

Mitsubishi UFJ Financial Group, Inc.

## Public Section: U.S. Resolution Plan

December 17, 2021

## Table of Contents

### Public Section

<b>1 Introduction</b>	<b><a href="#">4</a></b>
1.1 Overview of Mitsubishi UFJ Financial Group, Inc.	<a href="#">5</a>
<b>2 Material Entities</b>	<b><a href="#">7</a></b>
2.1 MUFG Bank, Ltd., U.S. Branches and Agencies (MUBK U.S.)	<a href="#">7</a>
2.2 MUFG Americas Holdings Corporation (MUAH)	<a href="#">7</a>
2.3 MUFG Union Bank, N.A. (MUB)	<a href="#">7</a>
2.4 MUFG Securities Americas Inc. (MUSA)	<a href="#">8</a>
<b>3 Core Business Lines</b>	<b><a href="#">9</a></b>
3.1 MUFG Bank, Ltd., U.S. Branches and Agencies (MUBK U.S.)	<a href="#">9</a>
3.2 MUFG Union Bank, N.A. (MUB)	<a href="#">10</a>
3.3 MUFG Securities Americas Inc. (MUSA)	<a href="#">12</a>
<b>4 Summary Information Regarding Assets, Liabilities, Capital, and Major Funding Sources</b>	<b><a href="#">13</a></b>
4.1 Material Entity Balance Sheets	<a href="#">13</a>
4.2 Capital Management	<a href="#">15</a>
4.3 Sources of Funding and Liquidity	<a href="#">16</a>
<b>5 Description of Derivative and Hedging Activities</b>	<b><a href="#">18</a></b>
5.1 MUFG Bank, Ltd., U.S. Branches and Agencies (MUBK U.S.)	<a href="#">18</a>
5.2 MUFG Union Bank, N.A. (MUB)	<a href="#">18</a>
5.3 MUFG Securities Americas Inc. (MUSA)	<a href="#">19</a>
<b>6 Memberships in Payment, Clearing, and Settlement Systems</b>	<b><a href="#">21</a></b>
<b>7 Foreign Operations</b>	<b><a href="#">22</a></b>
<b>8 Supervisory Authorities</b>	<b><a href="#">23</a></b>
<b>9 Principal Officers</b>	<b><a href="#">24</a></b>
<b>10 Resolution Planning Corporate Governance and Processes</b>	<b><a href="#">26</a></b>
<b>11 Material Management Information Systems</b>	<b><a href="#">27</a></b>
<b>12 Resolution Strategy Summaries</b>	<b><a href="#">28</a></b>
12.1 MUFG Bank, Ltd., U.S. Branches and Agencies (MUBK U.S.)	<a href="#">28</a>
12.2 MUFG Americas Holdings Corporation (MUAH)	<a href="#">29</a>
12.3 MUFG Union Bank, N.A. (MUB)	<a href="#">29</a>
12.4 MUFG Securities Americas Inc. (MUSA)	<a href="#">29</a>

Mitsubishi UFJ Financial Group, Inc.

# Public Section

165(d) Resolution Plan

## 1 Introduction

This document serves as the public section of the 2021 165(d) Resolution Plan submission ("Public Section") of Mitsubishi UFJ Financial Group, Inc. ("MUFG") to the Board of Governors of the Federal Reserve System ("FRB" or "the Federal Reserve") and the Federal Deposit Insurance Corporation ("FDIC") as required by the FRB's and the FDIC's (collectively the "Agencies") revised joint rule ("165(d) Rule" or the "Rule") as amended on November 1, 2019, which implements the resolution planning requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("DFA").<sup>1</sup>

In the 165(d) Rule, a "Covered Company" is defined to include any foreign bank or company that is a bank holding company ("BHC") or is treated as a BHC under Section 8(a) of the International Banking Act of 1978 (12 U.S.C. 3106(a)) and that has \$250 billion or more in total consolidated assets. A Covered Company must submit a resolution plan that provides for the Covered Company's rapid and orderly resolution in the event of the Covered Company's material financial distress (as such term is defined in the Rule) or failure.

The 165(d) Rule incorporates the tailoring framework of the 2019 FRB Enhanced Prudential Standards Tailoring Rule (the "Tailoring Rule") that implements changes made by the 2018 Economic Growth, Regulatory Relief, and Consumer Protection Act to Section 165(d) of the DFA.<sup>2</sup> The 165(d) Rule submission requirements are based on a number of defined elements. Under the Tailoring Rule, the U.S. operations of Mitsubishi UFJ Financial Group, Inc. ("MUFG U.S.") are subject to Category II standards and requirements. Consistent with this classification, and in accordance with the 165(d) Rule, MUFG U.S. is subject to Triennial Full Filer requirements, which alternate between the filing of a Targeted Resolution Plan ("Targeted Plan") and a Full Resolution Plan ("Full Plan"). The Agencies have, by rule and through the supervisory process, prescribed the assumptions, required approach, and scope for a Targeted Plan, and have required that certain information be included in the public section of the Targeted Plan. This Public Section of MUFG's 2021 Targeted Plan (hereinafter, the "**2021 Targeted Plan**" or the "**Plan**") is being submitted in accordance with the requirements outlined in the 165(d) Rule and related rules and supervisory guidance.

On December 9, 2020, the Agencies jointly adopted the "Guidance for Resolution Plan Submissions of Certain Foreign-Based Covered Companies" ("Specified FBO Guidance"), which applies to Category II Foreign Banking Organizations ("FBOs") that are required to have a U.S. Intermediate Holding Company ("IHC") under the FRB's Regulation YY.<sup>3</sup> The Specified FBO Guidance designated MUFG as the only firm that became newly subject to the Specified FBO Guidance and, as a result, MUFG is afforded a transition period ending in July 2024, the filing date of its next Full Plan, to fully align its capabilities with the requirements of the Specified FBO Guidance. MUFG is actively working to address these requirements.

<sup>1</sup> 12 CFR Part 243; 12 CFR Part 381, Resolution Plans Required, 84 Fed Reg. 59194 (November 1, 2019)

<sup>2</sup> [Prudential Standards for Large Bank Holding Companies, Savings and Loan Holding Companies, and Foreign Banking Organizations](#)

<sup>3</sup> 12 CFR 252 Enhanced Prudential Standards (Regulation YY)

In a Targeted Plan, MUFG, as the Covered Company, must identify and map its Core Business Lines (“CBLs”), and Critical Operations (if any) to Material Entities (“MEs”) and provide an integrated analysis of, among other things, the following: its corporate structure; capital and cash flows; the domestic and foreign jurisdictions in which it operates; and a summary of MUFG’s strategy for the orderly resolution of its U.S. operations in the event of material distress or failure. The Targeted Plan must also include any information specified by the FRB and the FDIC in a targeted information request, a description of any material changes experienced by MUFG since the filing of its prior resolution plan (the “2018 Resolution Plan”), and a description of any changes to the 2018 Resolution Plan resulting from changes in law, feedback from the Agencies, or changes in the Covered Company’s structure.

The designated CBLs and MEs are further described below. Except as otherwise specifically required by the 165(d) Rule and noted in this Public Section, the information contained herein relates to the ME subsidiaries and CBLs of MUFG that are domiciled in the U.S. or whose business is conducted in whole or material part in the United States.

