# Annual Securities Report

"Yukashoken Hokokusho"

(Excerpt)

for the fiscal year ended March 31, 2019

## MUFG Bank, Ltd.

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| [Article of the Applicable Law Requiring Submission of This Document] | Article 24, Paragraph 1 of the Financial Instruments and Exchange Act of Japan |
| [Submitted to] | Director, Kanto Local Finance Bureau |
| [Date of Submission] | June 27, 2019 |
| [Accounting Period] | The 14th Fiscal Year<br>(from April 1, 2018 to March 31, 2019) |
| [Company Name] | Kabushiki-Kaisha Mitsubishi UFJ Ginko |
| [Company Name in English] | MUFG Bank, Ltd. |
| [Position and Name of Representative] | Kanetsugu Mike, President & CEO |
| [Location of Head Office] | 2-7-1, Marunouchi, Chiyoda-ku, Tokyo, Japan |
| [Phone No.] | 03-3240-1111 (main) |
| [Contact for Communications] | Zenta Morokawa,<br>Chief Manager of Corporate Administration Division |
| [Nearest Contact] | 2-7-1, Marunouchi, Chiyoda-ku, Tokyo, Japan |
| [Phone No.] | 03-3240-1111 (main) |
| [Contact for Communications] | Zenta Morokawa,<br>Chief Manager of Corporate Administration Division |
| [Place Available for Public Inspection] | Available only at the Head Office |

## I. Overview of the Company

### 1. Key Financial Data and Trends

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

(Millions of yen, unless otherwise stated)

| | Fiscal 2014<br>From April 1, 2014 to March 31, 2015 | Fiscal 2015<br>From April 1, 2015 to March 31, 2016 | Fiscal 2016<br>From April 1, 2016 to March 31, 2017 | Fiscal 2017<br>From April 1, 2017 to March 31, 2018 | Fiscal 2018<br>From April 1, 2018 to March 31, 2019 |
|---|---|---|---|---|---|
| Consolidated ordinary income | 4,028,944 | 4,033,796 | 4,237,395 | 4,277,820 | 4,863,987 |
| Consolidated ordinary profit | 1,221,200 | 1,083,701 | 992,055 | 901,550 | 851,241 |
| Net income attributable to the shareholders of MUFG Bank | 731,622 | 685,835 | 689,929 | 575,260 | 612,437 |
| Consolidated comprehensive income | 2,622,793 | 453,557 | 266,086 | 859,875 | 487,183 |
| Consolidated total equity | 13,201,844 | 13,118,288 | 12,427,078 | 12,708,722 | 12,869,567 |
| Consolidated total assets | 219,313,264 | 222,797,387 | 229,108,371 | 239,228,925 | 253,312,157 |
| Total equity per share (yen) | 954.03 | 952.16 | 933.06 | 964.46 | 987.52 |
| Net income per common share (yen) | 59.24 | 55.53 | 55.86 | 46.57 | 49.58 |
| Diluted net income per common share (yen) | 59.23 | 55.53 | 55.86 | 46.57 | 49.58 |
| Capital ratio (%) | 5.37 | 5.27 | 5.02 | 4.97 | 4.81 |
| Consolidated return on equity (%) | 6.75 | 5.82 | 5.92 | 4.90 | 5.08 |
| Net cash provided by operating activities | 5,277,133 | 1,561,471 | 6,376,655 | 10,425,832 | 10,615,956 |
| Net cash provided by (used in) investing activities | 7,237,326 | 2,580,849 | 6,512,818 | (1,324,719) | (7,878,185) |
| Net cash used in financing activities | (1,061,490) | (82,996) | (721,099) | (271,096) | (65,856) |
| Cash and cash equivalents at end of period | 33,673,932 | 37,163,259 | 49,105,070 | 57,688,651 | 60,389,520 |
| Number of employees<br>[Besides the above, average number of temporary employees] | 79,146<br>[23,000] | 80,088<br>[22,800] | 84,025<br>[22,500] | 86,058<br>[22,100] | 87,876<br>[21,800] |

(Notes)
1. National and local consumption taxes of MUFG Bank, Ltd. (hereinafter referred to as the "Bank") and its domestic consolidated subsidiaries are accounted for using the tax-excluded method.
2. Capital ratio is calculated by dividing ("total equity at the end of fiscal year" - "subscription rights to shares at the end of fiscal year" - "noncontrolling interests at the end of fiscal year") by "total assets at the end of fiscal year."
3. Consolidated price earnings ratio is not available as shares of the Bank are unlisted.
4. The average number of temporary employees includes contractors and figures are rounded to the nearest hundred. The number of contractors counted as temporary employees during fiscal 2014 was 5,400, during fiscal 2015 was 5,500, during fiscal 2016 was 5,500, during fiscal 2017 was 5,400 and during fiscal 2018 was 4,800.
5. From the year ended March 31, 2019, the Bank has changed the definition of cash and cash equivalents in the consolidated statements of cash flows and the key financial data have been restated.

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

(Millions of yen, unless otherwise stated)

| Fiscal period | 10th Term | 11th Term | 12th Term | 13th Term | 14th Term |
|---|---|---|---|---|---|
| Period of account | March 2015 | March 2016 | March 2017 | March 2018 | March 2019 |
| Ordinary income | 2,856,450 | 2,925,593 | 3,072,712 | 3,067,560 | 3,568,249 |
| Ordinary profit | 902,632 | 863,736 | 632,205 | 637,091 | 624,464 |
| Net income | 571,778 | 586,066 | 481,455 | 437,710 | 663,215 |
| Capital stock | 1,711,958 | 1,711,958 | 1,711,958 | 1,711,958 | 1,711,958 |
| Total number of shares issued (thousands of shares) | Common stock 12,350,038<br>1st series Class 2 preferred stock 100,000<br>1st series Class 4 preferred stock 79,700<br>1st series Class 6 preferred stock 1,000<br>1st series Class 7 preferred stock 177,000 | Common stock 12,350,038<br>1st series Class 2 preferred stock 100,000<br>1st series Class 4 preferred stock 79,700<br>1st series Class 6 preferred stock 1,000<br>1st series Class 7 preferred stock 177,000 | Common stock 12,350,038<br>1st series Class 2 preferred stock 100,000<br>1st series Class 4 preferred stock 79,700<br>1st series Class 6 preferred stock 1,000<br>1st series Class 7 preferred stock 177,000 | Common stock 12,350,038<br>1st series Class 2 preferred stock 100,000<br>1st series Class 4 preferred stock 79,700<br>1st series Class 6 preferred stock 1,000<br>1st series Class 7 preferred stock 177,000 | Common stock 12,350,038<br>1st series Class 2 preferred stock 100,000<br>1st series Class 4 preferred stock 79,700<br>1st series Class 6 preferred stock 1,000<br>1st series Class 7 preferred stock 177,000 |
| Total equity | 10,488,611 | 10,627,781 | 10,231,499 | 10,420,190 | 10,913,954 |
| Total assets | 194,652,431 | 200,261,895 | 204,190,574 | 212,246,573 | 225,596,992 |
| Balance of deposits | 124,590,909 | 131,986,582 | 139,164,104 | 145,492,629 | 152,870,674 |
| Balance of loans and bills discounted | 82,740,384 | 86,691,727 | 81,394,063 | 79,213,244 | 87,877,986 |
| Balance of securities | 52,873,408 | 48,913,432 | 42,235,515 | 43,375,328 | 48,739,675 |
| Total equity per share (yen) | 849.27 | 860.54 | 828.45 | 843.73 | 883.71 |
| Dividends per share (yen)<br>[Of the above, interim dividends per share (yen)] | Common stock<br>32.57<br>[13.18] | Common stock<br>30.00<br>[7.80] | Common stock<br>35.66<br>[8.13] | Common stock<br>31.92<br>[12.12] | Common stock<br>8.51<br>[–] |
| Net income per common share (yen) | 46.29 | 47.45 | 38.98 | 35.44 | 53.70 |
| Diluted net income per common share (yen) | – | – | – | – | – |
| Capital ratio (%) | 5.38 | 5.30 | 5.01 | 4.90 | 4.83 |
| Return on equity (%) | 5.86 | 5.55 | 4.61 | 4.23 | 6.21 |
| Dividend payout ratio (%) | 70.34 | 63.21 | 91.47 | 90.06 | 15.84 |
| Number of employees<br>[Besides the above, average number of temporary employees] | 35,214<br>[12,486] | 34,865<br>[12,399] | 34,276<br>[12,407] | 34,101<br>[11,996] | 33,524<br>[11,742] |

