the framework for the disclosure controls for the Company's disclosures and the operation of such framework.
- iv. Oversight of Compliance
- a. The Committee shall oversee the framework for the Group's compliance with Applicable Laws and other applicable laws, regulations and rules and the operation of such framework.
  - b. The Committee shall obtain reports from management on, and examine, the status of any material failure of the Group to comply with Applicable Laws or other applicable laws, regulations or rules, and any legal proceedings or regulatory matters.
  - c. The Committee shall review the Group's codes of ethics and other internal rules, monitor compliance with such codes and rules, and evaluate the framework for ensuring compliance with such codes and rules.
  - d. The Committee shall establish procedures (i) pertaining to complaints received by the Company regarding accounting, internal accounting controls and auditing matters and (ii) for the confidential, anonymous submission by Group employees of concerns regarding questionable accounting or auditing matters, and shall handle any such complaint and concern received through such procedures in a confidential and appropriate manner. The Committee shall obtain reports from the audit committees and other committees of the Company's subsidiaries on, and examine, their handling of concerns received directly from subsidiary employees pertaining to the same matters.
- v. Oversight of Internal Audits
- a. The Committee shall review and evaluate the framework for the Group's internal audit function and the operation of such framework.
  - b. The Committee shall obtain the Internal Audit Division's explanations on, and discuss with such Division, such Division's proposed audit plan, risk assessment based on which such plan has been prepared, audit focus areas, and staffing plan including retention of any external expert, and shall approve such audit plan.
  - c. The Committee shall obtain the Internal Audit Division's reports on, and discuss with such Division, any significant matters relating to an internal audit, including the execution, findings and results of, and communications with management regarding, the internal audit, and shall provide instructions, as necessary, to such Division.



- d. The Committee shall examine the evaluation of the Internal Audit Division periodically performed, and any recommendation made, by an external third party and shall evaluate the Internal Audit Division's responses to such evaluation or recommendation.
  - e. The Committee shall obtain reports from the Internal Audit Division on, and evaluate, the performance of its duties and responsibilities, and such Division's measures designed to continuously improve and enhance the internal audit function, including audit methodologies and human resource development, and the implementation of such measures.
  - f. The Committee shall determine the appointment of the Group CAO and other personnel who perform significant internal audit functions, and shall communicate such determination to the Nominating and Governance Committee of the Board.
  - g. The Committee shall perform an annual evaluation of the Group CAO, considering the performance of the Internal Audit Division, and submit such evaluation to the Compensation Committee of the Board.
- vi. Oversight of External Audits
- a. The Committee shall oversee the work of the external auditor and obtain reports directly from the external auditor.
  - b. The Committee shall set a policy for the appointment, termination and non-appointment of the external auditor and, in accordance with such policy, determine whether to submit to shareholder vote a proposal for the appointment, termination and non-appointment of the external auditor.
  - c. The Committee shall obtain the external auditor's explanations on the external auditor's proposed annual audit plan, any material changes in such plan, the risk assessment based on which such plan has been prepared, audit focus areas, estimated audit work hours and other related matters, and shall discuss and evaluate such plan.
  - d. The Committee shall obtain from, and discuss with, the external auditor an estimate of audit work hours and a fee proposal for auditing the Company's financial statements and internal control over financial reporting based on the external auditor's audit plan, and shall approve such estimate and proposal.
  - e. The Committee shall, as appropriate, obtain the external auditor's reports on, and discuss with the external auditor, any significant matters relating to the Company's accounting, internal controls and financial reporting, including the execution, findings and results of, and communications with management regarding, the external auditor's audit, and shall examine and evaluate the audit performed by the external auditor.
  - f. The Committee shall pre-approve any non-audit services to be provided to the Group by the external auditor and any of its domestic and overseas member firms by ensuring, prior to the provision of such services, that such non-audit services are not prohibited under Applicable Laws or other applicable laws, regulations or rules. The Committee shall establish appropriate policies and procedures for pre-approving such non-audit services.
  - g. The Committee shall obtain explanations from the external auditor on, and evaluate, the external auditor's compliance, and the framework for ensuring compliance, with the auditor independence standards under Applicable Laws and other applicable laws, regulations and rules.
  - h. The Committee shall obtain from the external auditor reports on, and examine, any material issues raised by any quality-control reviews (including any internal or peer quality-control reviews and any inquiries, inspections or investigations by governmental or professional authorities in Japan, the United States and other jurisdictions) and any steps taken to deal with such issues, and shall evaluate the quality of services provided by the external auditor.
  - i. The Committee shall, at least annually, receive the external auditor's explanation or presentation on, and evaluate, the external auditor's audit quality-control framework (including the frameworks for executing audit work with required expertise and for ensuring compliance with the applicable independence requirements).
  - j. The Committee shall examine and evaluate whether all of the matters that the external auditor is required to communicate to the Committee under Applicable Laws and other applicable laws, regulations and rules have been appropriately communicated to the Committee.
  - k. The Committee shall set the Group's hiring policies for employees or former employees of the external auditor and evaluate the implementation of such policies.

## **6. Coordination with the Audit Committees and Other Committees of the Company's Subsidiaries**

- i. The Committee shall monitor the oversight of the operations of the Company's domestic and overseas subsidiaries by their audit committees and other committees through coordination with such audit committees and other committees in accordance with Sections 6.ii and 6.iii hereof to ensure the effective and efficient oversight of the operations of the Group.
- ii. The Committee shall coordinate with the audit committees and other committees of MUFG Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation, Mitsubishi UFJ Securities Holding Co., Ltd., Mitsubishi UFJ Asset Management Co., Ltd., Mitsubishi UFJ NICOS Co., Ltd. and other companies in the following manner or otherwise as appropriate:
  - a. The Committee shall obtain reports from such audit committees and other committees on, and discuss with such audit committees, the audit plans, the execution of such plans and the audit reports relating to their respective Companies Act Audits.
  - b. The Committee shall obtain from such audit committees and other committees information relating to their discussions and other activities and, if determined necessary by the Committee, request such audit committees and other committees to submit minutes of their meetings and other meeting materials and otherwise provide reports on their discussions and other activities in accordance with Applicable Laws.
  - c. The full-time committee members shall, as necessary, attend meetings of such audit committees and other committees and report to the Committee on such meetings as appropriate.

The Committee shall coordinate with the audit committees and other committees of the Company's other subsidiaries in Japan, as necessary, by obtaining reports from such audit committees and other committees on, and discussing with such audit committees and other committees, their respective Companies Act Audits and other matters.

In coordinating with the audit committees and other committees of the Company's subsidiaries in Japan as set forth above, the Committee shall consider all applicable requirements under Japanese Laws, including any requirement for such audit committees and other committees to maintain their independence with respect to decision-making.

- iii. The Committee shall, as necessary, coordinate with the audit committees and other committees of the Company's overseas subsidiaries as well and request for information from such audit committees and other committees. In making such coordination and request, the Committee shall, as necessary, coordinate with the audit committees and other committees of the Company's domestic subsidiaries that are intermediate holding companies of such overseas subsidiaries. In coordinating with such audit committees and other committees, the Committee shall consider the requirements of all applicable local and other laws, regulations and rules to which such audit committees and other committees are subject, including any requirement for such audit committees and other committees to maintain their independence with respect to decision-making.
- iv. The Committee shall, as necessary, provide the audit committees and other committees of the Company's subsidiaries with appropriate assistance, including the following, designed to enhance the oversight of the operations of the Group by such audit committees and other committees:
  - a. plan and provide training and other sessions for the members of such audit committees and other committees, and
  - b. implement, as appropriate, measures to promote interactions and communications among the Committee and such audit committees and other committees to enhance the performance of their duties and responsibilities, including providing such audit committees and other committees with information to help enhance their administration and operations.

## **7. Amendments**

- i. The Committee shall annually review this Charter in terms of its effectiveness, appropriateness and other criteria, considering the Committee's self-evaluation conducted in accordance with Section 3.ix hereof, and determine whether the Charter should be amended. If the Committee determines that any amendment to the Charter is necessary, the Committee shall propose such amendment to the Board.

End

**Date of Establishment**

December 1, 2017

**Dates of Amendments**

July 1, 2018

July 1, 2022

February 3, 2023

July 1, 2024

## DESCRIPTION OF SECURITIES

### Common Stock

We summarize below the material provisions of our Articles of Incorporation, our share handling regulations and the Companies Act as they relate to a type of joint stock company known as *kabushiki kaisha*, within which we fall. Because it is a summary, this discussion should be read together with our Articles of Incorporation and share handling regulations, each attached as an exhibit to our annual report on Form 20-F.

### General

A joint stock company is a legal entity incorporated under the Companies Act. The investment and rights of the shareholders of a joint stock company are represented by shares of stock in the company and shareholders' liability is limited to the amount of the subscription for the shares. Our authorized common share capital is comprised of 33,000,000,000 shares of common stock with no par value.

We may issue shares from our authorized but unissued share capital following a resolution to that effect by our board of directors. An increase in our authorized share capital is only possible by amendment of our Articles of Incorporation, which generally requires shareholders' special approval.

In order to assert shareholder rights against us, a shareholder must have its name and address registered on our register of shareholders in accordance with the Companies Act and our share handling regulations. The registered holder of deposited shares underlying the ADSs is the depository for the ADSs, or its nominee. Accordingly, holders of ADSs will not be able to assert shareholder rights other than as provided in the agreement among us, the depository and the holders of the ADSs.

Under the Act on Book-Entry Transfer of Company Bonds, Shares, etc., the shares of all Japanese companies listed on any Japanese stock exchange, including our shares, are traded without share certificates through entry in the books maintained under a central clearing system.

### Dividends

Dividends are distributed in proportion to the number of shares owned by each shareholder on the record date for the dividend. Dividends for each financial period may be distributed following shareholders' approval at a general meeting of shareholders.

Payment of dividends on common stock is subject to the preferential dividend rights of holders of preferred stock.

Under the Banking Law and our Articles of Incorporation, our financial accounts are closed on March 31 of each year, and dividends, if any, are paid to shareholders of record as of March 31 following shareholders' approval at a general meeting of shareholders. In addition to year-end dividends, our board of directors may by resolution declare an interim cash dividend to shareholders of record as of September 30 of each year. Under the Companies Act, distribution of dividends will take the form of distribution of surplus (as defined below). We will be permitted to make distributions of surplus to our shareholders any number of times per fiscal year pursuant to resolutions of our general meetings of shareholders, subject to certain limitations described below. Distributions of surplus are in principle required to be authorized by a resolution of a general meeting of shareholders. Distributions of surplus would, however, be permitted to be made pursuant to a resolution of our board of directors if:

- (a) our Articles of Incorporation so provide (our Articles of Incorporation currently contain no such provisions);

- (b) the normal term of office of our directors is one year; and
- (c) certain conditions concerning our non-consolidated annual financial statements and certain documents for the latest fiscal year as required by an ordinance of the Ministry of Justice are satisfied.

In an exception to the above rule, even if the requirements described in (a) through (c) are not met, we are permitted to make distributions of surplus in cash to our shareholders by resolutions of the board of directors once per fiscal year as mentioned above concerning interim cash dividend.

Under the Companies Act, distributions of surplus may be made in cash or in kind in proportion to the number of shares of common stock held by each shareholder. A resolution of a general meeting of shareholders or our board of directors authorizing a distribution of surplus must specify the kind and aggregate book value of the assets to be distributed, the manner of allocation of such assets to shareholders, and the effective date of the distribution. If a distribution of surplus is to be made in kind, we may, pursuant to a resolution of a general meeting of shareholders or (as the case may be) our board of directors, grant to our shareholders the right to require us to make such distribution in cash instead of in kind. If no such right is granted to shareholders, the relevant distribution of surplus must be approved by a special resolution of a general meeting of shareholders. See “Common Stock—Voting Rights” below.

Under the Companies Act, we may make distributions of surplus to the extent that the aggregate book value of the assets to be distributed to shareholders does not exceed the distributable amount (as defined below) as of the effective date of such distributions of surplus. The amount of surplus (the “surplus”) at any given time shall be the amount of our assets and the book value of our treasury stock after subtracting the amounts of items (1) through (5) below as they appear on our non-consolidated balance sheet as of the end of our last fiscal year, and after reflecting the changes in our surplus after the end of our last fiscal year, by adding the amounts of items (6), (7) and (8) below and/or subtracting the amounts of items (9), (10) and (11) below:

- (1) our liabilities;
- (2) our stated capital;
- (3) our additional paid-in capital;
- (4) our accumulated legal reserve;
- (5) other amounts as are set out in an ordinance of the Ministry of Justice;
- (6) (if we transferred our treasury stock after the end of the last fiscal year) the transfer price of our treasury stock after subtracting the book value thereof;
- (7) (if we decreased our stated capital after the end of the last fiscal year) the amount of decrease in our stated capital (excluding the amount transferred to additional paid-in capital or legal reserve);
- (8) (if we decreased our additional paid-in capital or legal reserve after the end of the last fiscal year) the amount of decrease in our additional paid-in capital or legal reserve (excluding the amount transferred to stated capital);
- (9) (if we cancelled our treasury stock after the end of the last fiscal year) the book value of the cancelled treasury stock;
- (10) (if we distributed surplus to shareholders after the end of the last fiscal year) the amount of the assets distributed to shareholders by way of such distribution of surplus; and
- (11) other amounts as are set out in an ordinance of the Ministry of Justice.

A distributable amount (the “distributable amount”) at any given time shall be the aggregate amount of (a) the surplus, (b) the amount of profit as recorded for the period after the end of our last fiscal year until the date of an extraordinary settlement of account (if any) as is set out in an ordinance of the Ministry of Justice and

(c) the transfer price of our treasury stock in the same period, after subtracting the amounts of the following items:

- (1) the book value of our treasury stock;
- (2) (if we transferred our treasury stock after the end of the last fiscal year) the transfer price of our treasury stock;
- (3) the losses recorded for the period after the end of our last fiscal year until the date of an extraordinary settlement of account (if any) as set out in an ordinance of the Ministry of Justice; and
- (4) other amounts as set out in an ordinance of the Ministry of Justice.

In Japan, the “ex-dividend” date and the record date for any dividends precede the date of determination of the amount of the dividend to be paid. The market price of shares generally becomes ex-dividend on the first business day prior to the record date. Under our Articles of Incorporation, we are not obligated to pay any dividends which are left unclaimed for a period of five years after the date on which they first became payable.

### ***Capital and Reserves***

Under the Companies Act, we may reduce our additional paid-in capital or legal reserve (without limitation as to the amount of such reduction) generally by resolution of a general meeting of shareholders and, if so resolved in the same resolution, may account for the whole or any part of the amount of such reduction as stated capital. We may also reduce our stated capital generally by special resolution of a general meeting of shareholders and, if so resolved in the same resolution, such reduction may account for the whole or any part of the amount of such reduction as additional paid-in capital or legal reserve. Conversely, we may reduce our surplus and increase either (i) stated capital or (ii) additional paid-in capital and/or legal reserve by the same amount, in either case by resolution of a general meeting of shareholders.

### ***Stock Splits***

Stock splits of our outstanding stock may be effected at any time by resolution of the board of directors. When a stock split is to be effected, we may increase the authorized share capital to cover the number of shares to be increased by the stock split by amending our Articles of Incorporation by resolution of the board of directors without approval by special resolution of the general meeting of shareholders, unless more than one class of stock is issued and outstanding. We must give public notice of the stock split, specifying a record date at least two weeks prior to the record date.