### **U.S. Bancorp Planned Acquisition of MUFG Union Bank**

On September 21, 2021, MUFG and U.S. Bancorp announced that they have entered into a definitive agreement for U.S. Bancorp to acquire one hundred percent of the issued and outstanding common stock of MUFG Union Bank, N.A. (“MUB”). Prior to the completion of the proposed stock sale, MUB intends to transfer some assets, liabilities and personnel to MUFG Bank, Ltd.’s U.S. branches and agencies (“MUBK U.S.”). However, the **2021 Targeted Plan** continues to address the current scope of MUFG U.S. and associated legal entity and organizational structures because neither the asset and liability transfers from MUB to MUBK U.S. nor the sale of MUB stock to U.S. Bancorp have yet been approved by the relevant regulatory authorities. The closing of the noted transactions will result in changes to MUFG U.S. that MUFG believes would meet the definition of an “extraordinary event”/material change that would result in a fundamental change to MUFG’s resolution strategy under the 165(d) Rule. The completion of the stock sale, therefore, requires the filing of a notification with the Agencies no later than 45 days after the sale date.

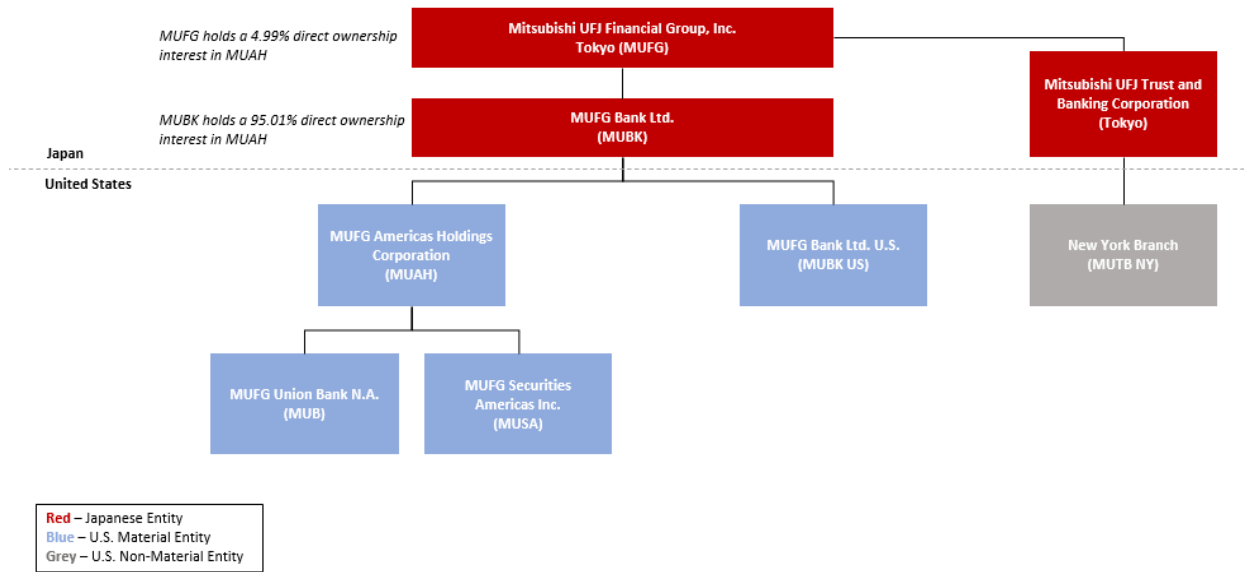
## **1.1 Overview of Mitsubishi UFJ Financial Group, Inc.**

Headquartered in Tokyo, MUFG is organized as a joint stock corporation with limited liability under the laws of Japan. MUFG is one of the world’s largest diversified bank holding and financial services companies, with consolidated assets of approximately ¥353.8 trillion, as of March 31, 2021. The Financial Stability Board, in consultation with the Basel Committee on Banking Supervision and national authorities, has identified MUFG as being a Global Systemically Important Bank (“G-SIB”). MUFG has a global network of approximately 2,700 offices with approximately 180,000 employees in 50 countries. MUFG’s primary banking and securities subsidiaries include MUFG Bank, Ltd. (“MUBK”), Mitsubishi UFJ Trust and Banking Corporation (“MUTB”), Mitsubishi UFJ Securities Holdings Co., Ltd. (“MUSHD”), Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Mitsubishi UFJ NICOS Co., Ltd., and other companies engaged in a wide range of financial businesses.<sup>4</sup>

<sup>4</sup> [MUFG 2021 Annual Report Form 20-F](#)

MUFG had total U.S. assets of approximately \$315.9 billion as of March 31, 2021, which include MUBK U.S., MUFG Americas Holdings Corporation ("MUAH"), MUB, Mitsubishi UFJ Trust and Banking Corporation New York ("MUTB NY") and MUFG Securities Americas Inc ("MUSA").<sup>5</sup> As the ultimate parent company of all the MEs and CBLs presented in this **2021 Targeted Plan**, MUFG provides oversight and strategic guidance to all the entities within its global network.

**Exhibit PUB - 1: MUFG Americas Ownership Structure**



Source: Americas Overview

<sup>5</sup> [MUFG 2021 Annual Report Form 20-F](#)

## 2 Material Entities

For purposes of this **2021 Targeted Plan**, MUFG identified four subsidiaries as MEs based on the criteria set forth in the 165(d) Rule: MUBK U.S.; MUAH; MUB; and MUSA. The following sections provide an overview of these MEs.

### 2.1 MUFG Bank, Ltd., U.S. Branches and Agencies

MUBK U.S. refers to the direct offices of MUBK in the U.S., and services corporate and institutional customers in the U.S., Canada, and Latin America through its network of branches, agencies, and representative offices. MUBK U.S. also provides corporate banking and capital markets services to MUBK's global clients, including U.S. and Japanese clients. MUBK U.S.'s client relationships are derived from corporate client relationships with MUBK in Japan. The MUBK U.S. headquarters is located in New York, NY.

MUBK U.S. includes branches in New York, Illinois, and California and agencies in Texas, all of which are licensed by the Office of the Comptroller of the Currency ("OCC"). MUBK U.S. also has representative offices and agencies in Washington D.C., Atlanta, Dallas, Houston, Minnesota, San Francisco, Seattle and Florence (Kentucky). MUBK U.S. and its associated branches and agencies are not insured by the FDIC.

### 2.2 MUFG Americas Holdings Corporation

MUAH is designated as the IHC for MUFG and is a Bank Holding Company ("BHC") that has elected to be treated as a Financial Holding Company. MUBK owns 95.01 percent of MUAH, and the remaining 4.99 percent ownership is owned directly by MUFG. MUAH is headquartered in New York, NY.

MUAH's principal subsidiaries are MUB and MUSA. These subsidiaries provide a wide range of financial services to consumers, small businesses, middle-market companies, and major corporations, both nationally and internationally. The subsidiaries also provide various business, banking, financial, administrative, and support services and facilities for MUBK in connection with the operation and administration of MUBK's business in the U.S. (notably, the MUBK U.S. branches). MUAH is structured as a non-operating company and, as such, does not have any employees or engage in any customer-facing activities.