(Notes)
1. National and local consumption taxes are accounted for using the tax-excluded method.
2. Diluted net income per common share is not stated due to the absence of residual securities.
3. Dividends per share for the 10th, the 11th Term, the 12th Term, the 13th Term and the 14th Term include the special dividends of ¥6.27, ¥13.64, ¥19.87, ¥13.64 and ¥4.28, respectively.
4. The Bank paid dividends in kind in 11th Term, 13th Term and 14th Term but these dividends are not included in

the dividends per share and dividend payout ratio.

5. Capital ratio is calculated by dividing (“total equity at the end of fiscal year” - “subscription rights to shares at the end of fiscal year”) by “total assets at the end of fiscal year.”
6. Price earnings ratio is not available as shares of the Bank are unlisted.
7. Dividend payout ratio is calculated by dividing the total dividends on common stock by net income after the deduction of the total dividends on preferred stock.
8. The number of employees excludes employees loaned to other companies but includes employees loaned to the Bank and locally hired overseas staff members.
9. The average number of temporary employees includes contractors. The number of contractors counted as temporary employees during the 10th Term was 2,839, during the 11th Term was 2,814, during the 12th Term was 2,800, during the 13th Term was 2,744 and during the 14th Term was 2,263.
10. Total shareholder return is not available as shares of the Bank are unlisted.
11. The highest and lowest share prices by fiscal year are not available as shares of the Bank are unlisted.

**2. History**

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

### 3. Business Outline

Under its parent company, Mitsubishi UFJ Financial Group, Inc., the Group (MUFG Bank, Ltd. and its subsidiaries and affiliates) comprises the Bank, 127 consolidated subsidiaries, and 44 equity method investees, and is engaged in banking and other financial services (including leasing).

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

Positions of main subsidiaries and affiliates in relation to each business unit are illustrated in the following organizational chart. From the current fiscal year, the Bank has changed its classification of reportable segments. Classification of businesses in this chart corresponds to the reportable segments in "Notes to Consolidated Financial Statements" of "V. Financial Information."

| | | |
|---|---|---|
| Retail & Commercial Banking Business Unit | : | Providing financial services to Japanese individual and small to medium sized corporate customers |
| Japanese Corporate & Investment Banking Business Unit | : | Providing financial services to major Japanese corporate customers |
| Global Corporate & Investment Banking Business Unit | : | Providing financial services to major non-Japanese corporations |
| Global Commercial Banking Business Unit | : | Providing financial services to individual and small to medium sized corporate customers of overseas commercial bank investees of the Group |
| Global Markets Business Unit | : | Providing services relating to foreign currency exchange, funds and investment securities to customers, as well as conducting market transactions and managing liquidity and cash for the Group |
| Other units | : | Other than the businesses mentioned above |

(As of March 31, 2019)

**Mitsubishi UFJ Financial Group, Inc. (Parent Company)**

*consolidated subsidiaries, ** equity method investees

| | Reportable segments (*1) | | | | | |
|---|---|---|---|---|---|---|
| | Retail & Commercial Banking | Japanese Corporate & Investment Banking | Global Corporate & Investment Banking | Global Commercial Banking | Global Markets | Other |
| **MUFG Bank, Ltd.** | | | | | | |
| **JACCS CO., LTD. | ● | | | | | |
| **Jibun Bank Corporation | ● | | | | | |
| **JALCARD, INC. | ● | | | | | |
| **The Chukyo Bank, Limited | | | | | | ● |
| * MUFG Americas Holdings Corporation | | | ● | ● | | |
| * Banco MUFG Brasil S.A. | | ● | ● | | ● | ● |
| * MUFG Bank Mexico, S.A. | | ● | ● | | ● | ● |
| * AO MUFG Bank (Eurasia) | | ● | ● | | ● | ● |
| * MUFG Bank (Europe) N.V. | | ● | ● | | ● | ● |
| * MUFG Bank Turkey Anonim Sirketi | | ● | ● | | ● | ● |
| * Bank of Ayudhya Public Company Limited | | | ● | | ● | ● |
| * MUFG Bank (China), Ltd. | | ● | ● | | ● | ● |
| **Vietnam Joint Stock Commercial Bank for Industry and Trade | | | ● | | | |
| **PT Bank Danamon Indonesia, Tbk. (*2) | | | ● | | | |
| **Security Bank Corporation | | | ● | | | |

Mitsubishi UFJ Trust and Banking Corporation (*3)

Mitsubishi UFJ Securities Holdings Co., Ltd. (*3)

Mitsubishi UFJ NICOS Co., Ltd. (*3)

Mitsubishi UFJ Lease & Finance Company Limited (*3)

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

*2. PT Bank Danamon Indonesia, Tbk. was changed from an equity method investee to a consolidated subsidiary due to acquisition of its shares as of April 29, 2019.

*3. Mitsubishi UFJ Trust and Banking Corporation, Mitsubishi UFJ Securities Holdings Co., Ltd., Mitsubishi UFJ NICOS Co., Ltd., and Mitsubishi UFJ Lease & Finance Company Limited are the MUFG Group's major subsidiaries and affiliates.

## 4. Information on Subsidiaries and Affiliates

(Parent company)

| Company name | Address | Ratio of voting rights holding (held) (%) |
|---|---|---|
| Mitsubishi UFJ Financial Group, Inc. | Chiyoda-ku, Tokyo | 100.0 |

(Consolidated subsidiaries)

| Company name | Address | Ratio of voting rights holding (held) (%) |
|---|---|---|
| Japan Electronic Monetary Claim Organization | Chiyoda-ku, Tokyo | 100.0 |
| The Mitsubishi UFJ Factors Limited | Chiyoda-ku, Tokyo | 100.0 |
| Mitsubishi UFJ Research and Consulting Co., Ltd. | Minato-ku, Tokyo | 44.9<br>(9.5) |
| MU Frontier Servicer Co., Ltd. | Nakano-ku, Tokyo | 96.4 |
| Mitsubishi UFJ Personal Financial Advisers Co., Ltd. | Chuo-ku, Tokyo | 47.3 |
| TOKYO CREDIT SERVICES, LIMITED | Chiyoda-ku, Tokyo | 47.5<br>(21.5) |
| Mitsubishi UFJ Financial Partners Co., Ltd. | Minato-ku, Tokyo | 100.0 |
| MU Business Engineering, Ltd. | Chuo-ku, Tokyo | 100.0 |
| MUFG Americas Holdings Corporation | New York, New York,<br>the United States | 95.1 |
| Banco MUFG Brasil S.A. | Sao Paulo, Sao Paulo,<br>Federative Republic of Brazil | 99.6 |
| MUFG Bank Mexico, S.A. | Mexico City,<br>United Mexican States | 100.0<br>(0.1) |
| AO MUFG Bank (Eurasia) | Moscow,<br>the Russian Federation | 100.0 |
| MUFG Bank (Europe) N.V. | Amsterdam,<br>Kingdom of the Netherlands | 100.0 |
| MUFG Bank Turkey Anonim Sirketi | Istanbul,<br>Republic of Turkey | 99.9 |
| Bank of Ayudhya Public Company Limited | Bangkok,<br>Kingdom of Thailand | 76.8 |
| MUFG Bank (China), Ltd. | Shanghai,<br>People’s Republic of China | 100.0 |
| MUFG Bank (Malaysia) Berhad | Kuala Lumpur,<br>Malaysia | 100.0 |
| PT U Finance Indonesia | Jakarta,<br>Republic of Indonesia | 84.6 |
| MUFG Participation (Thailand) Co., Ltd. | Bangkok,<br>Kingdom of Thailand | 12.2<br>(2.2)<br>[57.3] |
| BTMU Preferred Capital 9 Limited | Grand Cayman,<br>The Cayman Islands | 100.0 |
| 107 Other companies | | |