### ***Unit Share (tan-gen kabu) System***

We have adopted a unit share system, where 100 shares of either common or preferred stock shall each constitute a unit.

Under the unit share system, each unit is entitled to one voting right. A holder of less than one unit has no voting right. Our Articles of Incorporation provide that the holders of shares constituting less than a full unit will not have shareholder rights except for those specified in the Companies Act or an ordinance of the Ministry of Justice, including rights (i) to receive dividends, (ii) to receive cash or other assets in case of consolidation or split of shares, stock-for-stock exchange or stock-for-stock transfer, corporate split or merger or (iii) to be allotted rights to subscribe for free for new shares and stock acquisition rights when such rights are granted to shareholders. Shareholders may require us to purchase shares constituting less than a unit at the current market price. In addition, holders of shares constituting less than a unit may require us to sell them such number of shares, which, when combined with the number of shares already held by such holder, shall constitute a whole unit of share; provided that we will be obliged to comply with such request only when we own a sufficient number of shares to accommodate the desired sale and purchase. The board of directors may reduce the number

of shares constituting a unit or cease to use the unit share system by amendments to the Articles of Incorporation without shareholders' approval even though amendments to the Articles of Incorporation generally require a special resolution of the general meeting of shareholders.

### ***General Meeting of Shareholders***

The ordinary general meeting of our shareholders is usually held in June of each year in Tokyo. In addition, we may hold an extraordinary general meeting of shareholders whenever necessary by giving at least two weeks' advance notice to shareholders who are entitled to vote at the relevant general meeting of shareholders. The record date for ordinary general meetings of our shareholders is March 31.

Any shareholder holding at least 300 voting rights or 1% of the total number of voting rights for six consecutive months or longer may propose a matter to be considered at a general meeting of shareholders by submitting a written request to a director at least eight weeks prior to the date of the meeting. We may limit the number of matters that can be proposed by an eligible shareholder to 10. The number of minimum voting rights, minimum percentage and time period necessary for exercising the minority shareholder rights described above may be decreased or shortened if our Articles of Incorporation so provide. Our Articles of Incorporation currently contain no such provisions.

### ***Voting Rights***

A holder of shares of our common stock is generally entitled to one voting right for each unit of common stock held. The following shares of common stock are not entitled to voting rights even when such shares constitute a whole unit, and such shares of common stock are not considered when determining whether a quorum exists for a shareholders' meeting:

- treasury stock;
- shares held by a company in which we and/or our subsidiaries own 25% or more of the total voting rights; and
- shares issued after the record date as a result of conversion of convertible stock, exercise of stock acquisition rights, and fractional shareholders becoming a shareholder of a whole unit share.

On the other hand, holders of certain class of preferred stock shall be entitled to a voting right for each unit of preferred stock held under certain conditions provided for by relevant laws or regulations and our Articles of Incorporation, for example, when a proposal to pay the full amount of preferential dividends on any class of preferred stock in compliance with the terms of such preferred stock is not included in the agenda of the relevant shareholders meeting. See "Preferred Stock" below.

Under our Articles of Incorporation, except as otherwise provided by law or by other provisions of our Articles of Incorporation, a resolution can be adopted at a shareholders' meeting by the holders of a majority of the voting rights represented at the meeting. The Companies Act and our Articles of Incorporation require a quorum of not less than one-third of the total number of voting rights for election of our directors.

The Companies Act and our Articles of Incorporation provide that a quorum of not less than one-third of outstanding voting rights, excluding those owned by our subsidiaries and affiliates of which we own, directly or indirectly, 25 percent or more, must be present at a shareholders' meeting to approve specified corporate actions, such as:

- the amendment of our Articles of Incorporation, except in some limited cases;
- the repurchase of our own stock from a specific shareholder other than our subsidiary;



- the consolidation of shares;
- the offering to persons other than shareholders of stock at a specially favorable price, or of stock acquisition rights or bonds or notes with stock acquisition rights with specially favorable conditions;
- the exemption from liability of a director or corporate auditor, with certain exceptions;
- a reduction in stated capital with certain exceptions in which a shareholders' resolution is not required;
- a distribution of in-kind dividends which meets certain requirements;
- the transfer of the whole or an important part of our business, except in some limited circumstances;
- the acquisition of the whole business of another company, except in some limited circumstances;
- a dissolution, merger or consolidation, except for certain types of mergers;
- a stock-for-stock exchange (*kabushiki-kokan*) or stock-for-stock transfer (*kabushiki-iten*), except in some limited circumstances; and
- a corporate split, except in some limited circumstances.

A special resolution representing at least two-thirds of the voting rights represented at the meeting is required to approve these actions.

Our Articles of Incorporation do not include any provision that grants shareholders cumulative voting rights at elections of directors.

### ***Subscription Rights***

Holders of our shares have no preemptive rights under our Articles of Incorporation. Under the Companies Act, however, our board of directors may determine that shareholders be given subscription rights in connection with a particular issue of new shares. In this case, these subscription rights must be given on uniform terms to all shareholders, and if a specified record date is set, it must be announced in a public notice at least two weeks prior to the record date. A notification to each individual shareholder must also be given at least two weeks prior to the subscription date.

Under the Companies Act, rights to subscribe for new shares may not be transferred; however, we may allot stock acquisition rights to shareholders without consideration, and such rights will be transferable.

### ***Stock Acquisition Rights***

We may issue stock acquisition rights (*shinkabu yoyakuken*), which in the United States are often in the form of warrants, or bonds with stock acquisition rights that cannot be detached (*shinkabu yoyakuken-tsuki shasai*), which in the United States are often in the form of convertible bonds or bonds with non-detachable warrants. Except where the issuance would be on "specially favorable" conditions, the issuance of stock acquisition rights or bonds with stock acquisition rights may be authorized by a resolution of our board of directors. Upon exercise of the stock acquisition rights, the holder of such rights may acquire shares by paying the applicable exercise price or, if so determined by a resolution of our board of directors, by making a substitute payment, such as having the convertible bonds redeemed for no cash in lieu of the exercise price.

### ***Liquidation Rights***

Upon our liquidation, the assets remaining after payment of all debts, liquidation expenses, taxes and preferred distributions to holders of shares of our preferred stock will be distributed among the holders of shares of our common stock in proportion to the number of shares they own.

### ***Transfer Agent***

Mitsubishi UFJ Trust and Banking is the transfer agent for our common stock. The office of Mitsubishi UFJ Trust and Banking for this purpose is located at 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8212, Japan. Mitsubishi UFJ Trust and Banking maintains our register of shareholders.

### ***Reports to Shareholders***

We furnish to our shareholders notices, in Japanese, of shareholders' meetings, annual business reports, including our financial statements, and notices of resolutions adopted at our shareholders' meetings.

### ***Record Dates***

As stated above, March 31 is the record date for the payment of annual dividends (if any), the determination of shareholders entitled to vote at ordinary general meetings of our shareholders, and the determination of class shareholders entitled to vote at meetings of our class shareholders if any matter to be resolved at an ordinary general meeting of our shareholders requires a resolution by our class shareholders in addition to a resolution by our shareholders. September 30 is the record date for the payment of interim dividends, if any. In addition, by a resolution of our board of directors and after giving at least two weeks' prior public notice, we may at any time set a record date in order to determine the shareholders who are entitled to the rights pertaining to our shares.

### ***Repurchase of Our Shares***

We may repurchase our own shares:

- through the Tokyo Stock Exchange or other stock exchanges on which our shares are listed, if authorized by a resolution of a general meeting of shareholders or our board of directors;
- by way of a tender offer, if authorized by a resolution of a general meeting of shareholders or our board of directors;
- from a specific party, if authorized by a special resolution of a general meeting of shareholders and we give notice thereof to shareholders prior to such general meeting, in general;
- from all shareholders of a specific class of shares offering to sell their shares, if authorized by a resolution of a general meeting of shareholders or our board of directors and we give a public notice or notice thereof to all of the shareholders (if we repurchase any class of preferred stock, notices to all shareholders of the relevant class of preferred stock); or
- from our subsidiaries, if authorized by a resolution of the board of directors.

When the repurchase is made by us from a specific party, as authorized by a special resolution of a general meeting of shareholders, any shareholder may make a demand to a director, five days or more prior to the relevant shareholders' meeting, that we also repurchase the shares held by that shareholder. However, no such right will be available if the shares have a market price, and if the purchase price does not exceed the then market price calculated in a manner set forth in an ordinance of the Ministry of Justice.

Repurchase of our own shares described above must satisfy various specified requirements. In general, the same restrictions on the distributable amount as described in the seventh paragraph under “—Common Stock—Dividends.” are applicable to the repurchase of our own shares, so the total amount of the repurchase price may not exceed the distributable amount.

We may hold our own shares so repurchased without restrictions. In addition, we may cancel or dispose of our repurchased shares by a resolution of our board of directors.

## **American Depositary Shares**

The Bank of New York Mellon will issue ADRs. Each ADR will represent ownership interests in ADSs. Each ADS represents one share of our common stock. Each ADS is held by MUFG Bank, acting as custodian, at its principal office in Tokyo, on behalf of The Bank of New York Mellon, acting as depository. Each ADS will also represent securities, cash or other property deposited with The Bank of New York Mellon but not distributed to ADS holders. The Bank of New York Mellon's corporate trust office is located at 240 Greenwich Street, New York, New York 10286 and its principal executive office is located at 240 Greenwich Street, New York, New York 10286.

You may hold ADSs either directly or indirectly through your broker or other financial institution. If you hold ADSs directly, you are an ADS holder. This description assumes you hold your ADSs directly. If you hold the ADSs indirectly, you must rely on the procedures of your broker or other financial institution to assert the rights of ADS holders described herein. You should consult with your broker or financial institution to find out what those procedures are.

The Bank of New York Mellon will actually be the registered holder of the common stock, so you will have to rely on it to exercise your rights as a shareholder. Our obligations and the obligations of The Bank of New York Mellon are set out in a deposit agreement among us, The Bank of New York Mellon and you, as an ADS holder. The deposit agreement and the ADSs are governed by New York law.

The following is a summary of the material terms of the deposit agreement. Because it is a summary, it does not contain all the information that may be important to you. For more complete information, you should read the entire deposit agreement and the form of ADR, each attached as an exhibit to our annual report on Form 20-F.

### ***Share Dividends and Other Distributions***

The Bank of New York Mellon has agreed to pay to you the cash dividends or other distributions it or the custodian receives on shares of common stock or other deposited securities, after deducting its fees and expenses. You will receive these distributions in proportion to the number of shares your ADSs represent.

*Cash.* The Bank of New York Mellon will convert any cash dividend or other cash distribution we pay on our common stock into U.S. dollars, if it can do so on a reasonable basis and can transfer the U.S. dollars to the United States. If that is not possible or if any approval from the Japanese government is needed and cannot be obtained, the deposit agreement allows The Bank of New York Mellon to distribute the Japanese yen only to those ADS holders to whom it is possible to do so. The Bank of New York Mellon will hold the Japanese yen it cannot convert for the account of the ADS holders who have not been paid. It will not invest the Japanese yen and it will not be liable for any interest.

Before making a distribution, any withholding taxes that must be paid under Japanese law will be deducted. The Bank of New York Mellon will distribute only whole U.S. dollars and cents and will round fractional cents to the nearest whole cent. If the relevant exchange rates fluctuate during a time when The Bank of New York Mellon cannot convert the Japanese currency, you may lose some or all of the value of the distribution.

*Shares.* The Bank of New York Mellon may distribute new ADSs representing any shares we may distribute as a dividend or free distribution, if we furnish The Bank of New York Mellon promptly with satisfactory evidence that it is legal to do so. The Bank of New York Mellon will only distribute whole ADSs. It will sell shares which would require it to issue a fractional ADS and distribute the net proceeds in the same way as it distributes cash dividends. If The Bank of New York Mellon does not distribute additional ADSs, each ADS will also represent the new shares.

*Rights to receive additional shares.* If we offer holders of our common stock any rights to subscribe for additional shares of common stock or any other rights, The Bank of New York Mellon may, after consultation

with us, make those rights available to you. We must first instruct The Bank of New York Mellon to do so and furnish it with satisfactory evidence that it is legal to do so. If we do not furnish this evidence and/or do not give these instructions, and The Bank of New York Mellon decides that it is practical to sell the rights, The Bank of New York Mellon will sell the rights and distribute the proceeds in the same way as it distributes cash dividends. The Bank of New York Mellon may allow rights that are not distributed or sold to lapse. In that case, you will receive no value for them.

If The Bank of New York Mellon makes rights available to you, upon instruction from you it will exercise the rights and purchase the shares on your behalf. The Bank of New York Mellon will then deposit the shares and issue ADSs to you. It will only exercise the rights if you pay it the exercise price and any other charges the rights require you to pay.

U.S. securities laws may restrict the sale, deposit, cancellation and transfer of the ADSs issued after the exercise of the rights. For example, you may not be able to trade the ADSs freely in the United States. In this case, The Bank of New York Mellon may issue the ADSs under a separate restricted deposit agreement which will contain the same provisions as the deposit agreement, except for changes needed to put the restrictions in place. The Bank of New York Mellon will not offer you rights unless those rights and the securities to which the rights relate are either exempt from registration or have been registered under the U.S. Securities Act with respect to a distribution to you. We will have no obligation to register under the Securities Act those rights or the securities to which they relate.

*Other distributions.* The Bank of New York Mellon will send to you anything else we distribute on deposited securities by any means it thinks is legal, fair and practical. If it cannot make the distribution in that way, The Bank of New York Mellon has a choice. It may decide to sell what we distributed and distribute the net proceeds in the same way as it does with cash. Or, it may decide to hold what we distributed, in which case ADSs will also represent the newly distributed property.

The Bank of New York Mellon is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADS holders. We have no obligation to register ADSs, shares, rights or other securities under the Securities Act. We also have no obligation to take any other action to permit the distribution of ADSs, shares, rights or anything else to ADS holders. This means that you may not receive the distributions we make on our shares or any value for them if it is illegal or impractical for us or The Bank of New York Mellon to make them available to you.

### ***Deposit, Withdrawal and Cancellation***

The Bank of New York Mellon will issue ADSs if you or your broker deposits shares or evidence of rights to receive shares with the custodian. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, The Bank of New York Mellon will register the appropriate number of ADSs in the names you request and will deliver the ADSs at its corporate trust office to the persons you request.

In certain circumstances, subject to the provisions of the deposit agreement, The Bank of New York Mellon may issue ADSs before the deposit of the underlying shares. This is called a pre-release of ADSs. A pre-release is closed out as soon as the underlying shares are delivered to the depository. The depository may receive ADSs instead of the shares to close out a pre-release. The depository may pre-release ADSs only under the following conditions:

- Before or at the time of the pre-release, the person to whom the pre-release is made must represent to the depository in writing that it or its customer, as the case may be, owns the shares to be deposited;
- The pre-release must be fully collateralized with cash or collateral that the depository considers appropriate; and
- The depository must be able to close out the pre-release on not more than five business days' notice.

The pre-release will be subject to whatever indemnities and credit regulations that the depositary considers appropriate. In addition, the depositary will limit the number of ADSs that may be outstanding at any time as a result of a pre-release.