### 2.3 MUFG Union Bank, N.A.

MUB is a FDIC-insured national bank wholly owned by MUAH. MUB provides a wide range of financial services including corporate, commercial and retail banking and wealth management solutions, both nationally and internationally. MUB also offers an extensive portfolio of value-added solutions for customers, including investment banking, personal and corporate trust, global custody, transaction banking, capital markets, and other services. MUB provides services to MUBK U.S. and to MUSA customers through the MUFG brand with respect to transactions booked at MUBK U.S., and supports the Regional Bank and Transaction Banking Americas CBL customers through the MUB brand with respect to transactions booked at MUB. MUB's corporate headquarters (principal executive office) is in New York, NY. Its main banking office is in San Francisco, CA.

MUB also provides various business, banking, financial, administrative, and support services and facilities to MUBK U.S. in connection with the operation and administration of MUBK U.S.'s business. MUB and MUBK are parties to a master services agreement ("MSA") under which MUB earns fee income in exchange for services and facilities provided to MUBK U.S. All MSA and other agreements under which MUB provides services or facilities to MUBK adhere to the requirements of the FRB's Regulation W. As of December 31, 2020, MUB operates 297 branches, comprised primarily of retail banking branches in the West Coast states, along with commercial branches in Texas, Illinois, New York, and Georgia.<sup>6</sup> MUB also operates PurePoint Financial, an online banking division of MUB.

#### **2.4 MUFG Securities Americas Inc.**

MUSA is a wholly-owned subsidiary of MUAH and a broker-dealer registered with the Securities and Exchange Commission ("SEC"). Headquartered in New York, NY, MUSA is a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC").

As a registered broker-dealer, MUSA engages in capital markets origination transactions, private placements, collateralized financing, securities borrowing and lending transactions, and other securities transactions. MUSA is part of MUFG's global network of securities firms, of which the main firm is MUSHD, the Tokyo affiliate, with other affiliates located in London, Canada, Hong Kong, and Singapore. MUSA covers markets in the Americas, Europe, and Asia while serving corporate and institutional clients world-wide. It works actively with MUBK U.S., MUB, and MUTB NY to provide corporate and institutional clients with a complete range of securities and investment banking products and services.

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<sup>6</sup> MUB Banking Branches



### 3 Core Business Lines

For purposes of its **2021 Targeted Plan**, MUFG has identified six CBLs in association with its MEs based on the criteria set forth in the 165(d) Rule. In order to identify the CBLs, MUFG utilized both quantitative and qualitative factors to assess the MEs. As noted above, MUAH is a non-operating entity and, therefore, has no CBLs. MUAH was designated as a ME given its significance as MUFG's designated IHC for both the MUB and MUSA MEs, and the BHC for MUB.

These 2021 **Targeted Plan**-specific designations do not necessarily reflect MUFG's or MUB's business priorities, as MUFG and MUB remain committed to all of their respective business lines and the customers these serve.

#### 3.1 MUFG Bank, Ltd., U.S. Branches and Agencies

MUFG has identified two CBLs operating principally out of MUBK U.S.: Global Corporate & Investment Banking ("GCIB") and Japanese Corporate Banking ("JCB"). These business lines are organized to offer wholesale and investment banking services, including lending, advisory, and capital markets services to Japanese, Asian, and U.S. corporate and institutional wholesale banking clients.

##### 3.1.1 U.S. Global Corporate & Investment Banking

GCIB provides a variety of high-quality products that meet the needs of clients across the Americas, which enables MUBK U.S. and MUB to expand MUBK client relationships beyond the provision of loans and deposits. This business model enables GCIB to significantly contribute to the revenue and risk-adjusted returns of MUFG. GCIB consists of two primary business units, U.S. Corporate Banking ("USCB") and Investment Banking ("IB").

The USCB segment is comprised of relationship managers and portfolio managers focused on providing a comprehensive suite of products and services to corporations that typically make up the large and mid-corporate segments of the U.S., Canada, and Latin America markets. The USCB client base includes frequent issuers within the broadly syndicated bank debt market that have access to a variety of senior debt funding sources, and/or large bank groups with sizable credit facilities. These issuers may have international operations that would require foreign funding sources and/or sovereign capabilities that can be obtained via the MUFG network. GCIB directly manages traditional lending products (e.g. Term Loans, Corporate Revolvers), which are classified as "Wholesale Lending," and books transactions in both the MUBK New York Branch and MUB.

The IB segment is organized as a comprehensive product business that offers solutions to a broad client base. IB markets products to client relationships managed by USCB, although it also provides products and services to clients in Latin America Corporate Banking, Canada Corporate Banking, as well as in JCB and Regional Banking. IB may also directly offer products in specific areas of the business (e.g., Project Finance).

### 3.1.2 Japanese Corporate Banking

The JCB business is a designated CBL conducted by MUBK U.S. and MUB. JCB accommodates the financial needs of Japanese corporations in the U.S., overseas Japanese financial institutions, and some Japanese Embassy and other governmental organizations. JCB's business model is partly driven by the customers' geographic location, which determines which legal entity within the JCB CBL would cover the customer. Currently, the division services more than 2,000 customers. JCB operates through MUBK U.S. branches located in New York ("JCB East"), Chicago ("JCB Midwest") and Los Angeles ("JCB West"). Each branch location coordinates its activities with those of MUBK U.S. agencies and representative offices located in a number of U.S. states.

## 3.2 MUFG Union Bank, N.A.

MUFG has identified four CBLs operating out of MUB: Regional Bank, GCIB, Transaction Banking Americas, and JCB.

### 3.2.1 Regional Bank

The Regional Bank CBL, which encompasses the lines of business ("LOBs") and several enterprise-wide functions ("Shared Services") listed below, is conducted through MUB and its subsidiaries and provides a broad array of products and services to over one million individuals, small businesses, families, professional services firms, foundations and endowments, middle market and mid-corporate companies, and professional real estate investors and developers located primarily in California, Oregon, Washington and New York (Real Estate Industries). These products and services include: consumer deposit products, residential, consumer and commercial lending, commercial leasing, investor/developer lending, private wealth management, wealth planning services, Trust and Estates, brokerage, investment management, and merger and acquisition advisory services.

Regional Bank is comprised of the following LOBs and Shared Services:

#### LOBs

- **Community Banking:** Branch Banking, Retail Programs and Delivery, Branch Strategy and Execution, Deposit Products, Pricing and Portfolio Management, PurePoint Financial, Specialized Markets, Business Data and Insights (including data governance, custodianship and performance reporting)
- **Consumer Lending:** Residential Lending, Residential Lending Capital Markets, Retail Products and Payments, Unsecured Consumer Lending, including Credit Card and Organic Personal Loan
- **Wealth Management:** Private Wealth Management, Wealth Planning, Investment Management and Trust, HighMark Capital Management, and UnionBanc Investment Services
- **Commercial Banking:** Middle Market, specialized industries (including Technology & Venture Lending, Sponsor, Healthcare & Life Sciences Banking, Agriculture, Environmental Services, Non-Profit, Wineries, etc.), and Commercial Credit Underwriting Center of Excellence (supporting Commercial Banking)

- **Real Estate Industries:** Institutional Markets, Regional Markets, Community Development Finance, Commercial Mortgage Division, and Capital Solutions
- **Small Business and Business Banking Group:** Small Business Banking, Business Banking, and Small Business Administration Lending
- **Intrepid Investment Bankers:** Offers merger and acquisition and capital raising advisory services to businesses and institutional clients