(Equity method investees)

| Company name | Address | Ratio of voting rights holding (held) (%) |
|---|---|---|
| JACCS CO., LTD. | Hakodate City, Hokkaido | 20.3 |
| Jibun Bank Corporation | Chuo-ku, Tokyo | 50.0 |
| Mitsubishi UFJ Capital Co., Ltd. | Chuo-ku, Tokyo | 27.8<br>(5.2) |
| The Mitsubishi Asset Brains Company, Limited | Minato-ku, Tokyo | 25.0 |
| JALCARD, INC. | Shinagawa-ku, Tokyo | 49.3 |
| BOT Lease Co., LTD. | Chuo-ku, Tokyo | 17.5<br>(12.5) |
| The Chukyo Bank, Limited | Naka-ku, Nagoya City | 39.6<br>(0.0) |
| Nippon Mutual Housing Loan Co., Ltd. | Taito-ku, Tokyo | 4.7<br>[37.6] |
| Vietnam Joint Stock Commercial Bank for Industry and Trade | Hanoi,<br>the Socialist Republic of Vietnam | 19.7 |
| PT Bank Danamon Indonesia, Tbk. | Jakarta,<br>Republic of Indonesia | 40.0<br>(1.0) |
| Security Bank Corporation | Makati,<br>Republic of the Philippines | 20.0 |
| Bangkok MUFG Limited | Bangkok,<br>Kingdom of Thailand | 20.0<br>(10.0) |
| MUFG Holding (Thailand) Co., Ltd. | Bangkok,<br>Kingdom of Thailand | 11.1<br>[29.8] |
| 31 Other companies | | |

(Notes)
1. Of the above affiliates, Bank of Ayudhya Public Company Limited and BTMU Preferred Capital 9 Limited are classified as Specified Subsidiaries.
2. Of the above affiliates, Mitsubishi UFJ Financial Group, Inc., JACCS CO., LTD. and The Chukyo Bank, Limited submit annual securities reports or securities registration statements.
3. Of the above affiliates, the ordinary income of MUFG Americas Holdings Corporation (excluding intercompany transactions between consolidated companies) represents more than 10% of the ordinary income in the consolidated financial statements.
   The ordinary income, ordinary profit, net income, total equity and total assets of MUFG Americas Holdings Corporation are ¥690,922 million, ¥113,175 million, ¥111,276 million, ¥1,533,230 million and ¥19,004,761 million, respectively.
   As for key information concerning the profit or loss of MUFG Americas Holdings Corporation, its consolidated figures including those of its subsidiaries rather than non-consolidated figures are presented.
4. ( ) in the “Ratio of voting rights holding (held)” column refers to indirect ownership via subsidiaries, while [ ] indicates the ratio of ownership by “persons who are found to exercise their voting rights in the same manner as the Company due to having a close relationship with the Company in terms of contribution, personnel affairs, funds, technology, transactions or other matters” or “persons who agree to exercise their voting rights in the same manner as the Company.”
5. PT Bank Danamon Indonesia, Tbk. was changed from an equity method investee to a consolidated subsidiary due to acquisition of its shares as of April 29, 2019.

**5. Employees**

(1) Number of employees in consolidated companies

As of March 31, 2019

| | Retail & Commercial Banking Business Unit | Japanese Corporate & Investment Banking Business Unit | Global Corporate & Investment Banking Business Unit | Global Commercial Banking Business Unit | Global Markets Business Unit | Other units | Total |
|---|---|---|---|---|---|---|---|
| Number of employees | 23,136<br>[9,800] | 3,910<br>[400] | 1,982<br>[400] | 35,065<br>[3,000] | 1,197<br>[0] | 22,586<br>[8,300] | 87,876<br>[21,800] |

(Notes)
1. Number of employees includes locally hired overseas staff members, but excludes 3,759 contract employees and 20,900 temporary employees.
2. Numbers within brackets indicate average number of temporary employees for the current fiscal year.
3. Number of temporary employees includes contractors and is rounded to the nearest hundred.
4. Number of contractors counted as temporary employees was 4,700 at the end of the current fiscal year while 4,800 on average over the year (numbers are rounded to the nearest hundred).

(2) Employees of the Bank

As of March 31, 2019

| Number of employees | Average age (Years) | Average years of service (Years) | Average annual salary (Thousands of yen) |
|---|---|---|---|
| 33,524<br>[11,742] | 38.1 | 14.6 | 7,715 |

| | Retail & Commercial Banking Business Unit | Japanese Corporate & Investment Banking Business Unit | Global Corporate & Investment Banking Business Unit | Global Commercial Banking Business Unit | Global Markets Business Unit | Other units | Total |
|---|---|---|---|---|---|---|---|
| Number of employees | 20,532<br>[8,969] | 3,096<br>[379] | 1,191<br>[381] | 2<br>[0] | 1,065<br>[26] | 7,638<br>[1,987] | 33,524<br>[11,742] |

(Notes)
1. Number of employees excludes employees loaned to other companies but includes employees loaned to the Bank, while it includes locally hired overseas staff members, but excludes 1,562 contract employees and 11,119 temporary employees.
2. Number of employees excludes 108 Executive Officers (15 of whom serving as Directors concurrently).
3. Numbers within brackets indicate average number of temporary employees for the current fiscal year.
4. Number of temporary employees includes contractors. Number of contractors was 2,231 at the end of the current fiscal year and 2,263 on average over the year.
5. Average age, average years of service and average annual salary reflect neither locally hired overseas staff members nor employees loaned to the Bank.
6. Average annual salary includes bonus and extra wages.
7. Employees union of the Bank is called The MUFG Bank Union with the membership of 31,224.
   No significant issues exist between the union and the management.

## II. Business Overview

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

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

(1) Management policy

The MUFG Group has established the following corporate vision to clarify the Group's mission and what it aims to be, and to provide common guidelines for a Group-wide response to the expectations of customers and society. The Bank's officers and employees share the three values of "Integrity and Responsibility," "Professionalism and Teamwork," and "Challenge Ourselves to Grow," as we pursue our vision to "Be the world's most trusted financial group."

(Corporate vision)

| OUR MISSION |
|---|
| To be a foundation of strength, committed to meeting the needs of our customers, serving society, and fostering shared and sustainable growth for a better world. |

| OUR VISION |
|---|
| Be the world's most trusted financial group |
| 1. Work together to exceed the expectations of our customers |
| 2. Provide reliable and constant support to our customers |
| 3. Expand and strengthen our global presence |

| OUR VALUES |
|---|
| 1. Integrity and Responsibility 2. Professionalism and Teamwork 3. Challenge Ourselves to Grow |

Amid major changes in the business environment such as the decreasing population and prolonged ultra-low interest-rate environment, as well as rapidly progressing digital technology-fueled transformations in Japan, the MUFG Group publicly announced the outline of its "MUFG Re-Imagining Strategy" in May 2017 aimed at reform for sustainable growth, and started its new Medium-term Business Plan including specific initiatives to realize the plan in fiscal 2018.

Under the Medium-term Business Plan, we have set out the "Eleven Transformation Initiatives" as key measures that share the following features: 1) enabling MUFG to demonstrate its core competencies, 2) domains with high growth potential, and 3) functions that support these areas. Each legal entity of the MUFG Group, business groups and the Corporate Center will work as one to push forward with these initiatives.