You may turn in your ADSs at the Corporate Trust Office of The Bank of New York Mellon's office. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, The Bank of New York Mellon will deliver (1) the underlying shares to an account designated by you and (2) any other deposited securities underlying the ADS at the office of the custodian. Or, at your request, risk and expense, The Bank of New York Mellon will deliver the deposited securities at its Corporate Trust Office.

The ADSs may only be presented for cancellation and release of the underlying shares of common stock or other deposited securities in multiples of 100 ADSs. Holders of ADRs evidencing less than 100 ADSs are not entitled to delivery of any underlying shares or other deposited securities unless ADRs, together with other ADRs presented by the same holder at the same time, represent in the aggregate at least 100 ADSs. If any ADSs are surrendered but not cancelled pursuant to the preceding sentence, The Bank of New York Mellon will execute and deliver an ADR or ADRs evidencing the balance of ADSs not so cancelled to the person or persons surrendering the same.

### ***Voting Rights***

If you are an ADS holder on a record date fixed by The Bank of New York Mellon, you may instruct The Bank of New York Mellon to vote the shares underlying your ADSs at a meeting of our shareholders in accordance with the procedures set forth in the deposit agreement.

The Bank of New York Mellon will notify you of the upcoming meeting and arrange to deliver our voting materials to you. The notice shall contain (a) such information as is contained in such notice of meeting, (b) a statement that as of the close of business on a specified record date you will be entitled, subject to any applicable provision of Japanese law and our Articles of Incorporation, to instruct The Bank of New York Mellon as to the exercise of the voting rights, if any, pertaining to the amount of shares or other deposited securities represented by your ADSs, and (c) a brief statement as to the manner in which such instructions may be given, including an express indication that instructions may be given to The Bank of New York Mellon to give a discretionary proxy to a person designated by us. Upon your written request, received on or before the date established by The Bank of New York Mellon for such purpose, The Bank of New York Mellon shall endeavor in so far as practicable to vote or cause to be voted the amount of shares or other deposited securities represented by your ADSs in accordance with the instructions set forth in your request. So long as Japanese law provides that votes may only be cast with respect to one or more whole shares or other deposited securities, The Bank of New York Mellon will aggregate voting instructions to the extent such instructions are the same and vote such whole shares or other deposited securities in accordance with your instructions. If, after aggregation of all instructions to vote received by The Bank of New York Mellon, any portion of the aggregated instructions constitutes instructions with respect to less than a whole share or other deposited securities, The Bank of New York Mellon will not vote or cause to be voted the shares or other deposited securities to which such portion of the instructions apply. The Bank of New York Mellon will not vote or attempt to exercise the right to vote that attaches to the shares or other deposited securities, other than in accordance with the instructions of the ADS holders. If no instructions are received by The Bank of New York Mellon from you with respect to any of the deposited securities represented by your ADSs on or before the date established by The Bank of New York Mellon for such purpose, The Bank of New York Mellon shall deem you to have instructed The Bank of New York Mellon to give a discretionary proxy to a person designated by us with respect to such deposited securities and The Bank of New York Mellon shall give a discretionary proxy to a person designated by us to vote such deposited securities, provided that no such instruction shall be given with respect to any matter as to which we inform The Bank of New York Mellon (and we have agreed to provide such information as promptly as practicable in writing) that (1) we do not wish such proxy given, (2) substantial opposition exists or (3) such matter materially and adversely affects the rights of holders of shares.

We cannot assure you that you will receive the voting materials in time to ensure that you can instruct The Bank of New York Mellon to vote your shares. In addition, The Bank of New York Mellon is not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions as long as it has acted in good faith. This means that you may not be able to exercise your right to vote and there may be nothing you can do if your shares are not voted as you requested.

### ***Payment of Taxes***

You will be responsible for any taxes or other governmental charges payable on your ADSs or on the deposited securities underlying your ADSs. The Bank of New York Mellon may refuse to transfer your ADSs or allow you to withdraw the deposited securities underlying your ADSs until those taxes or other charges are paid. It may apply payments owed to you or sell deposited securities underlying your ADSs to pay any taxes owed and you will remain liable for any deficiency. If it sells deposited securities, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to you any property remaining after it has paid the taxes.

### ***Reclassifications, Recapitalizations and Mergers***

If we:

- reclassify, split up or consolidate any of our shares or the deposited securities;
- recapitalize, reorganize, merge, liquidate, consolidate or sell all or substantially all of our assets or take any similar action; or
- distribute securities on the shares that are not distributed to you, then,
  - (1) the cash, shares or other securities received by The Bank of New York Mellon will become deposited securities and each ADS will automatically represent its equal share of the new deposited securities unless additional ADSs are issued; and
  - (2) The Bank of New York Mellon may, and will if we request, issue new ADSs or ask you to surrender your outstanding ADSs in exchange for new ADSs, identifying the new deposited securities.

### ***Amendment and Termination***

We may agree with The Bank of New York Mellon to amend the deposit agreement and the ADSs without your consent for any reason. If the amendment adds or increases fees or charges, except for taxes and other governmental charges, registration fees, cable, telex or facsimile transmission costs, delivery costs or other such expenses, or prejudices an important right of ADS holders, it will only become effective three months after The Bank of New York Mellon notifies you of the amendment. At the time an amendment becomes effective, you are considered, by continuing to hold your ADS, to agree to the amendment and to be bound by the ADSs and the deposit agreement as amended. However, no amendment will impair your right to receive the deposited securities in exchange for your ADSs.

The Bank of New York Mellon will terminate the deposit agreement if we ask it to do so, in which case it must notify you at least 30 days before termination. The Bank of New York Mellon may also terminate the deposit agreement if The Bank of New York Mellon has told us that it would like to resign and we have not appointed a new depository bank within 60 days.

If any ADSs remain outstanding after termination, The Bank of New York Mellon will stop registering the transfers of ADSs, will stop distributing dividends to ADS holders and will not give any further notices or do anything else under the deposit agreement other than:

- (1) collect dividends and distributions on the deposited securities;
- (2) sell rights and other property offered to holders of deposited securities; and

- (3) deliver shares and other deposited securities in exchange for ADSs surrendered to The Bank of New York Mellon.

At any time after one year following termination, The Bank of New York Mellon may sell any remaining deposited securities. After that, The Bank of New York Mellon will hold the money it received on the sale, as well as any other cash it is holding under the deposit agreement for the pro rata benefit of the ADS holders that have not surrendered their ADSs. It will not invest the money and has no liability for interest. The Bank of New York Mellon's only obligations will be to account for the money and other cash and with respect to indemnification and to retain depository documents. After termination, our only obligations will be with respect to indemnification and to pay certain amounts to The Bank of New York Mellon.

#### ***Limitations on Obligations and Liability to ADS Holders***

The deposit agreement expressly limits our obligations and the obligations of The Bank of New York Mellon. It also limits our liability and the liability of The Bank of New York Mellon. We and The Bank of New York Mellon:

- are only obligated to take the actions specifically set forth in the deposit agreement without negligence or bad faith;
- are not liable if either is prevented or delayed by law, any provision of our Articles of Incorporation or circumstances beyond our control from performing our obligations under the deposit agreement;
- are not liable if either exercises or fails to exercise discretion permitted under the deposit agreement;
- have no obligation to become involved in a lawsuit or other proceeding related to the ADSs or the deposit agreement on your behalf or on behalf of any other party unless indemnified to their satisfaction; and
- may rely upon any advice of or information from legal counsel, accountants, any person depositing shares, any ADS holder or any other person believed in good faith to be competent to give them that advice or information.

In the deposit agreement, we and The Bank of New York Mellon agree to indemnify each other for liabilities arising out of acts performed or omitted by the other party in accordance with the deposit agreement.

#### ***Requirements for Depository Actions***

Before The Bank of New York Mellon will issue or register transfer of an ADS, make a distribution on an ADS, or permit withdrawal of shares, it may require:

- payment of stock transfer or other taxes or other governmental charges and transfer or registration fees charged by third parties for the transfer of any shares or other deposited securities;
- production of satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- compliance with regulations it may establish, from time to time, consistent with the deposit agreement, including presentation of transfer documents.

The Bank of New York Mellon may refuse to deliver, transfer, or register transfers of ADSs generally when its transfer books are closed, when our transfer books are closed or at any time if it or we think it advisable to do so.

You have the right to cancel your ADSs and withdraw the underlying shares at any time except:

- when temporary delays arise because: (1) The Bank of New York Mellon has closed its transfer books or we have closed our transfer books; (2) the transfer of shares is blocked to permit voting at a shareholders' meeting; or (3) we are paying a dividend on the shares;



- when you or other ADS holders seeking to withdraw shares owe money to pay fees, taxes and similar charges; or
- when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADSs or to the withdrawal of shares or other deposited securities.

This right of withdrawal may not be limited by any other provision of the deposit agreement.

### ***Reports and Other Communications***

The Bank of New York Mellon will make available for your inspection at its corporate trust office any reports and communications, including any proxy soliciting material, that it receives from us, if those reports and communications are both (a) received by The Bank of New York Mellon as the holder of the deposited securities and (b) made generally available by us to the holders of the deposited securities. If we ask it to, The Bank of New York Mellon will also send you copies of those reports it receives from us.

### ***Inspection of Transfer Books***

The Bank of New York Mellon will keep books for the registration and transfer of ADSs, which will be open for your inspection at all reasonable times. You will only have the right to inspect those books if the inspection is for the purpose of communicating with other owners of ADSs in connection with our business or a matter related to the deposit agreement or the ADSs.

### **Preferred Stock**

The following is a summary of information concerning the shares of our preferred stock, including brief summaries of the relevant provisions of our Articles of Incorporation, the share handling regulations and the Companies Act as currently in effect. The detailed rights of our preferred stock are set out in our Articles of Incorporation and the resolutions of our board of directors relating to the issuance of the relevant stock.

### ***General***

We are authorized under our Articles of Incorporation to issue four classes of preferred stock totaling 800,000,000 shares of preferred stock, including 400,000,000 shares of each of the second to fourth series of class 5 preferred stock (provided the aggregate number of shares authorized to be issued with respect to the three series of class 5 preferred stock does not exceed 400,000,000 shares), 200,000,000 shares of each of the first to fourth series of class 6 preferred stock (provided the aggregate number of shares authorized to be issued with respect to the four series of class 6 preferred stock does not exceed 200,000,000 shares), and 200,000,000 shares of each of the first to fourth series of class 7 preferred stock (provided the aggregate number of shares authorized to be issued with respect to the four series of class 7 preferred stock does not exceed 200,000,000 shares).

Our preferred stock has equal preference over our shares of common stock with respect to dividend entitlements and distribution of assets upon our liquidation. However, holders of shares of our preferred stock are not entitled to vote at general meetings of shareholders, subject to the exceptions provided under our Articles of Incorporation.

We may acquire shares of second to fourth series of class 5 and first to fourth series of class 6 preferred stock at our discretion pursuant to the terms and conditions provided by our Articles of Incorporation and the resolution of our board of directors. The provisions for acquisition of shares of second to fourth series of class 5 and first to fourth series of class 6 preferred stock will be determined by the board of directors at the time of issuance of such preferred stock. When issued, any holder of shares of first to fourth series of class 6 preferred stock or first to fourth series of class 7 preferred stock may request acquisition of shares of such preferred stock

in exchange for shares of our common stock during the period determined by resolution of the board of directors adopted at the time of issuance of such shares of preferred stock. Any shares of first to fourth series of class 6 preferred stock or first to fourth series of class 7 preferred stock for which no request for acquisition in exchange for shares of our common stock is made during such period will be mandatorily acquired on the day immediately following the last day of such period (the “Mandatory Acquisition Date”) in the number obtained by dividing an amount equivalent to the subscription price per each relevant share of preferred stock by the average daily closing price of our common stock as reported by the Tokyo Stock Exchange for the 30 trading days commencing on the 45th trading day prior to the Mandatory Acquisition Date.

Additionally, in order to enable the relevant preferred stock to meet the criteria for Additional Tier 1 capital under Basel III requirements as adopted by the Financial Services Agency of Japan, the terms of the second to fourth series of class 5 as well as all the series of class 6 and class 7 preferred stock have mandatory acquisition provisions. When newly issuing these preferred stock, the board of directors will determine events that will require us to acquire the relevant preferred stock pursuant to the capital adequacy requirements applicable to us. Upon the occurrence of such events, we will acquire all the relevant preferred stock on an acquisition date, which is a date determined by the board of directors either at the time of the issuance or after the occurrence of such event. We shall acquire the relevant preferred stock in exchange for common stock or for no consideration as determined by the board of directors at the time of the issuance, considering certain factors including the market conditions. The formula to be used in exchanging the preferred stock for common stock will also be determined by the board of directors at the time of the issuance.

### ***Preferred Dividends***

In priority to the payment of dividends to holders of our common stock, the amount of preferred dividends payable each fiscal year for each class of our preferred stock is set forth below:

- second to fourth series of class 5 preferred stock: to be set by resolution of our board of directors at the time of issuance, up to a maximum of ¥250.00 per share;
- first to fourth series of class 6 preferred stock: to be set by resolution of our board of directors at the time of issuance, up to a maximum of ¥125.00 per share; and
- first to fourth series of class 7 preferred stock: to be set by resolution of our board of directors at the time of issuance, up to a maximum of ¥125.00 per share.

In the event that our board of directors decides to pay an interim dividend to holders of record of our common stock as of September 30 of any year, we will, in priority to the payment of that interim dividend, pay a preferred interim dividend in the amount specified in our Articles of Incorporation to holders of record of our preferred stock as of September 30 of the same year. The amount of any preferred interim dividend will be deducted from the preferred dividend payable on the relevant class of our preferred stock for the same fiscal year.

No preferred dividend will be paid on any of our preferred stock converted into our common stock for the period from the date following the record date for the preferred dividend or preferred interim dividend last preceding the relevant conversion date to the relevant conversion date, but the common stock issued upon conversion will be entitled to receive any dividend payable to holders of record of common stock upon the next succeeding record date for common stock dividends.

No payment of dividends on our preferred stock or any other shares can be made unless we have a sufficient distributable amount and a resolution to distribute such distributable amount is obtained at the relevant ordinary general meeting of shareholders, in the case of annual preferred dividends, or at the board of directors, in the case of preferred interim dividends.

Dividends on our preferred stock are non-cumulative. If the full amount of any dividend is not declared on our preferred stock in respect of any fiscal year, holders of our preferred stock do not have any right to receive

dividends in respect of the deficiency in any subsequent fiscal year, and we will have no obligation to pay the deficiency or to pay any interest regardless of whether or not dividends are paid in respect of any subsequent fiscal year. The holders of our preferred stock are not entitled to any further dividends or other participation in or distribution of our profits.

### ***Liquidation Rights***

In the event of our voluntary or involuntary liquidation, record holders of our preferred stock are entitled, equally in rank as among themselves, to receive before any distribution out of our residual assets is made to holders of our common stock, a distribution out of our residual assets of:

- ¥2,500 per share of second to fourth series of class 5 preferred stock;
- ¥2,500 per share of first to fourth series of class 6 preferred stock; and
- ¥2,500 per share of first to fourth series of class 7 preferred stock.