#### Shared Services

- **Corporate Social Responsibility for the Americas:** The Community Reinvestment Act strategy, MUFG UB Foundation, Community, Environment and Government Relations, Community Lending, and Supplier Diversity
- **Enterprise Marketing, Client Experience, Digital and Program Office:** Enterprise Marketing and Social Media, Client Experience and Insights, Sales Enablement, Enterprise Client Feedback Program, Enterprise Escalated Complaints, Digital Banking, Change Management, Regional Bank strategy, and Corporate Planning
- **Regional Bank Risk and Control Office:** Regional Bank Risk Management including all risk stripes with emphasis on Credit Risk, Operational Risk, Business Unit Risk Management and Business Control Program. Risk assessment, reporting, monitoring, and support related to the management and mitigation of applicable risks, credit risk quality and portfolio strategies, and regulator coordination
- **Operations & Technology for the Americas:** Regional Bank is also closely partnered with Operations & Technology for the Americas, which provides support services including Consumer and Commercial Loan Operations and Loan Documentation, Branch and Wealth Operations including Japanese Customer Service Unit), Fraud Management, Loan Servicing, and Technology and Transformation

Regional Bank's account officers (bankers, mortgage loan consultants, relationship managers, private wealth consultants, trust officers, portfolio managers, and financial advisors/brokers) are concentrated in principal locations in Los Angeles, Irvine, San Diego, and San Francisco, CA; Portland, OR; Seattle and Everett, WA; and Phoenix, AZ, and are also present in retail branches and other offices in CA, OR, and WA. Regional Bank has a key market presence (e.g., Real Estate Industries) in New York, NY.

Regional Bank also offers its consumer deposit products through a national digital bank (PurePoint Financial) via telephone or online.

### **3.2.2 U.S. Global Corporate & Investment Banking**

GCIB's two primary business unit segments, USCB and IB, are shared with MUBK U.S. and are described within **Section 3.1.1 U.S. Global Corporate & Investment Banking** above.

### **3.2.3 Transaction Banking Americas**

Transaction Banking Americas provides customers of MUB's other segments with working capital management and asset servicing solutions, including deposits and treasury management, trade finance, and institutional trust and custody. The client base consists of financial institutions, corporations, government agencies, insurance companies, mutual funds, investment managers, and non-profit organizations.

### **3.2.4 Japanese Corporate Banking**

As noted above, the JCB business, is a CBL conducted through MUB and MUBK U.S. JCB accommodates the financial needs of Japanese corporations in the U.S., overseas Japanese financial institutions, and some Japanese Embassy and governmental organizations. JCB's business model is partly driven by its customers' geographic location to determine which JCB legal entity would cover a customer. Currently, the division services more than 2,000 customers. JCB operates through JCB East, JCB Midwest and JCB West, as noted above. Each MUB branch location coordinates its activities with those of MUBK U.S. agencies and representative offices located in a number of U.S. states. JCB activities that are booked to MUB are generally credit products from JCB West.

## **3.3 MUFG Securities Americas Inc.**

MUFG has identified two CBLs operating out of MUSA: Capital Markets and Macro Trading.

### **3.3.1 Capital Markets**

Capital Markets provides issuer clients with access to U.S. and international sources of financing through underwriting and private placement of debt and equity securities. It also offers debt, stock buy-back, self-tenders, direct share repurchase programs, FLOES™ (or "at the market" offerings), liability management, and rating agency services to clients. MUSA's client relationships consist of MUBK U.S. and MUB clients who require these services in addition to access to the global capital markets. The Capital Markets team works closely with relationship managers of MUB and MUBK to ensure a seamless relationship with clients. The Capital Markets team provides underwriting and advisory services in the debt and equity capital markets to governments and corporations.

### **3.3.2 Macro Trading**

The Macro Trading CBL consists of Repo/Securities Lending, Mortgage Backed Securities ("MBS") and the Rates/Government Bonds business. The Repo/Securities Lending business, which was previously analyzed as a standalone CBL, is now included within the broader scope of the newly-defined Macro Trading CBL. Repo/Securities Lending and MBS are both part of the MUSA Macro line of business, report to the same management, and rely on many of the same systems. Given these noted operational commonalities, and Macro Trading's respective contributions to MUFG's CUSO, the CBL definition was expanded. The Macro Trading CBL generates a significant proportion of MUSA's overall funding via Repo transactions with the Fixed Income Clearing Corporation ("FICC"), and under tri-party and bilateral arrangements.

## 4 Summary Information Regarding Assets, Liabilities, Capital, and Major Funding Sources

### 4.1 Material Entity Balance Sheets

The following sections provide unconsolidated or segmented financial information regarding assets, liabilities, capital, and major funding sources for the MEs.

#### 4.1.1 MUBK U.S. Balance Sheet

This section provides the balance sheet for MUBK U.S.<sup>7</sup> Assets primarily consist of loans to non-financial corporate customers and cash and balances due from depository institutions. Liabilities primarily consist of deposits, other borrowed money and funding from affiliates, including MUBK (Tokyo) and other MUBK global branches and subsidiaries.

##### Exhibit PUB - 2: MUBK U.S. Balance Sheet as of December 31, 2020

	Dollars in millions	As % of Total
<b>Assets</b>		
Cash and balances due from depository institutions	\$ 39,261	24 %
Loans and leases, net of unearned income	84,830	53
Securities:		
U.S. Treasury securities	0	0
Mortgage-backed securities ("MBS")	0	0
Other securities	10,348	6
Reverse repurchase agreements ("reverse repos")	6,850	4
Trading assets	18,031	11
Other assets	1,571	1
Net due from related depository institutions	209	—
<b>Total Assets</b>	<b>161,101</b>	<b>100</b>
<b>Liabilities</b>		
Total deposits and credit balances	99,146	62
Repos	0	0
Federal Funds Purchased	0	0
Other borrowed money	16,750	10
Trading liabilities	16,350	10
Other liabilities	3,904	2
Net due to related depository institutions	24,951	15
<b>Total Liabilities</b>	<b>\$ 161,101</b>	<b>100 %</b>

Source: RSS Management

#### 4.1.2 MUAH Consolidated Balance Sheet and Consolidating Schedules

This section provides the balance sheet for MUAH as of December 31, 2020, along with consolidating schedules. MUAH's balance sheet profile is reflected through the material components of assets and liabilities of MUB and MUSA, its principal subsidiaries. MUB's assets are primarily comprised of loans, leases, and investment securities. MUSA's assets are primarily comprised of securities purchased under agreements to resell, securities borrowed, and

<sup>7</sup> MUBK reports on a fiscal year ending March 31

financial instruments owned. From a parent-only perspective, MUAH's material assets are primarily investments in and receivables due from subsidiaries and associated companies and a small amount of cash, while its primary liabilities are borrowed money with a remaining maturity of more than one year.