(2) Business environment

An overview of the financial and economic environment for the current fiscal year reveals the global economy remained solid on the whole, supported by a robust labor market and wage situation, particularly in developed countries. Nevertheless, there was an increased sense that the global economy was decelerating during the latter half of the fiscal year. This was mainly due to a marked slowdown in economic activities, such as production and trade, and was exacerbated by a rise in uncertainty caused by the U.S.-China trade friction and other government policies. The U.S. economy remained firm on the back of a favorable labor market and wage situation, but there were several sources of disruption: friction with China over trade and a government shutdown due to conflict between the ruling and opposition parties. In China, there was a clear economic slowdown caused by an increase in pressure from structural adjustments, such as deleveraging, as well as downward pressure from exports owing to tariff hikes by the U.S. This slowing of the Chinese economy acted as a weight on the exports and production of other Asian regions such as ASEAN (Association of Southeast Asian Nations) and NIEs (Newly Industrialized Economies), as well as Europe, where there was also uncertainty on the political front from UK departing the EU and other issues. Meanwhile, Japan's economy was also affected by a deceleration in external demand, as well as record-high summer temperatures and a series of natural disasters. During the latter half of the fiscal year, there was an emerging sense that the Japanese economy is plateauing, yet solid corporate and household incomes continued to support investment and consumption.

As for the financial situation during the first half of the fiscal year, the Japanese yen followed a gradual trend of depreciation against the U.S. dollar and stock prices were robust. However, as uncertainty about the future of the global economy rose, the yen appreciated and there was a significant fall in stock prices towards the end of the calendar year. The U.S. and EU made steady progress with their large-scale monetary easing exit strategies; the U.S. raised interest rates three times (June, September, December) and the European Central Bank ended its asset purchasing program. However, since the start of the calendar year, central banks have revised their exit strategies due to the economic slowdown and downward pressure on interest rates has risen. In Japan, the Bank of Japan introduced its monetary policy, "Strengthening the Framework for Continuous Powerful Monetary Easing" in July. While there has been a slight increase in the size of fluctuations in long-term interest rates, they have remained at low levels on the whole as the Bank of Japan maintains its aforementioned policy framework which will increase the longevity of its powerful monetary easing.

(3) Issues to be Addressed

Based on the Medium-term Business Plan, we aim to deliver the best value to all stakeholders through "simple, speedy and transparent group-integrated operations." We will move from "group collaboration" and "group-driven management" to "group-based, integrated management" to foster business transformation. We will work to further reinforce the functions assumed by each company, strengthen the functionality of products and services and increase the capacity to provide solutions.

We believe that by making full use of management resources, much of the business transformation process can be accomplished in the first half of the new Medium-term Business Plan. During this three-year period, we seek to lay a solid foundation for a new future-oriented business platform. By the third year, we hope to realize a tangible sense of success. From there, we seek to establish a new business growth model within six years (the end of the next Medium-term Business Plan).

The MUFG Group's Vision ～ Our Corporate Vision Beyond "Re-Imagining" Initiative

We aim to deliver the best value to all stakeholders through simple, speedy and transparent* group-integrated operations. Also, we will contribute to the realization of sustainable growth and a better society by promoting solution-oriented business.

(1) Engage in the needs and issues of customers and society, and provide optimized solutions.
(2) Redefine ideal legal entities and the group, and develop a sustainable business model unique to MUFG.
(3) Provide a workplace where each employee can realize his or her talent development.
(4) Based on the results achieved above, respond to shareholders' expectations and enhance a reliable relationship with them.

* Transparent: universal, barrier-free open personnel communications between legal entities, and between company branches and the Head Office, regardless of title and position. It also implies an understanding of the Group's corporate vision.

In fiscal 2019, the second year of the Medium-term Business Plan, we will continue to steadily implement the Group's key measures centered on the "Eleven Transformation Initiatives," while responding flexibly to changes in the business environment. We will also enhance our practical skills and ability to get things done, and speed up reform by appropriately dealing with issues that arise in the process of carrying out these initiatives. Meanwhile, it is important to strengthen our systems for managing various risks as we advance our global business development. In light of the FATF Fourth Round of Mutual Evaluation of Japan planned for this year, we will further enhance compliance management by reinforcing measures to deal with financial crime and working to ensure compliance with regulations in various countries, while striving to make the Code of Conduct even more thoroughly known and practiced.

(Group's priority strategies)

Each legal entity of the MUFG Group, business groups and the Corporate Center will promote the Group's key measures centered on the "Eleven Transformation Initiatives" together, with the goal of boosting net operating profits by approximately ¥250.0 billion.

[Eleven Transformation Initiatives]


*1 Abbreviation for Business Process Re-engineering, a radical restructuring of all existing businesses, including business details and flows.
*2 A business model under which relationship managers (RMs who are in charge of a specific customer) and product offices (POs which plan, develop and provide products and services) offer advanced services through mutual cooperation.
*3 Abbreviation for Corporate and Investment Banking. This business consists of traditional corporate banking (e.g. deposits and loans) and investment banking (e.g. capital markets and M&A), and provides sophisticated financial services.

We commit to steadily improving our business model to satisfy all stakeholders -- customers and employees -- while maintaining a strong business base in Japan and tapping into global growth.

(4) Financial Targets

The Bank's parent company, Mitsubishi UFJ Financial Group, has set a medium- to long-term financial targets, along with fiscal 2020 targets, as follows:

| | FY2017 results | FY2020 targets | Mid-to long-term targets |
|---|---|---|---|
| ROE | 7.53% | Approx. 7% - 8% | 9% - 10% |
| Expense ratio | 68.0% | Below FY2017 results | Approx. 60% |
| CET1 ratio (Finalized Basel III reforms basis* ) | 11.7% | Approx. 11% | |

* Estimated CET1 ratio reflecting the RWA increase calculated on the finalized Basel III reforms basis

## 2. Risks Related to Business

The Bank has described below the major matters that the Bank believes may have a material impact on investors' decision with respect to risks to its business, as well as other risks. In addition, to proactively disclose information to investors, the Bank has described matters that do not necessarily correspond to such risk factors, but that the Bank believes are material to investors in making an investment decision. The Bank will, with the understanding that these risks may occur, endeavor to avoid the occurrence of such risks and to address such risks if they occur.

This section contains forward-looking statements, which unless specifically described otherwise, reflect the Bank's understanding as of the date of filing of this Annual Securities Report.

(1) Risks relating to the Bank's equity portfolio

The Bank holds large amounts of marketable equity securities, including those held for strategic investment purposes. If stock prices decline due to factors, such as the acceleration of the trend toward further reduction of risk assets on a global basis, changes in governmental monetary and economic policies, and other general economic trends, as well as deterioration of operating results of its investees, its portfolio of equity securities will incur impairment losses or valuation losses, which will adversely affect its financial condition and results of operations and may also decrease its capital ratios and other indicators.

(2) Risks relating to the Bank's lending business

1) Status of the Bank's problem loans and credit costs

The Bank's problem loans and credit costs may increase in the future due to deterioration of domestic and foreign economies, fluctuations in oil and other commodity prices, declines in real estate and stock prices, changes in the financial condition of its borrowers or in the global economic environment and other factors, which, as a result, may adversely affect its financial condition and results of operations and may result in a decrease in its capital ratios.

2) Status of the Bank's allowance for credit losses

The Bank's allowance for credit losses is based on assumptions and estimates of the condition of borrowers, the value of the collateral provided and the economy as a whole. The Bank's actual loan losses may be different from the assumptions and estimates made at the time of the provision for credit losses, causing its actual loan losses to be significantly larger than its allowance. This may result in situations where the Bank's allowance is insufficient. In addition, because of a deterioration of the economy in general, the Bank may be required to change the assumptions and estimates that it initially made. The Bank may also need to increase its provision for credit losses due to a decrease in the value of collateral or other unforeseen reasons.