The holders of our preferred stock are not entitled to any further dividends or other participation in or distribution of our residual assets upon our liquidation.

### ***Voting Rights***

No holder of our preferred stock has the right to receive notice of, or to vote at, a general meeting of shareholders, except as otherwise specifically provided under our Articles of Incorporation or other applicable law. Under our Articles of Incorporation, holders of our preferred stock will be entitled to receive notice of, and have one voting right per unit of preferred stock at, our general meetings of shareholders:

- from the commencement of our ordinary general meeting of shareholders if an agenda for approval to declare a preferred dividend is not submitted to such meeting; or
- from the close of any ordinary general meeting of shareholders if a proposed resolution to declare a preferred dividend is not approved at such meeting.

In each case, holders of our preferred stock will be entitled to receive notice of and vote at the relevant general meetings of shareholders unless and until such time as a resolution of an ordinary general meeting of shareholders declaring a preferred dividend is passed.

MUFG Group  
Code of  
Conduct 2024



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### Code of Conduct



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(Note : Explanations in each chapter are described in 1 ~ 4 or ●)



Message from the Group CEO

## Be the company with enduring trust

We live in an age of great – and ironic – change.

On one hand, values and views are rapidly growing more fragmented in countless new ways. But at the same time, digital technology is connecting people and all manner of things together instantly, unrestrained by time and place. Companies today are expected to contend with these dramatic countervailing forces of fragmentation and connection with agility, flexibility, and speed.

In this complex environment, MUFG is determined to fulfill our stated *Purpose of Empowering a brighter future* as a trusted force that can connect a diverse spectrum of stakeholders around the globe. Placing “Agility” alongside our longstanding *Values* of “Integrity and Responsibility”, “Professionalism and Teamwork”, and “Challenge” allows us to serve as that force, helping lead society on a constructive path in this transformation new age.

To fulfill this aim, it is important for each of us to connect our own *Purpose* and *Values* to our daily work, creating an individual story of professional and personal fulfillment that can lead not only to a more successful company but to a more successful career.

This is why the mindset we call our *MUFG Way* – shaped by clearly defined, shared values – is meant to inform our management decisions and guide our activities.

In this spirit, linking the *MUFG Way* to our stated *Purpose of Empowering a brighter future* is the reason for this *Code of Conduct*. It lays stepping-stones composing a path of certainty through uncertain times. It guides our decisions, our day-to-day behavior, and our efforts to do the right thing at all times.

Why is this important? Because our business foundation is trust. While trust in MUFG is painstakingly built – moment by moment, year by year, through actions you and I take every day – it can be compromised instantly with one bad decision.

Some decisions can cause us to struggle. The path may not always be clear. In these cases, we refer to this *Code* as our guide. One good way to gauge if we are doing the right thing is to ask: Can we explain our choices with honor to our family and friends?

Please, if you notice anything contravening our standards of conduct – even slightly – report it immediately to your supervisor or through the Compliance Helpline. Do not hesitate. It is the right thing to do and a sacred responsibility.

MUFG is committed to cultivating an atmosphere where every colleague can speak freely and fearlessly. Your courage is appreciated – encouraged, protected – and the firm is responsible for responding appropriately. No repercussive actions will be taken against a colleague making an honest report to protect what’s right.

This *Code* is not just for reading. It is for action – literally. Sustaining the trust of customers and society depends on our conduct at day-to-day work.

Thank you for always doing the right thing.

April 2024

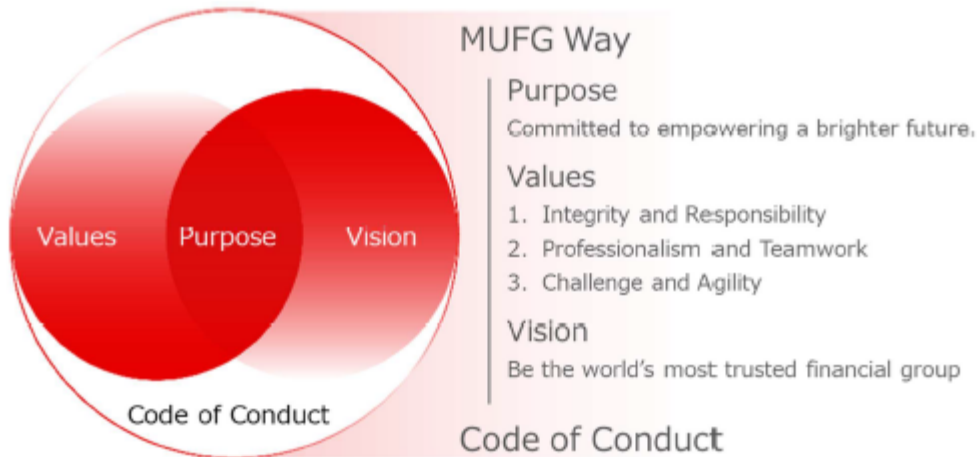
Hironori Kamezawa

Member of the Board of Directors, President & Group CEO

# 1 MUFG Way and Code of Conduct

The MUFG Way sets forth the most basic stance of the MUFG Group in the execution of its business activities. It is designed to make each employee aware of the purpose of the Group, and is the guiding principle for all its activities.

The Code of Conduct shows how Group members should make their decisions and act on a daily basis, and is an important part of supporting the MUFG Way.



## “Culture”

Culture is the common set of behaviours and underlying mindsets that shape how people work and interact day to day.\* Culture is the character and personality of our organization. It's what makes our business unique and is the sum of our values, traditions, beliefs, interactions, behaviors, and attitudes. This could include, but is not limited to, explicit written documents such as our MUFG Way and Code of Conduct, but more importantly, the shared norms of behavior experienced by colleagues every day and can have a significant influence on the behavior and decision making process of those.

The strength of MUFG “Integrity and Responsibility” has been built by providing safe and secure services, and is one of the shared values among the colleagues of MUFG. At the same time, it is becoming increasingly important to “Challenge” ourselves with “Agility” in which each of us should think, decide and act for oneself and do so swiftly, together demonstrating “Professionalism and Teamwork” in how to respond to the needs of our stakeholders in an era of rapid change. Let's deepen our understanding on the MUFG Way and Code of Conduct, and work together to build a culture that is worthy of “Be the world's most trusted financial group.”

\*Source: McKinsey & Company – Organisational Health Index.



## 2 Code of Conduct (Main text)



### Chapter 1.

#### Customer Focus

Our customers are at the center of everything we do, and should always be the focus of our thoughts. Our aim should be to win the trust and confidence of our customers at all times. MUFG exists today because of the trust and confidence that customers have placed in us over many years. Our role is to increase and strengthen this bedrock of trust and confidence. Our activities are not driven by the prospect of short-term gains. Instead, we look to build ongoing relationships with our customers to support their long-term growth.

##### 1-1 Honesty and Integrity

Our customers are at the center of everything we do. We carry out fair and transparent corporate activities with honesty and integrity. We treat customer assets with care and respect and always strive to ensure that our actions do not unjustly damage our customers' interests.

##### 1-2 Ensuring Quality

To build lasting relationships of trust and confidence with our customers, we listen carefully to what our customers are telling us and maintain thorough quality control of all our products and services, from planning and development to provision and subsequent revisions, with a view to further enhance quality.

##### 1-3 Exceeding Customer Expectations

We aim to meet the diverse needs of our customers worldwide, and to provide services that lead transformation and exceed their expectations through the highest standards of professionalism, by leveraging our global network and the consolidated strengths of the entire Group.



### Chapter 2.

#### Responsibility as a Corporate Citizen

As we develop our business globally, we comply with all the domestic and international laws and rules that may apply. We do all we can to maintain stability and confidence in the global financial system, and we contribute to the sound and healthy growth of society. Acknowledging the responsibility and accountability that each of us have as a member of MUFG, we carry out fair and transparent corporate activities with honesty and integrity, in a manner that supports and strengthens the trust and confidence MUFG has earned from society over many years.

##### 2-1 Adherence to Laws and Rules

In addition to adhering strictly to all domestic and international laws, regulations and rules, we strive to do the right thing based on our strict code of ethics. Violations of laws or rules damage the vital social infrastructure of the financial system and lead to a loss of trust for MUFG. We strictly abide by all laws and rules relating to our business.

## 2-2 Prevention of Financial Crime

We have zero tolerance for supporting or facilitating financial crime or any attempt to circumvent the rules and procedures aimed at preventing financial crime. We take all reasonable steps possible to prevent our products and services from being used by individuals or entities involved in illegal or improper activities such as money laundering and terrorist financing.

## 2-3 Contributing to Society

We respect the history, cultures, and customs of different countries and regions around the world, and work to contribute to the development of diverse communities and the protection of the environment through our corporate activities and the social volunteer efforts of our colleagues.



### Chapter 3.

## Behaviors in the Workspace

We strive to respond and adapt promptly to the diversifying and evolving needs of our customers and the rapidly changing environment in which we work. The working environment at MUFG fosters mutual respect, enables individuals to make the most of their abilities as professionals, and maximizes the power of teamwork across regions and different areas of business, encouraging all colleagues to embrace new challenges. We always work to protect and maintain the tangible and intangible assets and property that MUFG has accumulated.

## 3-1 Challenge and Agility

We maximize the power of teamwork and take advantage of the changing business environment as opportunities to embrace new challenges in new fields. While we strive to enhance our knowledge, expertise, and potential, each of us will think, decide and act for oneself and do so swiftly in order to lead transformation.

## 3-2 Inclusive and Respectful Working Environment

We value and respect the human rights and diversity of all MUFG colleagues. We do not engage in or tolerate any form of discrimination or harassment or any other behavior that infringes these beliefs.

## 3-3 Protecting MUFG's Assets and Property

We protect the tangible and intangible assets and property of MUFG and individual Group entities and do not tolerate any behavior that might damage these assets.

## 3-4 Reporting Issues and Seeking Advice

If we become aware of conduct that contravenes the law, company regulations, the provisions of this Code of Conduct, or any other issues, we must promptly report the matter in line with documented local escalation processes. This may include reporting to our supervisors, control functions such as Compliance and via Compliance Helpline arrangements made available by MUFG.

### 3 About the Code of Conduct

- (1) The Code of Conduct is designed to provide guidance at all times, and in particular, when we find it difficult to know if we are making the right choice. (The Code of Conduct may be supplemented by entity or location specific guidelines, which provide further guidance.)
- (2) In situations where you feel uncertain, you should consider the following:

<input checked="" type="checkbox"/>	Is the conduct in line with the Code of Conduct and internal or external laws, rules, and regulations?
<input checked="" type="checkbox"/>	Am I deceiving myself to rationalize my behavior?
<input checked="" type="checkbox"/>	Is there any possibility that others might regard my conduct as inappropriate?
<input checked="" type="checkbox"/>	Would I do the same thing to my family or those that are close to me?

- (3) All colleagues must undertake training on the Code of Conduct once a year, as a general rule. In addition, each colleague must make an attestation, in a form determined by the relevant Group entity, that he, she or they will abide by the MUFG Code of Conduct.



#### Code of Conduct in practice

We expect the Code of Conduct to be acted on in our everyday interactions, but it is sometimes easy just to “do what we have always done”, so if you catch yourself or colleagues use the following words or phrases, maybe check if the behaviour needs review.

- *“Everyone is doing it so I am too…”*
- *“This is usually done, this is how we have always done it, this should be acceptable from market practice…”*
- *“It has always been ok, so it should be ok this time too…”*
- *“I have exceptions – it doesn’t apply for our division/department/unit”*
- *“There is no turning back now”*

These can be frequently-used phrases when individuals have been influenced by previous experience and perceived accepted normal practices (sometimes called biases). It might take courage to speak up against behaviors that have been accepted for a long time, however those practices which historically were acceptable may now not be acceptable as industry and society evolves. When you become aware of yourself, or notice your colleagues using these phrases, please pause, think and take action following the Code of Conduct.

## 4 Failure to Abide by the Code of Conduct

- (1) All colleagues must abide by the Code of Conduct, as well as applicable laws, regulations, rules, protocols, procedures, and other guidelines determined by Group MUFG entities. If we have policies that are more restrictive than the Code of Conduct, we must follow those policies. Any conduct that fails to meet these standards may result in disciplinary measures, up to and including termination of employment, in accordance with the employment regulations and other rules established separately by individual MUFG companies. All colleagues may be held personally responsible for conduct that damages the reputation and trust of any MUFG company or damages the company's interests.
- (2) All colleagues may also be held responsible and accountable for the action or inaction of others if they fail to take action despite knowing about inappropriate behavior or conduct on the part of others that is likely to have a serious negative impact on the trust or interests of any Group entity, or if they ignore any such conduct despite being in a position of responsibility requiring them to know about it. All colleagues must cooperate in any audit, examination, or investigation conducted related to potential violations of the Code, Company policy, procedures, or guidelines.
- (3) In addition, any colleagues' conduct may be reported to the relevant authorities, which could result in a fine, loss of the qualification to work in the financial industry, and/or even imprisonment.



Would I be treated as breaching the Code of Conduct if I cannot exceed customer expectations or achieve growth which are specified in the Code of Conduct?

The Code of Conduct contains a mixture of different guidelines. Behaviors like "Honesty and Integrity" and "Prevention of Financial Crime" must be followed at all times. Others, including "Exceeding Customer Expectations" and "Challenge and Agility" are more targets that you should aim towards.



### Conduct Risk

In addition to violation of existing rules (such as regulations), behavior 1) that is contrary to social norms, 2) that contravenes business customs or market practices, or 3) that does not consider the customers' perspective could be detrimental to the interests of stakeholders, such as customers and shareholders, and as a result, could have a negative impact on our corporate value, profit, and reputation. This risk is called "Conduct Risk."

## 5 Roles and Responsibilities of Managers

Managers have several additional roles and responsibilities. (“Manager” here refers primarily to all managers with responsibility for leading team members, head of department and head of divisions.)

- ① Lead by example and be proactive about acting ethically in accordance with the MUFG Way and the Code of Conduct.
- ② Work to ensure that colleagues under your supervision understand the content of the MUFG Way and the Code of Conduct in a manner appropriate to the respective organization.
- ③ Foster an environment where all colleagues feel comfortable speaking up to raise concerns when they are struggling to reach a work-related decision, facing a problem, or witness behavior that does not meet the Code of Conduct.
- ④ Strictly avoid any conduct that could be considered as an abuse of your position/role/authority.
- ⑤ Take appropriate, timely action when a problem has arisen, either addressing the issue directly or escalating appropriately.



### Managers' role in creating psychological safety

The role of a manager is critical in creating a strong and high performing team, and one area of particular importance when considering the Code of Conduct is for all managers to consistently create a state of high psychological safety.

Psychological safety is “a state of comfort to express your thoughts, opinions, feelings openly to everyone within your organization”. This is an environment where you can provide challenge, where you are able to report mistakes without fear of unfair consequences. If you feel safe in the working environment, you will feel empowered to identify and implement change which enables innovative ideas to evolve.

Let's work together to create an open, collaborative and inclusive workspace for everyone.





## Chapter 1.

# Customer Focus

Our customers are at the center of everything we do, and should always be the focus of our thoughts. Our aim should be to win the trust and confidence of our customers at all times.

MUFG exists today because of the trust and confidence that customers have placed in us over many years.

Our role is to increase and strengthen this bedrock of trust and confidence.