**Exhibit PUB - 3: MUAH Balance Sheet as of December 31, 2020**

(Dollars in millions)	MUFG Union Bank, N. A. (MUB)	MUFG Securities Americas (MUSA)	MUAH (Parent Only)	Other	MUFG Americas Holdings Corporation Consolidated (MUAH)
<b>ASSETS</b>					
Cash and Due from Banks- due from Federal Reserve and noninterest bearing deposits due from other banks	\$ 1,858	\$ 69	\$ 437	\$ (299)	\$ 2,065
Interest bearing deposits in banks	14,289	—	146	(87)	14,348
Total cash and cash equivalents	16,147	69	583	(386)	16,413
Federal funds sold and securities purchased under resale agreements	—	17,608	—	—	17,608
Trading assets	1,963	14,074		1	16,038
Securities available for sale	17,983			296	18,279
Securities held to maturity	7,311			—	7,311
Loans and leases	81,859		5,756	(4,601)	83,014
Allowance for loan losses	(1,259)			(14)	(1,273)
Loans and leases, net	80,600		5,756	(4,615)	81,741
Premises and equipment, net	1,234	69	154	(137)	1,320
Intangible assets	1,547			173	1,720
Other assets	5,326	894	18,182	(16,986)	7,416
Total assets	132,111	32,714	24,675	(21,654)	167,846
<b>LIABILITIES</b>					
Deposits:					
Noninterest bearing	40,862	—	—	(732)	40,130
Interest bearing	62,715	—	—	(419)	62,296
Total deposits	103,577	—	—	(1,151)	102,426
Federal funds purchased and securities sold under agreements to repurchase	—	27,161	—	—	27,161
Other borrowed money (includes subordinated and senior debt)	\$ 9,831	\$ 1,102	\$ 7,277	\$ (3,470)	\$ 14,740
Trading liabilities	\$ 240	\$ 3,093		\$ —	\$ 3,333
Other liabilities	2,567	319	209	(189)	2,906
Total liabilities	116,215	31,675	7,486	(4,810)	150,566
<b>EQUITY</b>					
Common stock	605	469	132	(1,074)	132
Surplus	9,892	10	8,242	(9,902)	8,242
Retained earnings	5,311	560	8,802	(5,871)	8,802
Accumulated other comprehensive gain (loss)	(3)		13	3	13
Total stockholders' equity	15,805	1,039	17,189	(16,844)	17,189
Noncontrolling interests	91	—	—	0	91

(Dollars in millions)	MUFG Union Bank, N. A. (MUB)	MUFG Securities Americas (MUSA)	MUAH (Parent Only)	Other	MUFG Americas Holdings Corporation Consolidated (MUAH)
Total equity	15,896	1,039	17,189	(16,844)	17,280
Total liabilities and equity	\$ 132,111	\$ 32,714	\$ 24,675	\$ (21,654)	\$ 167,846

Source: MUAH Controller / CFO

## 4.2 Capital Management

### 4.2.1 MUFG Bank, Ltd., U.S. Branches and Agencies

MUBK U.S. is not required to hold capital under U.S. banking law requirements. Regulatory capital is held at MUBK (Tokyo), not within the individual branches of MUBK U.S. Japanese capital requirements are assessed at the home country level by the Japan Financial Services Authority ("JFSA") based on its interpretation of Basel regulatory capital requirements.

### 4.2.2 MUFG Americas Holdings Corporation

Oversight of MUAH's consolidated legal entity capital management and support of the Capital Adequacy Program ("CAP") framework ultimately resides with MUAH's Board of Directors, which delegates responsibility for the framework's definition, design, and ongoing development to Senior Management. MUAH maintains capital adequacy under Basel III and the U.S. capital rules that is sustainable and consistent with MUAH's defined risk appetite, organic growth and strategic objectives, target solvency and integrated Capital Plan. The CAP framework is incorporated into MUAH's strategic and day-to-day operations management with clear and transparent accountability, reporting lines, and defined roles and responsibilities. MUAH maintains a risk and capital governance structure to ensure effective and independent CAP Governance.

MUFG and MUBK support MUAH's capital needs for capital adequacy and organic growth and acquisitions.

MUAH's and MUB's capital base is comprised primarily of high-quality, loss-absorbing Common Equity ("CE") Tier 1 capital. As of December 31, 2020, CE represented 100 percent of Tier 1 Capital and 93.8 percent of Total Capital for MUAH.

As a U.S. registered broker-dealer, MUSA is subject on a standalone basis to SEC capital regulations. Accordingly, MUSA must operate within agreed internal risk limits and be in compliance with SEC Rule 15c3-1. Additionally, application of the FRB's capital rules to which MUAH is subject is extended by management to MUSA under consolidated holding company evaluations, which includes MUSA's impact to MUAH's consolidated leveraged asset capital position.<sup>8</sup>

MUSA's capital base, as defined by Rule 15c3-1, is comprised of equity and subordinated debt provided by MUSHD.

The subordinated borrowing is covered by a conforming subordination agreement approved by FINRA and is used in

<sup>8</sup> Includes: FRB 12 CFR Parts 217, 225, 238, 242, and 252 (Regulations Q, Y, LL, PP, and YY) Prudential Standards for Large Bank Holding Companies, Savings and Loan Holding Companies, and Foreign Banking Organizations; OCC 12 CFR Parts 3 and 50 and FDIC 12 CFR Parts 324 and 329 applicability thresholds and requirements for regulatory capital and liquidity requirements

calculating MUSA's net capital under Rule 15c3-1. To the extent that the borrowing is required for MUSA's continued compliance with minimum net capital requirements, it may not be repaid.

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

#### **4.3.1 MUBK Bank, Ltd., U.S. Branches and Agencies**

MUBK utilizes a centralized model for funding and liquidity that ensures optimal global efficiency and control. As part of its role in the global funding strategies of MUBK, MUBK U.S. receives placements of excess liquidity from MUBK (Tokyo) and other global branches of MUBK, and MUBK U.S. may also lend excess funds to affiliates including Canada and Latin America. Structural liquidity is provided through long-term debt issuances or the transacting of long-term cross-currency swaps with market counterparties.

Within the U.S., deposits originated through the MUBK U.S. branch network are transferred to the MUBK New York Branch, and any of the other branches' funding requirements are fulfilled by the MUBK New York Branch. This facilitates the centralization of liquidity and interest rate risk management in MUBK U.S. under uniform governance.

#### **4.3.2 MUFG Americas Holdings Corporation**

To comply with the FRB Rule requiring the issuance of debt with certain features by IHCs of FBO G-SIBs, MUBK U.S. has placed term unsecured debt with MUAH to provide Total Loss-Absorbing Capacity ("TLAC") as required by the Rule.<sup>9</sup> At December 31, 2020, the amount of TLAC-eligible funds placed at MUAH by MUBK U.S. was approximately \$6.4 billion. The rule further imposes the "Clean Holding Company" requirements (which prohibit MUAH from incurring significant obligations to unaffiliated parties, thereby limiting the amount of MUAH's external debt issuances), therefore all of MUAH's TLAC qualifying term funding is provided by MUBK. As of December 31, 2020, MUAH had \$800 million of outstanding external bonds, which are set to mature in June 2022 and February 2025.

MUAH provides funding to its non-bank subsidiaries, including MUSA, and deploys its excess liquidity as a term loan to MUB. MUB and MUSA manage their own liquidity risk and control their own liquidity buffers. MUAH maintains a liquidity buffer in order to ensure adequate resources for maturing debt in stress conditions. MUAH uses a 24-month Time-To-Funding approach, consistent with industry practice for BHCs and finance companies with few funding sources.

#### **4.3.3 MUFG Union Bank, N.A.**

MUB's balance sheet is largely funded by customer deposits. MUB's Corporate Treasury provides incremental funding and liquidity by accessing wholesale markets through multiple secured and unsecured debt programs.