3) Status of troubled borrowers

The Bank has borrowers that are experiencing financial difficulties. Some of these borrowers are rehabilitating their businesses through legal proceedings or voluntary restructurings (e.g., Turnaround ADR (alternative dispute resolution)) that include debt forgiveness.

This has adversely affected the Bank's problem loan issue. If the borrowers are not successful in their rehabilitation because of the deterioration in the economy, heightened competition in the borrowers' industry or the termination of or decrease in support provided by other creditors, they may become distressed again. If the financial distress that these borrowers face or other problems continue or expand or the Bank is required to forgive its debt, its credit costs will increase and this may adversely affect its problem loan issue.

4) The Bank's response to borrowers

Even if a borrower defaults, based on the efficiency and effectiveness of collecting on loans and other factors, the Bank may not exercise all of its legal rights as a creditor against the borrower.

In addition, if the Bank determines that it is reasonable, it may forgive debt or provide additional loans or equity capital to support borrowers. If such support is provided, the Bank's outstanding loans would increase significantly, the Bank's credit costs may increase and the stock price of the additional equity purchased may decline.

5) Difficulty in exercising the Bank' rights with respect to collateral

Because of the illiquidity and decreases in prices in the real estate market and the decreases in prices of securities, the Bank may not be able to monetize the real estate and securities that it hold as collateral or enforce the Bank's rights on these assets as a practical matter.

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

When the Bank makes loans and other extensions of credit, the Bank seeks to diversify its portfolio to avoid any concentration of exposure to a particular industry or counterparty. However, the Bank's credit exposures to the energy and real estate industries are relatively high in comparison to other industries. While the Bank continues to monitor and respond to changes in circumstances and other developments relating to particular industries and individual counterparties, their credit quality may deteriorate to an extent greater than expected due to changes in economic conditions in Japan and other countries and fluctuations in oil and other commodity prices and real estate prices. As a result, the Bank's credit costs may increase, adversely affecting the Bank's financial condition and results of operations.

7) Other factors that could affect the Bank's problem loan issues

i) If interest rates rise in the future, the resulting decrease in the price of the bonds the Bank holds, including Japanese government bonds, change in the Bank's credit spread or increase in problem loans to borrowers that cannot bear the increase in interest payments may adversely affect its financial condition and results of operations.

ii) Significant fluctuations in foreign exchange rates could result in increases in costs, decreases in sales, valuation losses on foreign exchange derivatives (such as currency options) and other adverse financial consequences affecting the Bank's borrowers' results of operations, as well as borrowers losing financial resources to settle such derivative transactions. In such cases, the Bank's problem loans could increase, which could adversely affect the Bank's financial condition and results of operations.

iii) If the Bank's problem loans increase, mainly from borrowers facing increases in costs, including purchasing and transporting costs due to increases in raw material prices like oil and steel, who cannot add these additional costs to their final sales price, or from borrowers whose results of operations are negatively impacted by declining oil and other commodity prices, this may adversely affect the Bank's financial condition and results of operations.

iv) Declining asset quality and other financial problems may still continue to exist at some domestic and overseas financial institutions, including banks, non-bank lending and credit institutions, securities companies and insurance companies, and these problems may worsen or these problems may arise again as new issues. If the financial difficulties of these financial institutions continue, worsen or arise, this may lead to liquidity and solvency problems for them and may adversely affect the Bank for the following reasons:

- the Bank is extending credit to some financial institutions;
- the Bank is a shareholder of some financial institutions;
- the Bank may be requested to participate in providing support to failing financial institutions;
- financial institutions that face problems may terminate or reduce financial support to borrowers. As a result, it may cause these borrowers to become distressed or the Bank's problem loans to these borrowers to increase;
- if the government elects to provide regulatory, tax, funding or other benefits to financial institutions that the government controls to strengthen their capital, increase their profitability or for other purposes, it may adversely affect the Bank's competitiveness against them;
- the Bank's deposit insurance premiums may rise if deposit insurance funds prove to be inadequate;
- bankruptcies or government control of financial institutions may generally undermine the confidence of depositors in, or adversely affect the overall environment for, financial institutions; and
- negative or adverse media coverage of the banking industry, regardless of its accuracy and applicability to the Bank, may harm the Bank's reputation and market confidence.

(3) Risks relating to the Bank's financial markets operations

The Bank undertakes extensive financial market operations involving a variety of financial instruments, including derivatives, and hold large volumes of such financial instruments. As a result, the Bank's 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 in and outside of Japan, foreign currency exchange rates and securities prices. For example, an increase in interest rates in and outside of Japan may adversely affect the value of the Bank's fixed income securities portfolio. Specifically, interest rates of Japanese government bonds may hike due to such factors as a heightened market expectation for cessation or revision of the "quantitative and qualitative monetary easing with yield curve control" program in response to further progress in the anti-deflation measures in Japan and a decline in confidence in Japan's fiscal health and sovereign creditworthiness, or in the event that interest rates on U.S. Treasury securities increase due to such factors as changes in monetary policy in the United States. If interest rates in and outside of Japan rise for these or other reasons, the Bank may incur significant losses on sales of, and valuation losses on, the Bank's government bond portfolio. In addition, an appreciation of the Japanese yen will cause the value of the Bank's foreign currency-denominated investments on the Bank's financial statements to decline and may cause the Bank to recognize losses on sales or valuation losses. The Bank manages market risk, which is the risk of incurring losses due to various market changes including interest rates in and outside of Japan, foreign currency exchange rates and securities prices, by separating market risk into "general market risk" and "specific risk". General market risk is the risk of incurring losses due to changes in overall markets, while specific risk is the risk of incurring losses due to changes in the prices of individual financial instruments, including stocks and bonds, which fluctuate separately from changes in the overall direction of the market. To measure these risks, the Bank uses a method that statistically estimates how much the market value of its portfolio may decline over a fixed period of time in the future based on past market changes, and the Bank considers the sum of its general market risk and specific risk calculated by this method as its market risk exposure. However, because of its inherent nature, the Bank's market risk exposure calculated in this manner cannot always reflect the actual risk that the Bank faces and the Bank may realize actual losses that are greater than its estimated market risk exposure.

In addition, if the "quantitative and qualitative monetary easing with yield curve control" program is maintained in Japan for an extended period, or if the negative interest rate is lowered from the current level, market rates may decline further, and the yield on the Japanese government bonds and other financial instruments that the Bank holds may also decline. Furthermore, if the yield curve in the United States flattens primarily due to the concern in the market about the economic outlook, net interest income of the Bank may decrease.

Furthermore, the Bank may voluntarily modify, or may be required by changes in accounting rules or otherwise to modify, the valuation method and other accounting treatment the Bank applies to the financial instruments it hold in connection with its markets operations. In such case, the Bank's results of operations may be adversely affected.

(4) Risks relating to foreign exchange rate

The Bank's business operations are impacted by fluctuations in the foreign currency exchange rate. If foreign exchange rates fluctuate against the Japanese yen, the Japanese yen translation amounts of assets and liabilities of MUFG Americas Holdings Corporation ("MUFG Americas Holdings") (including its bank subsidiary, MUFG Union Bank, N.A. ("MUB")), a major subsidiary of the Bank, and other overseas group companies of the Bank which are denominated in foreign currencies, will also fluctuate. In addition, some of the Bank's assets and liabilities are denominated in foreign currencies. To the extent that the Bank's foreign currency denominated assets and liabilities are not matched in the same currency or appropriately hedged, fluctuations in foreign currency exchange rates against the Japanese yen may adversely affect the Bank's financial condition, including capital ratios, and results of operations.