Our activities are not driven by the prospect of short-term gains.

Instead, we look to build ongoing relationships with our customers to support their long-term growth.



Our customers are at the center of everything we do. We carry out fair and transparent corporate activities with honesty and integrity. We treat customer assets with care and respect and strive always to ensure that our actions do not unjustly damage our customers' interests.

### 1 Acting with Honesty and Integrity

- We place our customers at the center of everything we do. We work fairly and honestly to support our customers' long-term sustained growth.

### 2 Safeguarding Customer Assets (Including Information)

- Our customers entrust us with important assets such as cash and securities as well as information. We should safeguard customer assets, including information, as the loss, leakage, or misuse of our customers' information can not only cause serious damage to customer interests but can also seriously undermine the trust and confidence in MUFG.
- We treat our customers' financial assets with the utmost care and ensure that they are properly safeguarded at all times.
- We use and process customer information, only for necessary business processes reasons and within necessary areas. We also protect the confidentiality, security and customer privacy of information.

### 3 Protecting Customer Interests Properly

- To protect the interests of our clients, we act to treat our customers in a fair, ethical, and non-discriminatory manner with honesty and integrity and conduct our business transactions with responsibility and a high level of ethics.
- When conducting business with customers, we are sensitive to the possibility of conflicts of interest between customers or between a customer and an MUFG Group entity. We act appropriately at all times, in line with the guidelines on managing Conflicts of Interest.



#### Dilemma about "Customer's trust" and "Business Objectives"

Have you ever felt a conflict between business objectives and maintaining the customer's trust?

As representatives of MUFG, we have responsibility and accountability to achieve our business objectives, however, these must be achieved by following correct procedures and building trust and a good reputation with our customers.

We must not prioritise business objectives where they may be detrimental to the trust we have built with customers.

Additionally, always have a mindset of asking yourself whether something is the right thing, rather than just doing it because it is longstanding practice or accepted process. Challenge where something doesn't feel right.



## 1-2 Ensuring Quality

To build lasting relationships of trust and confidence with our customers, we should listen carefully to what our customers are telling us and maintain thorough quality control of all our products and services, from planning and development to provision and subsequent revisions, with a view to further enhancing quality.

### 1 Best Possible Products and Services for Customers

- In order to build trust and lasting positive business relationships with customers, it is important to maintain thorough quality control at all stages during the development and delivery of our products and services.
- Quality control means developing and providing the best possible products and services for customers and ensuring accuracy and safety in all our business dealings.
- To this end, it is important to always keep in mind the following principles:
  - ① Clearly define the scope of customers to which products and services are going to be promoted and the needs of customers when planning and developing products.
  - ② Ensure that the risks associated with our products and services are understandable and acceptable to the customer.
  - ③ Ensure that products and services proposed and provided to customers match their purposes, needs, knowledge, experience, financial capabilities, and other relevant conditions.
  - ④ Provide clear and accurate explanations that enable customers to understand the nature and risks of our products and services.
  - ⑤ Be fair-minded, courteous, and sincere in all dealings with our customers.

### 2 Continuous Work to Improve Quality

- We should regularly confirm that our products and services are meeting the needs of our customers, and we work constantly to review and improve the quality of all our products and services.



#### Ensuring Quality

While the products and services which we offer to our customers are not physical, quality is just as important. A key element of the quality of a product for our customers is whether it is appropriate for them and meets their needs.

As well as ensuring that we have the technical knowledge and understanding of our products and services, we must understand the needs and objectives of our customers in order to provide them with high quality, appropriate products.

We aim to meet the diverse needs of our customers worldwide, and to provide services that lead transformation and exceed their expectations through the highest standards of professionalism, by leveraging our global network and the consolidated strengths of the entire Group.

### 1 Improving Expertise and Agility

- To provide our customers with the best possible and innovative products and services swiftly, every one of us should work to improve our professional knowledge and expertise along with agility.

### 2 Leveraging the Consolidated Strengths of MUFU

- From our customers' perspective, MUFU is a single organization. We should aim to provide services that exceed customer expectations by bringing our strengths and capabilities together and acting as an integrated group.

### 3 Using Our Global Network

- We should use MUFU's global network to provide outstanding products and services that are truly world-class.



#### What is required in times of change?

It is said to be an era of rapid change. Change is both a risk as well as an opportunity for the business. In times of fast-moving environment, if you are too caught up in past practice or legacy process, it may not always be clear to you what the end state will be and this can make it challenging to know how best to react. In such times, go back and look to ourselves and the purpose of MUFU Group. You should be able to see the direction you need to proceed.

It is essential to respond swiftly and flexibly to changes in order to continue to gain trust and confidence of our customers we have built.



## Chapter 2.

# Responsibility as a Corporate Citizen

As we develop our business globally, we comply with all the domestic and international laws and rules that may apply.

We do all we can to maintain stability and confidence in the global financial system, and we contribute to the sound and healthy growth of society.

Aware of the responsibility and accountability each of us has as a member of MUFG, we carry out fair and transparent corporate activities with honesty and integrity, in a manner that supports and strengthens the trust and confidence MUFG has earned from society over many years.



## 2-1

# Adherence to Laws and Rules

In addition to adhering strictly to all domestic and international laws, regulations and rules, we strive to do the right thing based on our strict code of ethics.

Violations of laws or rules damage the vital social infrastructure of the financial system and lead to a loss of trust in MUFG. We strictly abide by all laws and rules relating to our business, including the following areas:

### 1 Prohibition of Insider Trading

- Insider trading is illegal in many countries and is strictly regulated, regardless of the amount of money involved. We must not engage in any activity which is or could be perceived to be insider trading.
- We manage material information rigorously and have no involvement in activities that use material nonpublic information to gain illegal profits.

### 2 Ban on Unfair Trading Practices

- As a participant in a fair, transparent, and free competitive market, we must not have involvement with unfair trading practices (including cartels, abuse of dominant position, and market manipulation).
- We abide strictly with all the laws and rules (including all local tax and compliance requirements) in place to protect fair trading, including firewall regulations and the arm's length rule in the case of intercompany transactions between MUFG entities.

### 3 Prohibition of Inappropriate Gifts and Hospitality

- Complying with the Global Gifts & Hospitality Procedure, we exercise good judgment and fair dealing to ensure that the giving or receiving of gifts and hospitality with third parties (e.g., clients, vendors) is:
  - For a legitimate business purpose (not to improperly influence business judgment)
  - Reasonable based on the facts and circumstances (not lavish or too frequent)

### 4 Accurate Recording and Appropriate Disclosure

- We must ensure our business activities (including communication records), as well as financial information, are accurately recorded and properly maintained and managed.
- To ensure that MUFG is properly understood and evaluated in the wider society, it is incumbent on us to ensure that company information is disclosed in a timely and appropriate manner, including financial reports. Concealment or nondisclosure of information damages our trust and reputation. We will not be involved in any inaccurate or inappropriate disclosure of information, or in any attempt to conceal information.

We have zero tolerance for supporting or facilitating financial crime or any attempt to circumvent the rules and procedures aimed at preventing financial crime. We take all reasonable steps possible to prevent our products and services from being used by individuals or entities involved in illegal or improper activities such as money laundering and terrorist financing.

## 1 Preventing Financial Crimes and Misuse of Financial Services

- We remain alert to the possibility that the financial services provided by MUFG on a global basis may be misused to facilitate financial crimes as per below, and do everything in our power to prevent illicit activities involving our products and services such as;
  - Attempted or actual money laundering / terrorist financing
  - Violations of economic sanctions
  - Participation in or promotion of bribery and corruption
  - Facilitation of tax evasion
  - Fraud, which is defined generally as any action through which an individual or entity internationally attempts to secure an unfair or unlawful gain.

## 2 Anti-Bribery and Corruption("ABC")

- We adhere to the highest standards of ethical conduct and are committed to preventing bribery and corruption. In particular, we prohibit:
  - Offering or giving anything of value<sup>1</sup> to anyone, directly or indirectly, if it is intended or it appears as intended to improperly obtain or retain business advantages
  - Soliciting or accepting anything of value from anyone, directly or indirectly, if it influences or could appear to influence decisions on behalf of MUFG
  - Falsifying or concealing any books, records accounts or other information in connection with MUFG's business.
- We comply with ABC policy requirements that apply to certain activities (e.g., gifts and hospitality, hiring, engagement of intermediaries, donations), especially when they involve public officials.

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<sup>1</sup> Anything of value for the purpose of this section will have the definition in the Global ABC Policy.



### 3

## No Relationships with Criminal Elements

- All relationships with any known criminal elements are strictly forbidden. We work closely with the police, legal counsel, and other relevant external organizations to protect the safety of all our colleagues.



### Learning from failures

Corporate incidents are reported on a daily basis in various media, and MUFG have experienced our own. When a failure occurs, we must analyze the root cause and take necessary measures to prevent it from happening again, and embed those measures in our policies, procedures and controls.

Learning from the failures of other companies and our own, and demonstrating risk ownership by each individual, will help us to prevent such incidents and loss of trust.

We respect the history, cultures, and customs of different countries and regions around the world, and work to contribute to the development of diverse communities and the protection of the environment through our corporate activities and the social volunteer efforts of our colleagues.

### 1 Giving Back to Communities

- As good corporate citizens, MUFG is proactively engaged with local communities and contributes to their development while striving to respect human rights.
- As members of regional communities and the global community, we volunteer actively to take part in activities that make a meaningful contribution to society.

### 2 Commitment to the Environment

- We work to minimize the environmental impact of our corporate activities, as well as strive to develop and supply products and services that contribute to addressing climate change, environmental conservation and protection, thus contributing to making a sustainable society a reality.



#### Addressing environmental and social issues

You may have heard recent industry buzzwords such as "SDGs", "ESG", "Climate change and Carbon neutrality", "Biodiversity" and "Human Rights Protection and Respect" on the daily news.

MUFG is working hard to realize a sustainable future society through the provision of financial products and services, our corporate activities and social contribution activities, starting with priority issues which include Achievement of carbon neutral society and Respect for human rights.

Along with society's increasing interest in sustainability, it looks toward organizations like MUFG to lead the way, so it is important for all of us to consider how we can contribute to customers and society, and take action where we can, no matter how small it may seem. Small daily actions create the biggest change.





## Chapter 3.

# Behaviors in the Workspace

We strive to respond and adapt promptly to the diversifying and evolving needs of our customers and the rapidly changing environment in which we work.

The working environment at MUFG fosters mutual respect, enables individuals to make the most of their abilities as professionals, and maximizes the power of teamwork across regions and different areas of business, encouraging all colleagues to embrace new challenges.

We always work to protect and maintain the tangible and intangible assets and property that MUFG has accumulated.



## 3-1 Challenge and Agility

We maximize the power of teamwork and take advantage of the changing business environment as opportunities to embrace new challenges in new fields. While we strive to enhance our knowledge, expertise, and potential, each of us will think, decide and act for oneself and do so swiftly in order to lead transformation.

### 1 Personal Growth

- To provide the best possible products and services for our customers to meet their evolving needs, we strive to think proactively, act agilely and grow professionally.
- We endeavor to improve our individual skills, abilities, and potential, through our work and by conducting training and educational opportunities both inside and outside of MUFG. We proactively support the efforts of all MUFG colleagues toward personal growth.

### 2 Teamwork

- We share information, skills, and expertise within MUFG and continue to be committed to maximizing the power of teamwork in pursuit of our business.

### 3 Openness to New Challenges

- Monitoring developments in society and changes in the business environment, we embrace new challenges in the belief that change represents opportunity. We positively support and evaluate colleagues who actively take on challenges.



#### Taking Action

No matter how good your thought process and intention is, if you don't actually take action, nothing changes.

It does not matter if the action you take is relatively small. The accumulation of your actions with the right intentions will lead to challenge, change and improvement of the organization.

Have you ever noticed a problem but did nothing about it because you had no instruction from your manager, or because you didn't believe it was the responsibility of you or your team?

In today's rapidly changing environment, where speed is important, the actions of all colleagues are more important than ever. Let's think, decide and act for oneself and do so swiftly.

## 3-2

## Inclusive and Respectful Working Environment

We value and respect the human rights and diversity of all MUFG colleagues. We do not engage in or tolerate any form of discrimination or harassment or any other behavior that infringes these beliefs.

### 1 Diversity, Equity and Inclusion (DEI)

- In MUFG Group, employees of diverse races, nationalities, birthplaces, beliefs, religions, genders, sexual orientations, gender identities, gender expressions, ages, disabilities, health conditions work, and any other dimensions in over 50 countries worldwide.
- Diversity is an essential element for MUFG's sustainable growth. A diverse group of colleagues results in broader ideas and a more rewarding work experience.
- We remain inclusive and respect diversified values of all employees. We do not tolerate discrimination, human rights violations or harassment, and provide fair employment opportunities.

### 2 Healthy and Open Working Environment

- We realize a "healthy" and "open" work environment in which colleagues engage with one another with sincerity and honesty, regardless of position, helping and respecting one another, and are conscious of physical health and psychological safety.

### 3 Prohibition of Harassment

- Harassment undermines the dignity of the recipient and seriously damages the operations of the organization. We do not commit or tolerate sexual harassment, "power" harassment (as may be described in the laws of some countries), or any other threatening or hostile behavior, including harassment from external sources.
- We do not tolerate any bullying or intimidation within the company.



#### Building on our diverse foundation

#### MUFG Group sustainable growth and development

##### Diversity

Ensure a diverse composition of employees across various elements of difference and invite diverse perspectives



##### Equity

Everyone is provided with fair opportunities and support.



##### Inclusion

Everyone is acknowledged, empowered, and mutually enhanced.

We believe that the diversity of each individual allows us to perform at our best when all employees recognize, respect, and uplift one another, while being provided with fair and equal opportunities.

Diversity, Equity & Inclusion is an imperative for MUFG Group to continue providing value to society and our customers, and to achieve sustainable growth and development.

## 3-3

## Protecting MUFG's Assets and Property

We protect the tangible and intangible assets and property of MUFG and individual group entities and do not tolerate any behavior that might damage these assets.

- We all use corporate assets for legitimate company business and safeguard them against cyber-related risk, unauthorized access, theft, loss, waste, or abuse. Subject to company policies and applicable law, MUFG may inspect and monitor all use of MUFG technology, facilities, and other assets.
- We protect the confidentiality, security and privacy of information of our colleagues and third parties and use and process information only for necessary business processes reasons and within necessary areas in an authorized and secure manner.



### Strict handling of customer information is required.

At MUFG we handle a large amount of confidential information, including information about customers and about MUFG. These information assets (intangible assets) must be treated in the same way as tangible assets such as customer's cash.

Some of this information may be particularly sensitive (e.g. Material Non-Public Information, also known as Inside information) and subject to strict laws and regulations on handling and sharing the information.

When handling customer information, it is essential not only to follow policy, procedures and rules, but also to follow the "Need to Know Principle" and properly communicate the appropriate information to the appropriate people.

This helps us to ensure we protect important customer information.



## 3-4

## Reporting Problem Situations and Seeking Advice

If you become aware of conduct that contravenes the law, company policies, or the provisions of this Code of Conduct, or any other problem situations, you must promptly report the matter and seek advice from a supervisor, Human Resources, Compliance Officer or issue a report via Compliance Helpline arrangements made available by MUFG.