In addition to deposits generated from customers within MUB's geographic footprint and via the PurePoint program, MUB sources funding from wholesale markets including secured Federal Home Loan Banks ("FHLB") advances, Commercial Paper, negotiable Certificates of Deposit, senior term debt (also referred to as banknotes),

<sup>9</sup> Total Loss-Absorbing, Long-Term Debt, and Clean Holding Company Requirements for Systemically Important U.S. Bank Holding Companies and Intermediate Holding Companies of Systemically Important Foreign Banking Organizations, 12 CFR 252.165



and brokered deposits, as well as through internal term debt from MUAH. As of September 30, 2021, repurchase agreements ("Repos") are not used as a source of funding for MUB. MUB continues to maintain arrangements with Repo counterparties to assure the availability of Repo as a source of funding, if needed. Although not committed, these Repo lines are tested for accessibility.

Other than customer deposits, FHLB and MUAH funding represented the largest concentrations of funding for MUB as of December 31, 2020. With respect to deposits, no single depositor represents a material source of funding.

MUB maintains a liquid asset buffer composed of cash and highly liquid securities. Liquid securities are diversified, unencumbered, and subject to appropriate haircuts sufficient to mirror conditions in a stress scenario.

#### **4.3.4 MUFG Securities Americas Inc.**

MUSA is primarily funded on a secured basis via secured financing liabilities (i.e., Repo funding) and senior and subordinated loans, consistent with its broker-dealer business model and the highly liquid financial instruments on MUSA's balance sheet. MUSA also needs unsecured funding to cover haircuts on collateral requested by secured funding counterparties. Unsecured funding is predominantly provided by MUSHD and MUAH via loans drawn under uncommitted loan facilities and subordinated loan agreements.

## 5 Description of Derivative and Hedging Activities

MUFG U.S. conducts derivatives trading activity for purpose of general risk management and to hedge customer transactions. Approval of derivatives trading activity, including the review of market and credit risk, is managed at the legal entity level subject to risk limit frameworks established under applicable policies. Certain MUFG U.S. legal entities act as market makers for selected derivatives instruments but do not engage as principal in the purchase or sale of derivatives principally for the purpose of short-term price movements, realizing short-term arbitrage, or hedging one of more positions resulting from the foregoing, in accordance with the Volcker Rule.

### 5.1 MUFG Bank, Ltd., U.S. Branches and Agencies

#### Overview of Trading and Derivative Activities

MUBK U.S. sales and trading activities are centralized within the Global Markets Division of the Americas ("GMDA") units. The GMDA Japanese Marketing Group and the Global Marketing Group, which operate through MUBK U.S., are responsible for marketing products and services to MUBK customers located throughout North, Central, and South America.

Trading activities are conducted for MUBK U.S.'s market-making accounts by GMDA's trading desks comprised of the following departments: Emerging Markets, FX and Rates Department, FX Trading Department, Global Option Department, Fixed Income Desk, and e-FX Desk.

MUBK U.S. incorporates a market-based approach to evaluate, monitor, and actively manage portfolio assets for purposes of mitigating credit deterioration and enhancing credit risk management processes.

#### Overview of Hedging Activities

MUBK U.S. enters into derivative contracts for risk management purposes and to facilitate client transactions. From a GAAP accounting perspective, derivatives are not designated as hedging instruments. MUBK U.S. manages the risk associated with its activities on a company-wide and product basis.

MUBK U.S.'s derivative activities include customer flows, transactions to hedge positions as a result of customer activities, and transactions executed for Asset and Liability Management ("ALM") purposes. The majority of the derivatives portfolio consists of interest rate and FX transactions which are Over-the-Counter or are cleared centrally.

### 5.2 MUFG Union Bank, N.A.

#### Overview of Trading and Derivative Activities

Trading activities at MUB are centered around the facilitation of customer orders. Hedging is executed on behalf of clients and to manage MUB's exposures by the Markets function, Corporate Treasury's ALM activities, and the Credit Portfolio Management Group.

### **Overview of Hedging Activities - Markets**

Generally, MUB's trading desks engage in hedging activities to protect MUB from losses due to exposures arising as a result of customer activity. The risk of customer transactions may be hedged contemporaneously with the initiation of the transaction or over a period of time, depending on market conditions and hedging costs. Risks are limited and controlled using a risk limit framework that includes approved market and credit risk limits, and Volcker Rule metrics limits. Consistent with the approved risk framework, Interest Rate Derivative and FX desks have discretion to hedge or not hedge certain customer activity. Hedging strategies of the Markets function offset customer activity using trading instruments that are deemed cost effective, including but not limited to swaps, Eurodollar futures and U.S. Treasury securities.

### **Overview of Hedging Activities - Corporate Treasury**

Corporate Treasury is the first line of defense in managing balance sheet interest rate risk. Balance Sheet Management and ALM Modeling are the primary groups within Corporate Treasury responsible for analyses and strategy recommendations related to interest rate risk mitigation. MUB employs various strategies in the use of derivatives in interest rate risk management activities.

### **Overview of Hedging Activities - Credit**

MUB hedges its credit portfolio through the use of various products, such as Credit Default Swaps ("CDS") and CDS relating to the Credit Default Swap Index. Hedging activities help reduce credit risk using market instruments to promote the risk/return performance of the portfolio. MUB uses CDS contracts to hedge loan exposure arising mainly from its corporate lending activities, and may use CDS to manage risk on a specific exposure basis.

## **5.3 MUFG Securities Americas Inc.**

### **Overview of Trading and Derivative Activities**

MUSA may engage in trading and derivative activities as principal or as agent for an affiliate. Where MUSA is acting as agent, the booking of transactions takes place in the respective affiliate. MUSA does not engage in back-to-back transactions with affiliates and manages all of its own market risk.

### **Overview of Hedging Activities**

Due to the nature of its business, which is mainly comprised of Repo activity, MUSA does not have any material hedge positions. However, it occasionally uses derivatives to manage exposure to credit, market, interest rate, and FX risk.

When it seeks to hedge the risks noted above, MUSA engages in exchange-traded derivative transactions through J.P. Morgan Securities LLC, its Futures Commission Merchant. With respect to FX derivatives, MUSA enters into bilateral transactions with affiliates and third parties that are financial institutions. MUSA enters into To Be

Announced ("TBA") securities transactions to hedge its risk associated with agency mortgage-backed securities ("MBS") trading.<sup>10</sup> The revenue from these trades, as reported in MUSA's financial statements, is not material to its total trading revenues. GCIB works with the Credit Administration for Corporate Banking ("CACB") and the Credit Portfolio Management Office Americas ("CPMOA") to hedge loan exposure. CACB typically provides guidance to GCIB by identifying the portion of the loan that requires hedging, while CPMOA is responsible for hedging the identified loan portions through CDS instruments.

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<sup>10</sup> To be announced ("TBA") is a term describing forward-settling mortgage-backed securities ("MBS") trades. Pass-through securities issued by Freddie Mac, Fannie Mae and Ginnie Mae trade in the TBA market, and the term TBA is derived from the fact that the actual mortgage-backed security that will be delivered to fulfill a TBA trade is not designated at the time the trade is made. The securities are announced 48 hours prior to the established trade settlement date

## 6 Memberships in Payment, Clearing, and Settlement Systems

MUBK U.S., MUB, and MUSA each rely on a number of payment, clearing, and settlement systems, or financial market utilities ("FMUs"), to conduct their operations. Access to these FMUs is either direct or through affiliates and agents. The exhibit below provides a listing of FMUs accessed by the MEs.