(5) Risks relating to a deterioration of funding operations following a downgrade of the Bank's credit ratings

A downgrade of the Bank's credit ratings by one or more of the credit rating agencies may adversely affect the Bank's financial market operations and other aspects of its business. In the event of a downgrade of the Bank's credit ratings, the Bank may have to accept less favorable terms in its financial market transactions with counterparties or may be unable to enter into some transactions. A downgrade may also adversely affect the Bank's capital raising and funding activities. If the events described above occur, this will adversely affect the profitability of the Bank's financial market and other operations and adversely affect its financial condition and results of operations.

(6) Risks relating to failures to achieve the Bank's certain business plans or operating targets

The Bank has been implementing various business strategies on a global basis in order to strengthen its profitability. However, these strategies may not succeed or produce the results the Bank initially anticipated, or it may have to change these strategies and its financial condition and results of operations may be adversely affected because of various factors, including:

· the volume of loans made to highly rated borrowers does not increase as anticipated;
· the Bank's income from interest spreads on the existing loans does not improve as anticipated;

- the Bank's loan interest spread further narrows as a result of the "quantitative and qualitative monetary easing with yield curve control" program being maintained in Japan for an extended period or the negative interest rate being lowered from the current level;
- the increase in fee income that the Bank is aiming to achieve is not achieved as anticipated;
- the Bank's strategy to expand overseas operations is not achieved as anticipated;
- the Bank's provision of next generation financial services may not progress as intended, primarily due to the delay in the implementation of digitalization strategies;
- the Bank's strategy to improve financial and operational efficiencies does not proceed as anticipated;
- customers and business opportunities are lost, costs and expenses significantly exceeding the Bank's expectations are incurred, or the Bank's strategies to increase efficiency or system integration plans are not achieved as expected, because of delays in the ongoing or planned intra-group integration or reorganization of the Bank's operations; and
- the Bank's investees encounter financial and operational difficulties, they change their strategies, or they decide that the Bank is no longer an attractive alliance partner, and as a result, they no longer desire to be the Bank's partner or they terminate or scale down the alliance with it, or the alliance with an investee is terminated or scaled down due to deterioration in the Bank's financial condition.

(7) Risks accompanying the expansion of operations and the range of products and services

The Bank is expanding the range of its business operations, including those of its subsidiaries and affiliates, on a global basis to the extent permitted by applicable laws and regulations and other conditions. As the Bank expands the range of its business operations, it will be exposed to new and increasingly complex risks. There may be cases where the Bank's experience with the risks relating to such expanded business operations is non-existent or limited. With respect to operations that are subject to volatility in the business environment, while large profits can be expected on the one hand, there is a risk of incurring large losses on the other. With respect to such expanded business operations, if the Bank does not have appropriate internal control and risk management systems in place and also does not have sufficient capital commensurate with the associated risks, its financial condition and results of operations may be adversely affected. Furthermore, if the expansion of its business operations does not proceed as expected, or if the profitability of such business operations is adversely affected by intense competition, the Bank may not succeed in its efforts to expand its range of business operations.

(8) Risks relating to the exposures to emerging market countries

The Bank is active in countries in Asia, Latin America, Central and Eastern Europe, the Middle East and other emerging market countries through a network of branches and subsidiaries and is exposed to a variety of credit and market risks associated with these countries. For example, depreciation of local currencies in these countries may adversely affect the creditworthiness of some of its borrowers in these countries. The loans the Bank has made to borrowers in these countries are often denominated in U.S. dollars, Euro or other foreign currencies. These borrowers often do not hedge the loans to protect against fluctuations in the values of local currencies, and the depreciation of the local currency may make it difficult for borrowers to pay their debts to us and other lenders. In addition, some of these countries in which the Bank operates may attempt to support the value of their currencies by raising domestic interest rates. If this happens, the borrowers in these countries would have to devote more of their resources to repaying their domestic obligations, which may adversely affect their ability to repay their debts to the Bank and other foreign lenders. If these issues and related issues result in limited credit availability, it will adversely affect economic conditions in some countries and cause further deterioration of the credit quality of borrowers and banks in those countries, and as a result, it may cause the Bank to incur losses.

In addition, in each country and region, the Bank is exposed to risks specific to that country and region and risks that are common, including political and social instability, terrorism and other conflicts, which may cause the Bank to incur losses or suffer other adverse effects.

(9) Risks relating to MUFG Americas Holdings

Any adverse changes to the business or management of MUFG Americas Holdings, a U.S. banking subsidiary within our group, may negatively affect the Bank's financial condition and results of operations. Factors that may negatively affect MUFG Americas Holdings's financial condition and results of operations include adverse market conditions, including a downturn in the real estate and housing industries in the United States, particularly in California, substantial competition in the banking market in the United States, uncertainty over the U.S. economy, the threat of terrorist attacks, fluctuating prices of oil and other natural resources and additional credit costs incurred as a result of such fluctuations, drastic fluctuation in interest rates, restrictions due to U.S. financial regulations, losses from litigation, credit rating downgrades and declines in stock prices of the Bank's borrowers, bankruptcies of companies that may occur because of these factors and costs arising due to internal control weaknesses and an inadequate compliance system at MUFG Americas Holdings and its subsidiaries.

(10) Risks relating to Bank of Ayudhya Public Company Limited and PT Bank Danamon Indonesia, Tbk.

Any adverse changes to the business or management of Bank of Ayudhya Public Company Limited ("Bank of Ayudhya") and PT Bank Danamon Indonesia, Tbk. ("Bank Danamon"), two of the Bank's major subsidiaries overseas, may negatively affect its financial condition and results of operations. Factors that may negatively affect the financial condition and results of operations of Bank of Ayudhya and Bank Danamon include:

- adverse economic conditions, substantial competition in the banking industry, volatile political and social conditions, natural disasters including floods, terrorism and armed conflicts, restrictions under applicable financial systems and regulations, or significant fluctuations in interest rates, currency exchange rates, stock prices or commodity prices, in Southeast Asia, particularly in Thailand and Indonesia,
- the business performance of companies making investments in and entering into markets in the Southeast Asian region, as well as the conditions of economies, financial systems, laws and financial markets in the countries where such companies primarily operate,
- losses from legal proceedings involving Bank of Ayudhya or Bank Danamon,
- credit rating downgrades and declines in stock prices of borrowers of Bank of Ayudhya or Bank Danamon, and bankruptcies of borrowers of Bank of Ayudhya or Bank Danamon resulting from such factors,
- defaults on loans of Bank of Ayudhya or Bank Danamon to individuals, and
- costs incurred due to weaknesses in the internal controls and regulatory compliance systems of Bank of Ayudhya or Bank Danamon or any of their subsidiaries.

(11) Risks relating to the Bank's consumer lending business

The Bank has affiliates, etc. in the consumer finance industry as well as loans outstanding to consumer finance companies. The results of recent court cases, including the strict interpretation of the requirements for deemed payment, or "minashi bensai," have made a borrowers' claim for reimbursement of previously collected interest payments in excess of the limits stipulated by the Interest Rate Restriction Law easier, and as a result, there have been a significant number of such claims. In addition, beginning in December 2007, amendments to the Law Concerning Lending Business came into effect in phases, and in June 2010, amendments abolishing the deemed payment system and limiting the total amount that individuals can borrow, among others, became effective. At the same time, an amendment to the Law Concerning Acceptance of Investment, Cash, Deposit and Interest Rate, etc. became effective, reducing the maximum permissible interest rate under a loan agreement from 29.2% per annum to 20% per annum. The business environment for the consumer finance industry continues to require close monitoring as a large number of consumer finance companies, including major consumer finance companies, have failed. If the Bank's affiliates, etc. in the consumer finance industry are adversely affected by various factors including those described above, the Bank's financial condition and results of operations may be adversely affected. In addition, if the Bank's borrowers in the consumer finance industry are adversely affected by the factors described above, the Bank's loans to the consumer finance companies may be impaired.