- If you suspect there is any problem within the company, you must promptly report the matter to an appropriate person, for example a supervisor or senior manager, or you must use the various compliance helpline arrangements in place across the Group or other means available locally.
- Whether the compliance helpline reporting channels are utilized or not, the person who receives the report or information about any problem will treat it in the strictest confidence and MUFG is committed to ensuring that reporting colleagues do not suffer retaliation or other negative consequences.
- Reports of suspected violations made in good faith, including those made to law enforcement or a governmental agency, will not be subject to any adverse action based on such reporting.

### The MUFG Group Compliance Helpline/ Contact information for each region

#### **Nishimura & Asahi (Attention: MUFG Group Compliance Helpline)**

(Address) Otemon Tower, 1-1-2 Otemachi, Chiyoda-ku, Tokyo, Japan 100-8124

(Email Address) [mufgwhistleblow@nishimura.com](mailto:mufgwhistleblow@nishimura.com)

※Please note that the MUFG Group Compliance Helpline may not be available in some countries or regions, for example, due to data protection laws. Please refer to your local Compliance Helpline Policy for details of the escalation routes available to you.

#### **MUFG Audit Committee**

(Address) 2-7-1, Marunouchi, Chiyoda-ku, Tokyo, Japan 100-8388

(Email Address) [mufg-group-helpline\\_kansaiinkai\\_PF@mufg.jp](mailto:mufg-group-helpline_kansaiinkai_PF@mufg.jp)

※MUFG Audit Committee will contact you through an external law office.

**Asia** Please use the MUFG Group Compliance Helpline as referenced above, or your local helpline as set out in the local policy.

**Americas** [www.MUFGAmericasIntegrityLine.com](http://www.MUFGAmericasIntegrityLine.com)

**EMEA** For MUFG Bank and MUFG Securities offices please see the Whistleblowing Page on Kizuna: [Whistleblowing - KIZUNA \(kizunamufg.com\)](http://Whistleblowing - KIZUNA (kizunamufg.com))



### Speak Up

In line with company policies and the Code of Conduct, if you have concerns or questions immediately report it to your supervisor or Compliance Officer or contact the Compliance Helpline. Do not avoid reporting just because you think the matter is small or that maybe you are mistaken.

MUFG will not permit any negative consequences or retaliation for staff making reports in good faith. Management is responsible for ensuring all reports are appropriately investigated.



**Excerpts from MUFG's Compliance Rules**  
(English Translation)

*(Objective)*

**Article 1.**

These rules prescribe basic matters relating to compliance with laws and regulations.

*(Revision and abolition)*

**Article 2.**

These rules may be revised or abolished by decision of the Executive Committee; provided, however, that any material revision or abolishment of rules relating to the duties and responsibilities of the Board of Directors or Member of the Board of Directors shall be made pursuant to a resolution of the Board of Directors.

*(Definitions)*

**Article 4.**

- (1) In these rules, "laws and regulations" mean laws and government ordinances to be strictly observed by MUFG personnel when carrying out business operations, as well as MUFG's Articles of Incorporation, Code of Ethics, and other rules and regulations established according to the laws and government ordinances above.
- (2) In these rules, "compliance" means understanding the purpose and contents of laws and regulations properly, and behaving in an appropriate manner so as not to violate applicable laws and regulations.
- (3) In these rules, "affiliates" is a general term for MUFG's consolidated subsidiaries and affiliated companies accounted for by the equity-method.
- (4) In these rules, "MUFG Group" means MUFG and its affiliates.

*(Fundamental Policy)*

**Article 5.**

The MUFG Ethical Framework and Code of Conduct are the foundations of compliance at MUFG.

*(Responsibilities of Members of the Board of Directors, Corporate Executives (Shikko Yaku), Executive officers (Shikko Yakuin) and Board of Directors)*

**Article 6.**

- (1) In accordance with the "Ethical Framework and Code of Conduct", MUFG Members of the Board of Directors, corporate executives (*shikko yaku*) and executive officers (*shikko yakuin*) must carry out their responsibilities with the recognition that compliance is one of the most important objectives of management.
- (2) The board of directors must establish systems necessary for compliance and seek to achieve and maintain compliance.

*(Responsibility of MUFG Managing Directors)*

**Article 7.**

Managing Directors must implement compliance within their division.

*(Responsibility of MUFG Employees)*

**Article 8.**

- (1) MUFG employees must ensure compliance while performing their duties, and act in accordance with the "Ethical Framework and Code of Conduct".
- (2) MUFG employees must strive to acquire adequate knowledge of the laws and regulations which are necessary to their business operations.



*(Directors in charge of the Global Compliance Division and the Global Financial Crimes Division)*

**Article 10.**

- (1) The Directors in charge of the Global Compliance Division and the Global Financial Crimes Division must report matters concerning compliance to the Board of Directors or Executive Committee as necessary.
- (2) When there is a risk of an unavoidable conflict of interest with a different division that the director in charge of the Global Compliance Division is also in charge of, to insure the independence of the Global Compliance Division, the managing director of the Global Compliance Division shall report to the President and CEO. The President and CEO will report to the Board of Directors or Executive Committee as necessary. Appropriate action shall also be taken to avoid conflicts of interest in cases other than those mentioned above.

*(Office in Charge of Compliance)*

**Article 11.**

- (1) The Global Compliance Division is in charge of overseeing the overall compliance framework.

\* \* \*

- (4) When the Global Compliance Division receives reports of problems or possible problems relating to compliance, or when it discovers such problems itself, it must take necessary actions.

**Article 11. ii**

The Global Financial Crimes Division is in charge of overseeing the Group's measures and management systems concerning global financial crimes, including money laundering prevention, economic sanctions measures, and bribery and corruption prevention.

*(Compliance Officers Responsible)*

**Article 12.**

The head of each business group is the compliance officer responsible for that business group. The compliance officer responsible oversees their business group and is responsible for any compliance related planning and supervision within their jurisdiction.

*(Group Chief Compliance Officer)*

**Article 13.**

- (1) A Group Chief Compliance Officer (CCO) (primarily the responsibility of the Global Compliance Division and the Global Financial Crimes Division) will be appointed based on Article 19 Paragraph 2 of the Organizational Regulations. When there is no appointed Group CCO, the director overseeing the Global Compliance Division will act as CCO.
- (2) The Group CCO (or in cases where there is no Group CCO, the CCO) shall oversee the coordination of division compliance officers (defined in Article 14), the chief compliance officer of each company in the MUFG Group, and any persons filling both those roles, as well as provide necessary guidance, advice and instruction based on the management agreement.
- (3) The Group CCO (or in cases where there is no Group CCO, the CCO) can request reports on compliance matters from the specified compliance officers responsible (defined in Article 12).

\* \* \*

*(Division Compliance Officers)*

**Article 14.**

- (1) A chief manager in each division will serve as division compliance officer. Each managing director may appoint a person equivalent to a chief manager as division compliance officer. In such cases, the managing director should report to the Global Compliance Division in the Corporate Center, the compliance officer responsible for each business group (defined in Article 12), or the Global Compliance Division.
- (2) The division compliance officer is responsible for the strengthening of compliance in each division and for planning and supervising compliance related issues regarding business matters under their jurisdiction. Furthermore, the compliance officer

will carry out duties including the management and compliance checking of documents, gathering information concerning the establishment and revision of laws relating to the duties of each division, working to improve general compliance conditions, and will play a central role in implementing compliance measures in each division.

*(Responsibilities of Managing Directors)*

**Article 15.**

When the managing director receives reports of problems or possible problems relating to compliance from the division compliance officer, or when they discover such problems themselves, they must consult with the managing director of the Global Compliance Division as well as provide orders and instructions to the division compliance officer. Furthermore, in each business group, they must report to the compliance officer responsible.

*(Compliance Reporting System)*

**Article 16.**

- (1) When a MUFG employee discovers problems or possible problems relating to compliance, they must report directly to their senior managers and the division compliance officer as stipulated in Article 14.
- (2) A person receiving such report must treat the report with appropriate care in working towards a resolution. Furthermore, the information relating to any reporting person must be treated with appropriate caution.
- (3) When the compliance officers receive reports of or otherwise detect violations of laws and regulations, or possible violations, they must report directly to the Global Compliance Division or the Global Financial Crimes Division and the managing director of their division. In cases where the managing director is involved in inappropriate conduct or behavior (including cases where such involvement is suspected or where a determination as to such involvement is difficult to make), such reports must be made to the Global Compliance Division or the Global Financial Crimes Division.
- (4) When a MUFG employee does not wish to report to their senior managers and the division compliance officer due to said officer being complicit in a violation of laws and regulations or the possibility thereof, or when no response or remediation is made despite an employee having made a report, the employee can report directly to the Global Compliance Division. In each business group, reports can be made to necessary parties other than those mentioned above, based on the instructions of the compliance officer responsible (defined in Article 12).
- (5) When a report of a problem or possible problem relating to compliance are made, it shall be prohibited to take any action to seek or identify the person who made the report or take any adverse employment action against such person for making the report.

**Excerpts from MUFG's Compliance Manual**

(English Translation)

**I. Legal issues regarding Management**

**(3) Board Director and Corporate Executive**

**(4) Transactions involving a conflict of interest**

When a Board Member or a Corporate Executive engages in a transaction involving a conflict of interest, the Board Member or the Corporate Executive must receive the approval of the Board of Directors.

**III. Specific issues**

**(5) Conflicts of interest**

When a conflict of interest arises in connection with an operation involving any of the MUFG Group companies, Directors or employees, on one hand, and a customer or other third-party, the Director or employee, the MUFG Group company to which such Director or employee belongs, or any other MUFG Group company, on the other, the MUFG Group company, Director or employee must perform the operation in a proper manner.

**Excerpts from MUFG's Rules of Employment**

(English Translation)

*(Disciplinary Action)*

**Article 40.**

The company will take disciplinary action when employees take the following prohibited actions:

(17) If an employee violated the rules of employment or any other applicable internal rules.

## MUFG INSIDER TRADING CONTROL POLICY

### 1. Purpose

The purpose of the MUFG Insider Trading Control Policy (the “Policy”) is to prevent Insider Trading in MUFG Group by establishing the basic rules for controlling information on non-public facts regarding MUFG Group and Customers that the MUFG Group Staff came to know, and the approach towards securities investments by the Staff.

### 2. Amendment and Abolishment

Amendment or abolishment of this Policy must be made solely upon the resolution of the Executive Committee.

### 3. Responsible Division

The Global Compliance Division is in charge of this Policy.

### 4. Definitions

In this Policy, the following terms shall have the following meanings:

- i. Holding Company:  
“Holding Company” means Mitsubishi UFJ Financial Group, Inc.
- ii. MUFG Group:  
“MUFG Group” is a collective term for the Holding Company and Subsidiaries.
- iii. Subsidiary:  
A “Subsidiary” means a company stated as belonging to another company’s corporate group in the company’s most recent of the statements, annual securities reports, quarterly securities reports, or semiannual securities reports under Article 166, Paragraph (5) of the Financial Instruments and Exchange Act.
- iv. Subsidiaries:  
“Subsidiaries” means subsidiary companies, subsidiary corporations, and affiliated corporations as prescribed in Article 2 of the Banking Act and Article 4-2 of the Order for Enforcement of the Banking Act.
- v. Insider Trading:  
“Insider Trading” means:
  - a. the trading of securities of a company or its affiliates,
  - b. by the Staff who come to know Material Non-Public Information,
  - c. which is not acceptable by applicable local laws and regulations.
- vi. Staff
  - a. “Officers” means directors, outside directors, corporate executives, executive officers, audit committee members, and outside audit committee members of MUFG Group.
  - b. “Staff” means “Officers” set forth in vi. (a), full- and part-time employees and temporary staff of MUFG Group, and all other persons engaged in any of MUFG Group’s operations (including employees accepted on secondment and employees holding concurrent positions).
- vii. Material Non-Public Information:  
“Material Non-Public Information (MNPI)” means:
  - a. information relating to a company or its affiliates,

- b. which has not yet been published or is not otherwise generally available, and
  - c. which a reasonable investor would regard as being material to their judgment in holding, selling or purchasing securities of the company or its affiliates, or which may have an impact, either positive or negative, on the price of the securities.
- viii. MUFG Companies MNPI:  
“MUFG Companies MNPI” means MNPI relating to the Holding Company and Listed Companies which is a Subsidiary of the Holding Company (“MUFG Companies”) that the Staff may come to know in the course of business.
- “Listed Companies” means companies that fall under any of the following:
- a. “Japanese Listed Companies” means Japanese issuers of listed securities, over-the-counter traded securities or tradable securities (including listed investment corporations), i.e. a “listed company, etc.” defined in Article 163, Paragraph (1) of the Financial Instruments and Exchange Act.
  - b. “Overseas Listed Companies” means issuers of securities listed on a stock exchange or with over-the-counter registration in any overseas jurisdiction or issuers of securities subject to regulations equivalent to the Insider Trading regulations under the Financial Instruments and Exchange Act in Japan.

Note that information regarding unlisted companies, such as MUFG Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation, and Mitsubishi UFJ Securities Holdings Co.,Ltd., may fall under MNPI relating to a Subsidiary of the Holding Company, which is a listed company.

ix. Customers MNPI:

“Customers MNPI” means MNPI relating to Customers and its affiliates.

“Customers” means all companies that have any transaction relationship with or are engaged in a negotiation to have a transaction relationship with the Holding Company or its Subsidiaries, such as companies that have executed a bank transaction agreement with MUFG Bank, Ltd. or Mitsubishi UFJ Trust and Banking Corporation (“Group Banks”) or companies that have an account at Group Banks, and companies whose MNPI the Holding Company or its Subsidiaries may come to know through various transaction relationship.

## 5. Basic Policy

MUFG Group companies shall establish and strengthen the Insider Trading prevention framework in accordance with the following basic policies:

- i. Strive to prevent Insider Trading by making its Staff observe the controls set forth in this Policy and the internal rules of the relevant company, as well as the provisions of the Financial Instruments and Exchange Act and relevant Cabinet and Ministerial Orders related to the regulations of Insider Trading.
- ii. Notify the purpose and content of Insider Trading regulations, including the information on the amendment of the provisions of the Financial Instruments and Exchange Act and relevant Cabinet and Ministerial Orders related to the regulations of Insider Trading, in the company and its Subsidiaries.

## 6. Control of MNPI

- i. MUFG Group companies shall establish rules on control of MNPI and strive for appropriate control of MNPI.
- ii. MUFG Group companies shall promptly report to the Corporate Administration Division of the Holding Company if they become responsible for controlling MUFG Companies MNPI.
- iii. The Staff holding concurrent positions at separate organizations shall follow the MNPI control rules of the organization that has received such MNPI. In the case where they transfer MNPI to a third party as the Staff of an organization other than the organization that has received such MNPI, it shall also be controlled in accordance with the rules of such other organization.

## 7. Trading Securities When in Possession of MNPI

- i. The Staff who come to know MUFG Companies or Customers MNPI are prohibited from engaging in acts that will be deemed to be substantially a trade in securities of MUFG Companies or such Customers in any account over which they have discretion, unless otherwise permitted by laws and regulations.
- ii. The same shall apply to the former Staff that came to know MNPI during their service at MUFG Group companies and have retired or otherwise departed from MUFG Group companies, and one year has not passed from such retirement or departure.
- iii. The Staff holding concurrent positions at separate organizations must satisfy the securities trading rules of both organizations that they belong to.