**Exhibit PUB - 4: FMUs Acced by MUFG's Material Entities**

Financial Market Utility ("FMU")	Type
ATM/Debit Card - MasterCard	Payment network
Automated Clearing House ("ACH")	Electronic network for financial transactions in the U.S.
Billpay - MasterCardRPPS	Online bill pay e-lockbox service
Chicago Board of Trade	Futures and options exchange
Chicago Mercantile Exchange	Futures exchange and swaps clearing house
Clearing House Interbank Payments System	U.S. Dollar payment system
Clearstream	Clearing house for Eurobonds
Continuous Linked Settlement Bank International	Multi-currency FX cash settlement system
Depository Trust and Clearing Corporation	U.S. clearing, settlement systems, U.S. Dollar payment system, and securities system
Electronic Payments Network	U.S. Dollar payment system (part of ACH)
Euroclear Bank	Clearing and depositories
Federal Reserve Fedwire Funds and Securities ("Fedwire")	U.S. Dollar payment system, U.S. clearing securities settlement, and fixed income depository
Fixed Income Clearing Corporation ("FICC")	Fixed income clearing
IntercontinentalExchange, Inc.	Clearing house
London Clearing House ("LCH")	Clearing house
LCH Clearent	Clearing house
MasterCard	Payment network
Montreal Stock Exchange	Futures and options exchange
NYSE Euronext / London International Financial Futures and Options Exchange	Exchange clearing for equities, futures, options, and derivatives on commodities, FX, equities, bonds, interest rates, indices, and swaps
National Securities Clearing Corporation	Clearing and settlement
Options Clearing Corporation	Clearing and depositories
Society for Worldwide Interbank Financial Telecommunication	System for interbank financial telecommunication
SVPCO Image Payments Network	Check clearing and check image exchange
VISA/Consumer Credit Card	Payment network

Source: Strategy Portfolio Management

## **7 Foreign Operations**

Neither MUAH nor any of its subsidiaries currently operate outside of the United States.

## 8 Supervisory Authorities

The following exhibit provides a listing of the primary regulatory authorities for the MUFG U.S. Operations.

### Exhibit PUB - 5: Primary and Other Authorities for MUFG's U.S. Operations

Material Entity	Primary Authority	Other Authorities
MUFG Bank, Ltd., U.S. Branches and Agencies ("MUBK U.S.")	OCC	FRB JFSA The Bank of Japan U.S. Commodity Futures Trading Commission National Futures Association
MUFG Americas Holdings Corporation ("MUAH")	FRB	See also MUB and MUSA Regulators
MUFG Union Bank, N.A. ("MUB")	OCC	FDIC SEC FINRA Consumer Finance Protection Bureau CFTC Municipal Securities Rulemaking Board ("MSRB") FHLB
MUFG Securities Americas Inc. ("MUSA")	SEC	FINRA MSRB

Source: U.S. Legal Department

## 9 Principal Officers

Information regarding the principal officers of MUFG is presented in the following exhibits:

### Exhibit PUB - 6: MUFG Executive Committee<sup>11</sup>

Name	Title
Kanetsugu Mike	Member of the Board of Directors, Chairman
Saburo Araki	Member of the Board of Directors, Deputy Chairman
Iwao Nagashima	Member of the Board of Directors, Deputy Chairman
Junichi Hanzawa	Member of the Board of Directors, Deputy Chairman
Hironori Kamezawa	Member of the Board of Directors, President & Group CEO
Masato Miyachi	Senior Managing Corporate Executive, Group Head, Global Corporate & Investment Banking Business Group
Takayoshi Futae	Senior Managing Corporate Executive, Group Head, Global Commercial Banking Business Group & Group COO-I
Masahiro Kuwahara	Senior Managing Corporate Executive, Group CRO
Yoshitaka Shiba	Senior Managing Corporate Executive, Group CAO
Tetsuya Yonehana	Senior Managing Corporate Executive, Group CFO
Naomi Hayashi	Senior Managing Corporate Executive, Group Head, Japanese Corporate & Investment Banking Business Group
Atsushi Miyata	Senior Managing Corporate Executive, Group Head, Retail & Commercial Banking Business Group
Takayuki Yasuda	Senior Managing Corporate Executive, Group Head, Asset Management & Investor Services Business Group
Shigeru Yoshifuji	Senior Managing Corporate Executive, Group Head, Global Markets Business Group
Hiroki Kameda	Managing Corporate Executive, Group CIO
Hiroshi Mori	Managing Corporate Executive, Group CLO
Tomohiro Kimura	Managing Corporate Executive, Group CHRO & Group Deputy CDTO & Group Deputy CIO
Masakazu Osawa	Managing Corporate Executive, Group Head, Digital Service Business Group & Group CDTO
Yutaka Miyashita	Managing Corporate Executive, Group CSO
Keitaro Tsukiyama	Managing Corporate Executive, Group CCO
Yasushi Ishikawa	Managing Executive Officer, Group Deputy CSO & Group Deputy CFO
Makoto Kobayashi	Managing Executive Officer, Group Deputy CSO & Group Deputy CDTO & Deputy Group Head, Japanese Corporate & Investment Banking Business Group

Source: [MUFG Executive Committee](#)

<sup>11</sup> As of June 29, 2021



**Exhibit PUB - 7: MUFG Board of Directors<sup>12</sup>**

Name	Title
Mariko Fujii	Member of the Board of Directors (Outside Director)
Keiko Honda	Member of the Board of Directors (Outside Director)
Kaoru Kato	Member of the Board of Directors (Outside Director)
Satoko Kuwabara	Member of the Board of Directors (Outside Director)
Toby S. Myerson	Member of the Board of Directors (Outside Director)
Hirofumi Nomoto	Member of the Board of Directors (Outside Director)
Yasushi Shingai	Member of the Board of Directors (Outside Director)
Koichi Tsuji	Member of the Board of Directors (Outside Director)
Tarisa Watanagase	Member of the Board of Directors (Outside Director)
Ritsuo Ogura	Member of the Board of Directors
Kenichi Miyanaga	Member of the Board of Directors
Kanetsugu Mike	Member of the Board of Directors
Saburo Araki	Member of the Board of Directors
Iwao Nagashima	Member of the Board of Directors
Junichi Hanzawa	Member of the Board of Directors
Hironori Kamezawa	Member of the Board of Directors

Source: [MUFG Board of Directors](#)

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<sup>12</sup> As of July 1, 2021

## 10 Resolution Planning Corporate Governance and Processes

MUFG does not prepare its Group Resolution Plan ("Group Plan"). Rather, MUFG's Group Plan is prepared by the JFSA based on information provided by MUFG.

MUFG's **2021 Targeted Plan** was subject to a robust governance framework to ensure proper oversight of the development, management and approval of the **Plan**, which leveraged the existing MUFG Board of Directors ("MUFG Board") and committee structures. The resolution planning governance framework, which is documented in an internal policy, ensures that resolution planning is integrated into MUFG's corporate governance, including review and certification by appropriate committees and final approval by the delegate of the MUFG Board, the Regional Executive of the Americas ("REA").

From a day-to-day perspective, the U.S.-based Capital Management and Resolution Planning team ("CMRP") oversees compliance with U.S. resolution planning requirements and all U.S. resolution planning activities. Additionally, CMRP's responsibilities include coordination of regulatory inquiry responses related to the **2021 Targeted Plan**, including facilitating regulatory access to the data that was utilized to develop the **Plan**.