(12) Risks relating to losses affected by a global economic downturn and the recurrence of a financial crisis

Although economic conditions in the United States remained stable, with domestic consumption being the primary driver of the economy, even after the cessation of the central bank's quantitative easing program, uncertainty still remains because of such factors as concerns over a shift to the protectionist trade policy in some countries and regions that may undermine the global free trade regime, and the prospect of negotiations on U.K.'s withdrawal from the EU. Other concerns are the slowing economic growth in China in the midst of a shift in the government's economic policy and the economic stagnation in emerging countries and commodity-exporting countries caused by China's economic slowdown, as well as the political turmoil in various regions around the world. If the economic environment deteriorates again, the Bank's investment and loan portfolios could be adversely affected. For example, declines in the market prices of the securities that the Bank owns may increase its losses. In addition, changes in the credit market environment may be a factor in causing the Bank's borrowers to experience financial problems or to default, which may result in an increase in problem loans and credit costs. Furthermore, trends such as a decline in the market prices of securities and credit crunch in the capital markets will deteriorate the creditworthiness of domestic and foreign financial institutions and cause them capital adequacy or liquidity problems, which may increase the number of these institutions being forced into bankruptcies or liquidation. If this happens, the Bank would incur losses with respect to transactions with these financial institutions and its financial condition and results of operations may be adversely affected. In addition, if any instability in the markets, because of another global financial crisis causing the global debt, equity and foreign currency exchange markets to fluctuate significantly, has a long term impact on the global economy, the adverse effect on the Bank may be more severe.

In addition, a substantial portion of the assets on the Bank's balance sheet are financial instruments that the Bank carries at fair value. Generally, Bank establishes the fair value of these instruments by relying on quoted market prices. If the value of these financial instruments declines, a corresponding impairment may be recognized in the Bank's statements of income. In the event of another global financial crisis or recession, there may be circumstances where quoted market prices of financial instruments have declined significantly or were not properly quoted. These significant fluctuations in the market or market malfunctions may have an adverse effect on the fair value of the Bank's financial instruments.

Furthermore, with respect to the accounting treatment of the fair value of financial instruments, if the treatment is amended in the future, it may adversely affect the fair value of the Bank's financial instruments.

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

As a major financial institution incorporated in Japan and operating in major international financial markets, the Bank's 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 and other political and social conflicts, abduction, health epidemics, and other disruptions caused by external events, which are beyond the Bank's control. As a consequence of such external events, the Bank may be required to incur significant costs and expenses for remedial measures or compensation to customers or transaction counterparties for resulting losses. The Bank may suffer loss of facility and human and other resources. The Bank may also suffer loss of business. In addition, such external events may have various other significant adverse effects, including deterioration in economic conditions, declines in the business performance of the Bank's borrowers and decreases in stock prices, which may result in an increase in problem loans and credit costs, or impairment or valuation losses on the financial instruments the Bank holds.

These effects could materially and adversely affect the Bank's business, operating results and financial condition.

As with other Japanese companies, the Bank is exposed to heightened risks of large-scale natural disasters, particularly earthquakes. In particular, a large-scale earthquake occurring in the Tokyo metropolitan area could result in market disruptions or significant damage to or losses of tangible or human assets relating to the Bank's business and counterparties because many of the Bank's important business functions and many of the major Japanese companies and financial markets are located in the area. In addition, such earthquake could cause longer-term economic slowdown and a downgrade of Japan's sovereign credit rating due to increases in government spending for disaster recovery measures.

The Bank's risk management policies and procedures may be insufficient to address the consequences of these external events, resulting in the Bank's inability to continue to operate a part or the whole of its business. In addition, the Bank's redundancy and backup measures may not be sufficient to avoid a material disruption in its operations, and the Bank's contingency and business continuity plans may not address all eventualities that may occur in the event of a material disruption caused by a large-scale natural disaster such as the March 2011 Great East Japan Earthquake, which led to tsunamis, soil liquefaction and fires, as well as electricity power supply shortages and electricity power conservation measures.

(14) Risks relating to the Bank's systems

The Bank's information and communications systems constitute a critical part of its business operations. The Bank relies on these systems to provide its customers with services through the Internet and ATMs and also as the core infrastructure for its business operations and accounting system. In addition to external factors such as wars (including serious political instability), terrorist activities, earthquakes, severe weather conditions, floods, health epidemics, and other natural disasters and events, human errors, equipment malfunctions, power loss, defects in services provided by communications service providers, and inadequate responses to new technology, systems and measures may also cause failures of, or flaws in, the information and communications systems, which may lead to errors and delays in transactions, information leakage and other adverse consequences. In addition, the Bank may be unable to enhance its financial transaction management systems as required under increasingly stricter regulations applicable to banks, or to complete the construction or upgrading of systems necessary for meeting market and regulatory requirements as scheduled due to such factors as the complexity of such construction or upgrading or other factors. Such failures and inability, if serious, could lead to the suspension of the Bank's business operations and financial losses such as those incurred in connection with compensation for damage caused by such suspension, subject the Bank to administrative sanctions, result in the Bank's incurring additional costs to deal with the consequences of these events, diminish confidence in the Bank, or harm its reputation, which could in turn adversely affect its business, financial condition and results of operations.

(15) Risks relating to cyber-attacks

The Bank's information and communications systems (including systems owned by third parties such as subcontractors) constitute a core infrastructure for its accounting and other business operations. Cyber-attacks, unauthorized access and computer viruses could cause disruptions to and malfunctions of such systems and result in unintended releases of information stored in the systems and other adverse consequences. Such consequences, if serious, could lead to the suspension of the Bank's business operations and financial losses such as those incurred in connection with compensation for damage caused by such suspension, undermine the Bank's confidence, or harm its reputation, subject the Bank to administrative sanctions, and result in the Bank's incurring additional costs to deal with the consequences. Measures to deal with cyber-attacks, unauthorized access, computer viruses and other risks, along with compliance with increasingly stringent relevant regulations could involve sizable costs as well as constraints on the Bank's business operations, which could, if materialized, in turn adversely affect its business, financial condition and results of operations.

(16) Risks relating to competitive pressures

Competition in the Japanese financial services industry has intensified as regional and other financial institutions are further integrating and reorganizing their operations, and U.S. and European financial institutions are regaining their competitiveness. Furthermore, development of AI, blockchain and other new technologies is accelerating the pace of entry of non-financial institutions into the financial services industry such as electronic payment. Thus, the Bank may face an increasingly competitive environment in the future. If the Bank is unable to compete effectively in the increasingly competitive business environment, its business, financial condition and results of operations may be adversely affected.

(17) Risks of receiving potential claims or sanctions regarding inappropriate or illegal practices or other conduct from the Bank's customers or regulatory authorities

The Bank conducts its business subject to ongoing regulations and associated compliance risks (including the effects of changes in laws, regulations, rules, policies and voluntary codes of practice in Japan and other markets where the Bank operate). In the current regulatory environment, the Bank is subject to various regulatory inquiries or investigations on a continuous basis in connection with various aspects of its business and operations. While the Bank has been consistently engaged in enhancing its compliance risk management systems and programs, such initiatives may not be fully effective in preventing all violations of laws, regulations and rules.

The Bank's failure to comply with applicable laws and regulations, including those relating to money laundering, financial crimes, and other inappropriate or illegal transactions, may lead to penalties, fines, public reprimands, damage to reputation, issuance of business improvement and other administrative orders, enforced suspension of operations or, in extreme cases, withdrawal of authorization to operate. These consequences may harm the Bank's reputation resulting in loss of customer or market confidence in the Bank, and may adversely affect its business and results of operations. The Bank's ability to obtain regulatory approvals for future strategic initiatives may also be adversely affected.