#### **8. Trading Securities When Not in Possession of MNPI**

- i. In principle, the Staff are not prohibited from trading in securities of MUFG Companies or Customers when not in possession of MUFG Companies or Customers MNPI. However, the Staff shall not engage in the trading of securities where such trading is deemed likely to lead to Insider Trading or is likely to be suspected of Insider Trading by external parties.
- ii. The criteria for the determination in the preceding paragraph shall be established by each company.
- iii. In addition to the above, the Officers must observe the provisions of the Financial Instruments and Exchange Act and relevant Cabinet and Ministerial Orders.

#### **9. Matters Not Provided in This Policy**

For matters not provided in this Policy, the Staff shall observe the provisions of the Financial Instruments and Exchange Act and relevant Cabinet and Ministerial Orders, other MUFG Group internal business management rules, and the internal rules of the company that the Staff belong to.

End

#### **Date of Establishment**

December 1, 2007

#### **Dates of Amendments**

October 1, 2009

December 24, 2010

June 25, 2015

September 13, 2017

July 1, 2018

## INSIDER TRADING CONTROL RULE

### 1. Purpose

The purpose of the Insider Trading Control Rule (the “Rule”) is to prevent Insider Trading based on the MUFG Insider Trading Control Policy by establishing the basic rules for controlling information on non-public facts regarding MUFG Companies and Customers that the Staff came to know, and the approach towards securities investments by the Staff.

### 2. Amendment and Abolishment

Amendment or abolishment of this Rule must be made solely upon the resolution of the Executive Committee.

### 3. Responsible Division

The Global Compliance Division is in charge of this Rule.

### 4. Definitions

Under this Rule, the following terms shall have the following meanings:

- i. Insider Trading:  
“Insider Trading” means
  - a. the trading of securities of a company or its affiliates,
  - b. by the Staff who come to know Material Non-Public Information,
  - c. which is not acceptable by applicable local laws and regulations.
- ii. Material Non-Public Information:  
“Material Non-Public Information (MNPI)” means
  - a. information relating to a company or its affiliates,
  - b. which has not yet been published or is not otherwise generally available, and
  - c. which a reasonable investor would regard as being material to their judgment in holding, selling or purchasing securities of the company or its affiliates, or which may have an impact, either positive or negative, on the price of the securities.

Details shall be set forth separately in the detailed rules.
- iii. MUFG Companies MNPI:  
“MUFG Companies MNPI” means MNPI relating to MUFG and Listed Companies which is a Subsidiary of MUFG that the Staff may come to know in the course of business. Details shall be set forth separately in the detailed rules.
- iv. Customers MNPI:  
“Customers MNPI” means MNPI relating to Customers and its affiliates. Details shall be set forth separately in the detailed rules.

### 5. Basic Policy

- i. The Staff shall strive to prevent Insider Trading by observing the controls set forth in the MUFG Insider Trading Control Policy and this Rule, as well as the provisions of the Financial Instruments and Exchange Act and relevant Cabinet and Ministerial Orders and overseas local regulations and procedures related to the regulations of Insider Trading.



- ii. The Global Compliance Division shall notify the purpose and content of Insider Trading regulations, including the information on the amendment of the provisions of the Financial Instruments and Exchange Act and relevant Cabinet and Ministerial Orders related to the regulations of Insider Trading.
- iii. General Managers shall strive to prevent Insider Trading, including through the management of MNPI received by the Staff in their divisions.

## **6. Principle of Publication**

- i. In principle, MUFG Companies MNPI shall be publicized as early as possible in accordance with the provisions of the Financial Instruments and Exchange Act and relevant Cabinet and Ministerial Orders.
- ii. Determination of whether to publicize and the timing, contents, and methods of publication shall be made in accordance with the Timely Disclosure Rule.

## **7. Duty of Confidentiality for Staff Involved in Committees and Projects**

The Staff directly involved in committees or projects that may include MNPI in the future shall strictly control relevant information from the start of their involvement and shall not transfer such information to others except where it is necessary for business.

## **8. Control of MNPI**

- i. MUFG Companies MNPI shall be controlled by the Corporate Administration Division, and Customers MNPI shall be controlled by the division that received such information.
- ii. The method of control of MNPI shall be set forth separately in the detailed rules.
- iii. The Staff holding concurrent positions at separate organizations shall follow the MNPI control rules of the organization that has received such MNPI. In the case where they transfer MNPI to a third party as the Staff of an organization other than the organization that has received such MNPI, it shall also be controlled in accordance with the rules of such other organization.

## **9. Trading Securities When in Possession of MNPI**

- i. The Staff who come to know MUFG Companies or Customers MNPI are prohibited from engaging in acts that will be deemed to be substantially a trade in the relevant securities in any account over which they have discretion, unless otherwise permitted by laws and regulations.
- ii. The same shall apply to the former Staff that came to know MNPI during their service at MUFG and have retired or otherwise departed from MUFG, and one year has not passed from such retirement or departure.
- iii. The Staff holding concurrent positions at separate organizations must observe the securities trading rules of all organizations that they belong to.

## **10. Trading Securities of MUFG Companies When Not in Possession of MUFG Companies MNPI**

In principle, the Staff are prohibited from trading in securities of MUFG Companies even without possession of MUFG Companies MNPI unless otherwise permitted by laws and regulations. However, such Staff may apply for approval of trading in securities in accordance with the separately established provisions of the detailed rules if there are unavoidable circumstances.

## **11. Trading Securities of Customers When Not in Possession of Customers MNPI**

- i. In principle, the Staff are not prohibited from trading in securities of Customers when not in possession of Customers MNPI. However, the Staff shall not engage in the trading of securities where such trading is deemed likely to lead to Insider Trading or is likely to be suspected of Insider Trading by external parties.

- ii. Notwithstanding the provision of the preceding paragraph, the staff and officers belonging to or in charge of Divisions designated by the officer in charge of the Global Compliance Division as a Division with frequent access to MNPI (including those who belonged to or were in charge of such Division in the preceding twelve months) are prohibited from engaging in acts that will be deemed to be substantially a trade in securities of any issuer in any account over which they have discretion. However, such Staff may apply for approval of trading in securities in accordance with the separately established provisions of the detailed rules if there are unavoidable circumstances.

## **12. Matters Not Provided in This Rule**

For matters not provided in this Rule, the Staff shall observe the provisions of the Financial Instruments and Exchange Act and relevant Cabinet and Ministerial Orders, overseas local regulations and procedures, and other internal rules of MUFG.

End

### **Date of Establishment**

October 1, 2005

### **Dates of Amendments**

September 30, 2007

April 1, 2008

October 1, 2009

December 24, 2010

June 25, 2015

September 13, 2017

## CERTIFICATION

I, Hironori Kamezawa, certify that:

1. I have reviewed this annual report on Form 20-F of Mitsubishi UFJ Financial Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

July 30, 2024

/s/ Hironori Kamezawa

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Name: Hironori Kamezawa  
Title: President & Group Chief Executive  
Officer

## CERTIFICATION

I, Jun Togawa, certify that:

1. I have reviewed this annual report on Form 20-F of Mitsubishi UFJ Financial Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

July 30, 2024

/s/ Jun Togawa  
Name: Jun Togawa  
Title: Group Chief Financial Officer

**MITSUBISHI UFJ FINANCIAL GROUP, INC.**

CERTIFICATION REQUIRED BY  
RULE 13a-14(b) OR RULE 15d-14(b)  
AND 18 U.S.C. Section 1350

In connection with the Annual Report of Mitsubishi UFJ Financial Group, Inc. (the “Company”) on Form 20-F for the fiscal year ended March 31, 2024 as filed with the US Securities and Exchange Commission on the date hereof (the “Report”), I, Hironori Kamezawa, President & Group Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350 that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: July 30, 2024

/s/ Hironori Kamezawa

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Name: Hironori Kamezawa

Title: President & Group Chief Executive Officer

**MITSUBISHI UFJ FINANCIAL GROUP, INC.**

CERTIFICATION REQUIRED BY  
RULE 13a-14(b) OR RULE 15d-14(b)  
AND 18 U.S.C. Section 1350

In connection with the Annual Report of Mitsubishi UFJ Financial Group, Inc. (the “Company”) on Form 20-F for the fiscal year ended March 31, 2024 as filed with the US Securities and Exchange Commission on the date hereof (the “Report”), I, Tetsuya Yonehana, Group Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350 that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: July 30, 2024

/s/ Jun Togawa

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Name: Jun Togawa

Title: Group Chief Financial Officer

**Exhibit 15(a)**

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in Registration Statement No. 333-230590 on Form S-8 and Registration Statement No. 333-273681 on Form F-3 of our reports dated July 30, 2024, relating to the financial statements of Mitsubishi UFJ Financial Group, Inc. (“MUFG”) and the effectiveness of MUFG’s internal control over financial reporting appearing in the Annual Report on Form 20-F of MUFG for the year ended March 31, 2024.

/s/Deloitte Touche Tohmatsu LLC

Tokyo, Japan  
July 30, 2024



**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in Registration Statement No. 333-230590 on Form S-8 and Registration Statement No. 333-273681 on Form F-3 of Mitsubishi UFJ Financial Group, Inc. of our reports dated February 22, 2024, relating to the financial statements of Morgan Stanley and subsidiaries (the “Firm”) and the effectiveness of the Firm’s internal control over financial reporting, appearing in the Annual Report on Form 10-K of the Firm for the year ended December 31, 2023.

/s/ Deloitte & Touche LLP

New York, New York  
July 30, 2024

**Mitsubishi UFJ Financial Group Inc.****Executive Compensation Recovery Policy**

This Mitsubishi UFJ Financial Group Inc. Executive Compensation Recovery Policy (“Policy”) was adopted by the Compensation Committee (“Committee”) of the Board of Directors of Mitsubishi UFJ Financial Group Inc. (“the Company”) on September 25, 2023.

**1. Objective.**

This Policy is intended to provide for the recovery of certain executive compensation in the event of an accounting restatement resulting from material noncompliance with financial reporting requirements under United States securities laws, regulations and rules and to comply with the requirements of Section 10D of the United States Securities Exchange Act (“Exchange Act”), Rule 10D-1 under the Exchange Act and Section 303A.14 of the New York Stock Exchange (“NYSE”) Listed Company Manual, each as amended (“Applicable Requirements”).

**2. Amendment / Termination.**

This Policy may be amended or terminated by the independent directors serving on the Board of Directors or the independent directors serving on the Committee at any time. This Policy shall no longer be effective on and after the date on which the Company no longer has a class of securities publicly listed on a United States national securities exchange or the date on which the Applicable Requirements otherwise become no longer applicable to the Company.

**3. Definitions.**

For the purposes of this Policy, the following terms shall have the meanings set forth below.

**(a) Covered Executive**

“Covered Executive” means any current or former Executive Officer who served as an Executive Officer at any time during the performance period for incentive-based compensation, as determined by the Committee in accordance with the Applicable Requirements.

**(b) Executive Officer**

“Executive Officer” means, with respect to the Company, (i) its president, (ii) its principal financial officer and/or principal accounting officer, (iii) any officer in charge of a principal business unit, division or function, (iv) any other officer who performs a policy-making function for the Company (including any officer of the Company’s subsidiaries if they perform policy-making functions for the Company), or (v) any other person who performs similar policy-making functions for the Company. Policy-making function does not include policy-making functions that are not significant. Executive Officers include at a minimum the members of the Board of Directors and corporate executives (*shikko yaku*) of the Company under the Companies Act of Japan.

**(c) Financial reporting measures**

“Financial reporting measures” means measures that are determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measures that are derived wholly or in part from such measures. Stock price and total shareholder return are also financial reporting measures. A financial reporting measure need not be presented within the Company’s financial statements or included in a filing with the United States Securities and Exchange.

**(d) Incentive-based compensation**

“Incentive-based compensation” means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a financial reporting measure, including without limitation cash bonuses and performance-linked stock compensation.

This Policy shall apply to all incentive-based compensation received by a Covered Executive on or after the Effective Date.

(e) Received

Incentive-based compensation is deemed “received” in the Company’s fiscal period during which the financial reporting measure specified in the incentive-based compensation award is attained, even if the payment or grant of the incentive-based compensation occurs after the end of that period.

(f) Accounting restatement

“Accounting restatement” means any required accounting restatement of the Company’s financial statements due to the Company’s material noncompliance with any financial reporting requirement under United States securities laws, regulations and rules, including any such restatement to correct:

- (i) an error in previously issued financial statements that is material to the previously issued financial statements; or
- (ii) an error that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

(g) Effective Date

“Effective Date” means the date on which Section 303A.14 of the NYSE Listed Company Manual becomes effective, which is October 2, 2023.

#### **4 . Recovery of erroneously awarded compensation.**

The Company shall recover reasonably promptly from each Covered Executive the amount of erroneously awarded incentive-based compensation set forth in Section [6] in the event that the Company is required to prepare an accounting restatement unless either of the following clause (i) or (ii) is satisfied and the independent directors serving on the Committee have determined that recovery of the erroneously awarded compensation would be impracticable:

- (i) The direct expense paid to a third party to assist in enforcing the Policy would exceed the amount to be recovered. Before concluding that it would be impracticable to recover any amount of erroneously awarded compensation based on expense of enforcement, the Company must make a reasonable attempt to recover such erroneously awarded compensation, document such reasonable attempt(s) to recover, and provide that documentation to NYSE; or
- (ii) Recovery would violate home country law where that law was adopted prior to November 28, 2022. Before concluding that it would be impracticable to recover any amount of erroneously awarded compensation based on violation of home country law, the Company must obtain an opinion of home country counsel, acceptable to NYSE, that recovery would result in such a violation, and must provide such opinion to NYSE.

The Committee shall ensure that all agreements with the Executive Officers relating to their compensation will reflect the terms of this Policy.

#### **5. Period subject to recovery of erroneously awarded compensation.**

The period subject to recovery of erroneously awarded incentive-based compensation under this Policy shall be the three completed fiscal years immediately preceding the date that the Company is required to prepare an accounting restatement; provided, however, that if a transition period between the last day of the Company’s previous fiscal year end and the first day of the Company’s new fiscal year comprises a period of nine to 12 months, such period would be deemed a completed fiscal year.

The date that the Company is required to prepare an accounting restatement is the earlier to occur of:

- (i) The date the Company’s Board of Directors, or the officer or officers of the Company authorized to take such action, concludes, or reasonably should have concluded, that the Company is required to prepare an accounting restatement; or
- (ii) The date a court, regulator, or other legally authorized body directs the Company to prepare an accounting restatement.

## **6. Amount subject to recovery of erroneously awarded compensation.**

The amount subject to recovery of erroneously awarded incentive-based compensation under this Policy shall be the amount of incentive-based compensation received by a Covered Officer that exceeds the amount of incentive-based compensation that otherwise would have been received during the period set forth in Section [5] had it been determined based on the relevant restated amounts, and must be computed without regard to any taxes paid; provided, however, that the amount shall be limited to compensation received by a Covered Executive after commencement of service as a Covered Executive.