## 11 Material Management Information Systems

MUFG uses Information Technology (“IT”) and Management Information Systems (“MIS”) to support its business functions. IT and MIS include applications used to generate management reports, conduct business activities in trading, lending operations and financing, risk and compliance management, and front-office support. In most cases, each ME’s IT and MIS systems are used solely by that ME.

As part of the information collection process in the preparation of the **2021 Targeted Plan**, each ME and CBL identified systems and applications deemed key to its respective businesses, entities, and operations. All MUBK U.S. and MUB systems and applications are centrally managed by the Enterprise Architecture team and inventoried in the MUFG System of Record for Business Systems, the General Systems Inventory. MUAH, as a non-operating entity, has no identifiable MIS. MUBK U.S. and MUB MIS are centrally managed by the Operations and Technology for the Americas department within MUB. MUSA manages its IT systems and related support through coordination with MUFG Securities EMEA PLC, its London-based securities affiliate.

## 12 Resolution Strategy Summaries

MUFG's Group Plan, as prepared by the JFSA, considers a Single Point of Entry ("SPoE") resolution strategy for the MUFG group organization, which is the preferred resolution strategy for MUFG. If MUFG were to fail, MUFG and its subsidiaries would be resolved by MUFG's home-country resolution authorities pursuant to the SPoE strategy under the supervision of the JFSA.

The **2021 Targeted Plan** is subject to the 165(d) Rule, which requires an assumption of the failure of MUFG U.S. without activation of parental support, as would occur under the Group Plan. The **2021 Targeted Plan** assumes that resolution of MUFG U.S. would only be triggered as a back-up to the Group Plan in the unlikely event that the preferred SPoE resolution strategy is not activated or available for any reason. In addition, initiation of resolution proceedings for MUFG U.S. does not automatically trigger initiation of MUFG's resolution proceedings.

The 165(d) Rule requires that MUFG U.S. be resolved in a manner that substantially mitigates the risk that the failure of MUFG would have serious adverse effects on the financial stability of the United States. As required by the 165(d) Rule, the resolution strategy contemplates that the failure of MUFG U.S. could occur under a severely adverse economic scenario. Because MUFG U.S.'s CBLs are generally aligned to specific MEs, the strategy to resolve MUFG U.S. is organized around the resolution of its MEs.

### 12.1 MUFG Bank, Ltd., U.S. Branches and Agencies

The resolution strategy for MUBK U.S. contemplates an orderly wind-down and liquidation conducted by a receiver appointed by the OCC. The primary objective of the OCC would be to use MUBK U.S.'s assets to satisfy the claims of unaffiliated creditors of MUBK U.S.

The OCC would apply the International Banking Act ("IBA"), 12 U.S.C. Sections 3101 - 3102 to the resolution of MUBK U.S. The IBA was adopted in 1978 to govern the chartering, supervision, and receivership of federal branches and agencies of FBOs. Section 3102 of the IBA permits the OCC to appoint a receiver for the branches or agencies on grounds similar to those permitting appointment of a receiver for a national bank. The liquidation of the U.S. branches and agencies would be administered by the receiver. It is expected that MUBK U.S.'s assets could be liquidated within approximately four months to one year of failure, with minimal residual activities expected to continue beyond one year from the date of failure. MUBK U.S.'s current estimated projection for the resolution horizon, based on the expected liquidation of its loan portfolio under the idiosyncratic stress event of the Severely Adverse ("SA") scenario, is approximately one year. It is difficult to articulate with certainty the approach the OCC and / or its appointed receiver would take to manage the resolution of MUBK U.S., and the timeline of the related proceedings, due to a lack of sufficient precedent for the resolutions of OCC-licensed branches and agencies of FBOs.

MUBK U.S. will begin its liquidation proceedings at the end of day 30 of the Runway Period. It is anticipated that the receiver appointed by the OCC would begin liquidating the firm's assets almost immediately thereafter. MUFG

expects that many of the assets of MUBK U.S. could be sold or otherwise liquidated expeditiously, although the valuation of certain assets may be impaired by external market factors.

## 12.2 MUFG Americas Holdings Corporation

MUAH is a non-operating holding company and, apart from its subsidiaries, has little to no value as a going-concern nor does it have any sale value. The resolution strategy for MUAH contemplates a liquidation of MUAH under Chapter 11 of Title 11 of the U.S. Bankruptcy Code ("Chapter 11") and an orderly wind down of the entity. MUAH would commence the Chapter 11 proceedings substantially contemporaneously with the commencement of the proceedings under Chapter 7 of Title 11 of the U.S. Bankruptcy Code ("Chapter 7") with respect to MUSA and the FDIC receivership of MUB under the Federal Deposit Insurance Act ("FDIA"). MUAH's post-failure business would be managed in the bankruptcy estate. Full resolution of MUAH should not present a complex process since MUAH is not an operating entity and is not a significant provider of services to other MUFG entities. It would be difficult to estimate the time required to dispose of MUAH assets because creditors and other claimants would have the ability to object to or delay the proposed dispositions.

## 12.3 MUFG Union Bank, N.A.

As an insured depository institution ("IDI"), MUB would be resolved in a receivership administered by the FDIC pursuant to the FDIA. Once appointed as receiver under the FDIA, the FDIC would promptly exercise all the rights and powers of MUB's directors, management, and shareholders to operate MUB's business, dispose of operations and assets, and resolve claims.

The preferred resolution strategy for MUB would be to transfer its assets and certain liabilities to a Bridge Bank in order to effectuate the sale of certain business lines and residual assets to multiple purchasers (the "Multiple Acquirer Strategy"). A Bridge Bank is a new national bank organized by the FDIC in accordance with 12 U.S.C. § 1821(n). If the FDIC were to determine that the Multiple Acquirer Strategy was not feasible, the alternative resolution strategy would be to effect a liquidation of MUB's assets from the receivership and pay out depositors (the "Liquidation Strategy").

## 12.4 MUFG Securities Americas Inc.

The preferred resolution strategy for MUSA would be the orderly wind down of MUSA's operations and liquidation of its assets under Chapter 7 bankruptcy proceedings initiated in conjunction with the commencement of the Chapter 11 proceedings for MUAH, and the insolvency proceedings in respect of MUB and MUBK U.S. The primary objective of the Chapter 7 proceedings would be to settle claims in an orderly and transparent process and maximize the value to creditors realized from MUSA's assets.<sup>13</sup> Under Chapter 7, a trustee is appointed to replace the debtor's existing management, and all of the debtor's assets are liquidated. MUSA has estimated that it could be liquidated within one month of the appointment of the trustee. Although MUSA would advise the SIPC of its

<sup>13</sup> Stockbrokers and commodity brokers are ineligible to file for protection under Chapter 11 and must instead liquidate through proceedings under Chapter 7

intention to liquidate in a resolution scenario, that liquidation would not be conducted under the Securities Investor Protection Act of 1970 ("SIPA") because MUSA does not offer retail customer accounts.

MUFG expects that the cash provided through the liquidation of the securities and Repo positions of MUSA will provide sufficient funding to allow for rapid and orderly resolution. MUSA estimates that the initial disposition of its primary portfolio of assets and liabilities will occur during the first several days of resolution, and liquidation and wind down of MUSA's remaining assets would be expected to begin during the same time period.