For incentive-based compensation based on stock price or total shareholder return, where the amount of erroneously awarded compensation is not subject to mathematical recalculation directly from the information in an accounting restatement:

- (i) The amount shall be based on a reasonable estimate of the effect of the accounting restatement on the stock price or total shareholder return upon which the incentive-based compensation was received; and
- (ii) The Company shall maintain documentation of the determination of that reasonable estimate and provide such documentation to NYSE.

## **7. Prohibition on indemnification.**

The Company shall not indemnify any Covered Executive against the loss of erroneously awarded compensation pursuant to this Policy, including without limitation through the payment of insurance premiums.

## **8. Administration and interpretation.**

This Policy shall be administered by the Board of Directors of the Company or, if and as designated by the Board of Directors, the Committee. The independent directors serving on the Board of Directors and, if and as designated by the Board of Directors, the independent directors serving on the Committee shall have full and exclusive authority and discretion to interpret, amend, terminate and enforce this Policy, including without limitation the authority and discretion to determine, in each case, the amount, manner and timing in which any erroneously awarded compensation shall be recovered from a Covered Executive in accordance with the Applicable Requirements.

## **9. Disclosure.**

The Company shall provide all disclosures relating to this Policy, including in the applicable United States Securities and Exchange Commission filings, as required under United States securities laws, regulations and rules.

## CAPITALIZATION AND INDEBTEDNESS

The following table presents our capitalization and indebtedness at March 31, 2024:

	At March 31, 2024
	(in millions)
Total short-term borrowings <sup>(1)</sup>	¥ 57,618,799
Long-term debt:	
Obligations under finance leases	26,371
Unsubordinated debt	34,721,348
Subordinated debt	4,829,767
Obligations under loan securitization transactions	360,081
Debt issuance costs	(15,245)
Total long-term debt	39,922,322
Shareholders' equity:	
Capital stock, with no stated value (common stock authorized: 33,000,000,000 shares; common stock issued: 12,337,710,920 shares)	2,090,270
Capital surplus	4,636,097
Retained earnings:	
Appropriated for legal reserve	239,571
Unappropriated retained earnings	9,072,572
Accumulated other comprehensive income, net of taxes	2,221,263
Treasury stock, at cost: 610,482,347 common shares	(614,111)
Total shareholders' equity	17,645,662
Noncontrolling interests	831,551
Total equity	18,477,213
Total capitalization and indebtedness	¥ 58,399,535

Note:

- (1) Total short-term borrowings consist of call money and funds purchased, payables under repurchase agreements, payables under securities lending transactions, due to trust account and other short-term borrowings.

**UNAUDITED REVERSE RECONCILIATION OF  
SELECTED FINANCIAL INFORMATION**

Our consolidated financial statements are prepared in accordance with U.S. GAAP as described in the notes thereto. The basis of our consolidated financial statements prepared under U.S. GAAP is significantly different from Japanese GAAP in certain respects. Under Japanese banking regulations and Tokyo Stock Exchange rules, we are required to report our annual and quarterly results prepared in accordance with Japanese GAAP. We present below a reverse reconciliation of total equity under U.S. GAAP to net assets under Japanese GAAP as of March 31, 2024 and net income before attribution of noncontrolling interests for the fiscal year ended March 31, 2024.

	<b>As of</b>
	<b>March 31, 2024</b>
	<b>(in millions)</b>
Total equity in accordance with U.S. GAAP	¥ 18,477,213
Differences arising from different accounting for:	
1. Investment securities	7,441
2. Loans	80,084
3. Allowance for credit losses	161,223
4. Fixed assets	293,262
5. Pension liability	(8,737)
6. Derivative financial instruments and hedging activities	555,180
7. Compensated absences	61,818
8. Long-term debt	(13,425)
9. Consolidation	245,855
10. Goodwill	364,920
11. Intangible assets	(53,165)
12. Investments in equity method investees	753,013
Other	(339,885)
Deferred income tax effects, when applicable	162,181
Net assets in accordance with Japanese GAAP	¥ 20,746,978

	For the fiscal year ended March 31, 2024
	(in millions)
Net income before attribution of noncontrolling interests in accordance with U.S. GAAP	¥ 1,381,027
Differences arising from different accounting for:	
1. Investment securities	(1,104,391)
2. Loans	33,954
3. Allowance for credit losses	(94,284)
4. Fixed assets	(1,645)
5. Pension liability	24,539
6. Derivative financial instruments and hedging activities	1,083,024
7. Compensated absences	4,922
8. Long-term debt	2,371
9. Consolidation	172,418
10. Goodwill	(27,877)
11. Intangible assets	30,906
12. Investments in equity method investees	39,308
Other	3,030
Deferred income tax effects, when applicable	24,459
Net income before attribution of noncontrolling interests in accordance with Japanese GAAP	¥ 1,571,761

### Explanation of Differences between U.S. GAAP and Japanese GAAP

Major factors which explain the differences shown in the above table are as follows:

#### 1. Investment securities

The cost basis of certain securities is different under U.S. GAAP and Japanese GAAP due primarily to the following:

- On October 1, 2005, Mitsubishi Tokyo Financial Group, Inc. (“MTFG”) merged with UFJ Holdings, Inc. (“UFJ Holdings”), with MTFG being the surviving entity, and was renamed “Mitsubishi UFJ Financial Group, Inc.” Under U.S. GAAP, in accordance with the guidance on accounting for business combinations, the assets and liabilities of companies acquired in purchase transactions are recorded at fair value at the date of acquisition. Therefore, the new cost basis of investment securities, including available-for-sale and other investment securities, of UFJ Holdings was established and they were recognized at fair value as of October 1, 2005. Under Japanese GAAP, which was effective as of October 1, 2005, the new cost basis was not established for such investment securities and they were carried over at their historical cost basis.
- Under U.S. GAAP, available-for-sale debt securities are considered to be impaired if the fair value is less than the amortized cost basis. An impairment loss is recognized in earnings for a security if the MUFG Group has intent to sell such a debt security or if it is more likely than not the MUFG Group will be required to sell such a debt security before recovery of its amortized cost basis. If not, the credit component of an impairment loss is recognized in earnings by recording an allowance for credit losses, limited by the amount of impairment loss. However, the noncredit component of an impairment loss is recognized in accumulated OCI. For Held-to-maturity debt securities, an allowance for expected credit losses over the remaining expected life is required to be provided. In addition, marketable equity securities are measured at fair value with unrealized gains or losses reflected in net income. Under Japanese GAAP, significant declines in the fair value of securities below cost are recorded in earnings for both debt security and marketable equity security. In determining a significant decline, the extent of the decline in fair value below cost and credit standing of the issuers are considered.
- Under U.S. GAAP, measurement alternative is elected for nonmarketable equity securities, and these securities are primarily measured at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. Under Japanese GAAP, these securities are measured at cost minus impairment, but changes resulting from observable price changes are not recognized.
- Under U.S. GAAP, changes in the fair value of foreign securities held by MUFG Bank and Mitsubishi UFJ Trust and Banking are recognized in earnings since the fair value option was elected for these foreign securities in accordance with the guidance on accounting for fair value options for financial assets and financial liabilities. Under Japanese GAAP, only the changes attributable to movements in foreign currency exchange rates are recognized in earnings and the other changes in the fair value are recognized in other comprehensive income.



## **2. Loans**

Under U.S. GAAP, loan origination fees, net of certain direct origination costs, are deferred and recognized as income over the contractual life of the loans, while under Japanese GAAP, they are primarily recognized in earnings at the time of origination.

## **3. Allowance for credit losses**

Under U.S. GAAP, the credit loss allowance is measured on a collective basis over the contractual term of the loans, when similar risk characteristics exist, based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectibility of the loan or a group of loans. For loans that do not share similar risk characteristics, the credit loss allowance is measured on an individual basis, primarily based on the present value of expected future cash flows discounted at the loan's effective interest rate, or the fair value of the collateral if the loan is collateral dependent. Under Japanese GAAP, the allowance for loans, which is measured on a collective basis, is provided based mainly on historical loss experience for the immediately following one-year period or the average remaining term to maturity of loans. In addition, the allowance for certain types of loans, which is measured on an individual basis, is provided based on historical loss experience. These differences between U.S. GAAP and Japanese GAAP generally result in a larger amount of allowance for credit losses under U.S. GAAP.

## **4. Fixed assets**

The differences between Japanese GAAP and U.S. GAAP principally consist of (1) Premises and equipment, and (2) Land revaluation.

### ***(1) Premises and equipment***

Under U.S. GAAP, a nonmonetary asset acquired in exchange for another nonmonetary asset is generally recorded at the fair value of the asset surrendered or that of the asset received, and a gain or loss is recognized on the exchange. Under Japanese GAAP, the asset received is recorded at the cost of the asset surrendered in relevant types of exchange transactions, resulting in no gain or loss.

### ***(2) Land revaluation***

U.S. GAAP does not allow revaluation of operating assets and requires land to be recorded at cost. Under Japanese GAAP, land used for business operations of domestic subsidiaries was revalued as of March 31, 1998 for Bank of Tokyo-Mitsubishi, as of March 31, 2002 for The Mitsubishi Trust and Banking Corporation and as of December 31, 2001 for other domestic subsidiaries of MTFG with the corresponding impact recorded directly in equity as well as related deferred tax assets/liabilities, pursuant to the Law concerning Revaluation of Land. Accordingly, land held on the revaluation dates are recorded at different values.

## **5. Pension liability**

Under both U.S. GAAP and Japanese GAAP, the funded status of defined benefit plans is recognized as assets or liabilities in a consolidated balance sheet, and actuarial gains or losses and prior service costs or benefits that have not yet been recognized through earnings as net periodic benefit cost are recognized in other comprehensive income, net of tax, until they are amortized as a component of net periodic benefit cost. Actuarial gains or losses are amortized based on corridor approach under U.S. GAAP, while they are amortized over a specified number of years under Japanese GAAP.

## **6. Derivative financial instruments and hedging activities**

MUFG utilizes derivatives to manage its exposures to fluctuations in market factors such as interest rates and foreign exchange rates arising from mismatches in the risk profiles of assets and liabilities. Under U.S. GAAP, most derivatives used by MUFG are accounted for as trading assets or liabilities because they do not qualify for hedge accounting under the criteria prescribed in the guidance on accounting for derivative instruments and hedging activities. Japanese GAAP permits hedge accounting for certain derivative hedging activities, including portfolio hedges, using less restrictive hedging criteria.

In addition, bifurcation requirements are different between U.S. GAAP and Japanese GAAP. Under U.S. GAAP, if the economic characteristics and risks of the embedded derivatives are deemed "clearly and closely related" to the economic characteristics and risks of the host contracts, the embedded derivatives are not bifurcated from their host contracts. Under Japanese GAAP, the embedded derivatives may be bifurcated from their host contracts if the risk of the embedded derivatives and host contracts are managed separately.

## 7. Compensated absences

Under U.S. GAAP, in accordance with the guidance on accounting for compensated absences, an employer is required to accrue a liability for employees' rights to receive compensation for future absences such as unused vacations and holidays when certain conditions are met (for example, unexpired vacation benefits that employees have earned but have not yet taken). Under Japanese GAAP, employers are not required to recognize liabilities and accordingly, no liabilities are recognized for such short-term employee benefits.

## 8. Long-term debt

Under U.S. GAAP, in accordance with the guidance on accounting for business combinations, the new cost basis of long-term debt of UFJ Holdings was established and it was recognized at fair value as of October 1, 2005. Under Japanese GAAP, which was effective as of October 1, 2005, the new cost basis was not established and the long-term debt was recorded at its historical cost basis.

## 9. Consolidation

The scope of consolidation is different under U.S. GAAP and Japanese GAAP primarily because, under U.S. GAAP, the primary beneficiary must consolidate variable interest entities based on variable interests, which resulted in additional consolidation of certain variable interest entities. Japanese GAAP does not have a concept of variable interest entities.

On the other hand, certain variable interest entities including funding vehicles, which are consolidated under Japanese GAAP due to the majority ownership of the voting rights, are not consolidated under U.S. GAAP because MUFG and its consolidated subsidiaries are not their primary beneficiaries.

The breakdown of the impact of the difference on total equity is as follows.

	Consolidation under U.S. GAAP	Deconsolidation under U.S. GAAP	Total
	(in millions)		
Investment securities	¥ 3,840,276	¥ 99,538	¥ 3,939,814
Loans	(4,278,179)	976,729	(3,301,450)
Trading account assets	(2,813,281)	(10,218)	(2,823,499)
Short-term borrowings	4,359,492	(39,087)	4,320,405
Long-term debt	289,716	(379,015)	(89,299)
Others	(1,449,942)	(350,174)	(1,800,116)
Total	¥ (51,918)	¥ 297,773	¥ 245,855

The breakdown of the impact of the difference on net income before attribution of noncontrolling interests is as follows.

	Consolidation under U.S. GAAP	Deconsolidation under U.S. GAAP	Total
	(in millions)		
Investment securities	¥ 32,943	¥ 4,912	¥ 37,855
Loans	(128,005)	182,080	54,075
Trading account assets	81,346	947	82,293
Short-term borrowings	155,924	(81)	155,843
Long-term debt	2,587	(3,801)	(1,214)
Others	(63,504)	(92,930)	(156,434)
Total	¥ 81,291	¥ 91,127	¥ 172,418

## 10. Goodwill

Under U.S. GAAP, in accordance with the guidance on accounting for business combinations, identifiable assets acquired, liabilities assumed, and any noncontrolling interest in an acquired company are recorded at fair value at the date of acquisition. Goodwill is the excess of the fair value of noncontrolling interest and consideration transferred, over the fair value of identifiable

assets acquired and liabilities assumed. Goodwill is not amortized, but is subject to an annual impairment test at the reporting unit level, and also reviewed more frequently if events or changes in circumstance indicate that the goodwill might be impaired. Under Japanese GAAP, goodwill is the difference between the purchase price consideration and the acquirer's share of fair value of the net assets acquired. Goodwill is amortized by straight-line method over the estimated period not exceeding 20 years, and an impairment test is required only if indication of impairment is identified.

In addition, the acquisition of UFJ Holdings has been accounted for by a method similar to pooling-of-interests, and consequently goodwill has not been recognized in accordance with Japanese GAAP, which was effective as of October 1, 2005.

### **11. Intangible assets**

Under U.S. GAAP, in accordance with the guidance on accounting for business combinations, all identifiable intangible assets acquired in purchase transactions are recorded at fair value at the date of acquisition. Intangible assets with definite useful lives are amortized over their estimated useful life and reviewed for impairment whenever events or changes in circumstance indicate that their carrying amount may not be recoverable. Intangible assets with indefinite useful lives are tested for impairment at least annually, and also reviewed more frequently if events or changes in circumstance indicate that the assets might be impaired. Under Japanese GAAP, which was effective as of October 1, 2005, intangible assets have not been recognized in connection with the acquisition of UFJ Holdings.

### **12. Investments in equity method investees**

Under U.S. GAAP, a portion of a difference between the cost of an investment and the amount of underlying equity in net assets of an investee is not amortized. A loss in value of an investment that is other than a temporary decline is recognized as an impairment loss. Under Japanese GAAP, goodwill which is included in investments in equity method investees is amortized by straight-line method. If a decline in the market value below the cost is substantial, based on the extent of decline in market value and the credit standing of the issuers, an impairment loss is recognized within the limit of the amount of unamortized goodwill.