In December 2012, the Bank agreed to make a payment to the Office of Foreign Assets Control of the U.S. Department of the Treasury, or OFAC, to settle potential civil liability for apparent violations of certain U.S. sanctions regulations from 2006 to 2007. In addition, in June 2013, the Bank entered into a consent agreement with the New York State Department of Financial Services, or NYDFS, to resolve issues relating to certain U.S. dollar payments that were routed through New York from 2002 to 2007. Under the terms of the agreement with NYDFS, the Bank agreed to make a civil monetary payment to NYDFS and retain an independent consultant to conduct a compliance review of the relevant controls and related matters in the Bank's current operations. Furthermore, in November 2014, the Bank entered into a consent agreement with NYDFS to resolve issues relating to instructions given to PricewaterhouseCoopers LLP, or PwC, and the disclosures made to NYDFS in connection with the Bank's 2007 and 2008 voluntary investigation of its U.S. dollar clearing activity toward countries under U.S. economic sanctions. The Bank had hired PwC to conduct a historical transaction review report in connection with that investigation. Under the terms of the agreement with NYDFS, the Bank made a payment of the stipulated amount to NYDFS, and agreed to take actions on persons involved in the matter at that time, relocate its U.S. BSA/AML and OFAC sanctions compliance programs to New York, and extend, if regarded as necessary by NYDFS, the period during which an independent consultant is responsible for assessing the Bank's internal controls regarding compliance with applicable laws and regulations related to U.S. economic sanctions. On November 9, 2017 (U.S. time), the Bank entered into a consent agreement with the Office of the Comptroller of the Currency, or OCC, that OCC would be engaged in the monitoring of the Bank's internal controls regarding compliance with applicable laws and regulations related to U.S. economic sanctions. This agreement was associated with the change in the U.S. regulatory regime on November 7, 2017 (U.S. time), in which the supervisory authority over the licensed banking business of U.S. branches and agencies of the Bank and Mitsubishi UFJ Trust and Banking Corporation ("Mitsubishi UFJ Trust and Banking"), including the Bank's New York Branch, was taken over by OCC from the New York state authority, including NYDFS, whereby OCC effectively succeeded the aforementioned agreements reached between the Bank and NYDFS in June 2013 and November 2014. In addition, the Bank had been in a lawsuit with NYDFS in relation to the change of the supervisory authority over the licensed banking business of its New York Branch and the alleged violation of applicable laws and regulations before the change of the supervisory authority, and on June 24, 2019 (U.S. time), the Bank reached a settlement and agreed to make settlement payments. In February 2019, the Bank entered into a Consent Order with the OCC to put in place remedial actions relating to deficiencies identified by the OCC in the Bank Secrecy Act/Anti-Money Laundering compliance program of its U.S. branches in New York, Los Angeles, and Chicago. The Bank is undertaking necessary actions relating to events and associated matters as described above. These developments or other similar events may result in additional regulatory actions including the payment of penalties against the Bank or agreements to make significant settlement payments.

The Bank has received requests and subpoenas for information from government agencies in some jurisdictions that are conducting investigations into past submissions made by panel members, including the Bank, to the bodies that set various interbank benchmark rates as well as investigations into foreign exchange related practices of global financial institutions. The Bank has entered into agreements with some of these agencies to pay penalties. The Bank is cooperating with these investigations and has been conducting an internal investigation among other things. In connection with these matters, the Bank and other panel members and global financial institutions have been named as defendants in a number of civil lawsuits, including putative class actions, in the United States. These developments or other similar events may expose the Bank to significant adverse financial and other consequences.

(18) Risks relating to regulatory developments or changes in laws or rules, including accounting rules, governmental policies and economic controls

The Bank conducts its business subject to current regulations (including laws, regulations, accounting standards, policies, customary business practices and interpretations in Japan and other regions where the Bank operates, as well as global financial regulatory standards) and risks associated with changes in such regulations. Future regulatory changes and situations arising as a result of regulatory changes, such as the ongoing benchmark rate reforms or the proposed modifications to prudential and other regulatory requirements and standards applicable to foreign banking organizations in the United States, may adversely impact the Bank's business, financial condition and results of operations. However, the type, nature and extent of the impact of any future regulatory changes and situations that may arise as a result are difficult to predict and beyond the Bank's control.

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

The Bank enters into transactions with entities in or affiliated with Iran and other countries designated by the U.S. Department of State as "state sponsors of terrorism." In addition, the Bank has a representative office in Iran.

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

The U.S. government sanctions against Iran prohibit, among other things, U.S. persons from conducting transactions relating to Iran. Furthermore, under the Presidential decree issued following its withdrawal in May 2018 from the Joint Comprehensive Plan of Action for Iran, the U.S. government could impose secondary sanctions on non-U.S. persons for engaging in any of a wide range of transactions and activities involving Iran. In light of the increased risk of imposition on the Bank of sanctions including secondary sanctions by the U.S., the Bank will continue monitoring such risks and implementing measures.

In addition, companies registered with the U.S. Securities and Exchange Commission (including non-U.S. companies) remain subject to the disclosure requirement relating to certain Iran-related transactions. Moreover, certain Japanese sanctions measures have been in place, including freezing the assets of persons involved in Iran's sensitive nuclear activities and development of nuclear weapon delivery systems. The Bank is striving to improve systems to comply with such regulations. However, there remains a risk of potential regulatory actions against the Bank, if government authorities perceive the Bank's systems not to be in compliance with applicable regulations. For more information on the relevant regulatory actions, please refer to "17. Risks of receiving potential claims or sanctions regarding inappropriate or illegal practices or other conduct from the Bank's customers or regulatory authorities."

(20) Risks relating to regulatory capital ratio and others

1) Capital ratio requirements, etc. and adverse factors

Since the fiscal year ended March 31, 2013, the Bank have been subject to capital adequacy and leverage ratio requirements adopted in Japan in accordance with "Basel III: A global regulatory framework for more resilient banks and banking systems" ("Basel III"). Since the Bank has international operations, it is subject to requirements of consolidated and non-consolidated capital ratios under uniform international standards prescribed in the provisions of the Financial Services Agency Notification No. 19 released in 2006 as well as consolidated and non-consolidated leverage ratios prescribed in the provisions of the Financial Services Agency Notification No. 11 released in 2019.

In December 2017, the Basel Committee on Banking Supervision published the document concerning the final agreement on the review of Basel III, which requires the review of various methods for measuring risks, while requiring globally systemically important banks ("G-SIBS") to satisfy higher buffer requirements Regulations reflecting such review of risk measuring methods are scheduled to be implemented in phases from 2022 onward, and the higher buffer requirements are to be applied in 2022.

If the Bank's capital ratios and leverage ratio including various capital buffers fall below required levels, the Financial Services Agency (FSA) of Japan may require the Bank to take a variety of corrective actions, including restriction on capital distribution and suspension of all or a part of its business operations.

In addition, some of the Bank's bank subsidiaries are subject to the local capital adequacy rules, etc. of various foreign countries, including the United States, and if their capital ratios fall below the required levels, the local regulators will require them to take a variety of corrective actions.

Factors that will affect the Bank's capital ratios and leverage ratios, including those of its bank subsidiaries, include:

- ·fluctuations in the Bank's or its 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 the Bank's or its banking subsidiaries' securities portfolios,
- ·adverse changes in foreign currency exchange rates,
- ·adverse revisions to the capital ratio and other requirements,
- ·reductions in the value of the Bank's or its banking subsidiaries' deferred tax assets, and
- ·occurrence of other adverse events.

2) Regulations on G-SIBs

The Financial Stability Board ("FSB") has identified Mitsubishi UFJ Financial Group, Inc. ("Mitsubishi UFJ Financial Group") as one of G-SIBs. The banks that are included in the list of G-SIBs will be subject to stricter capital ratio requirements. As the list of G-SIBs and the capital surcharge requirement is expected to be updated annually, Mitsubishi UFJ Financial Group may be required to meet stricter capital ratio requirements.

3) Capital raising

As discussed above, there is a transition measure relating to the inclusion as a capital item of capital raising instruments issued in or prior to March 2013 (qualifying prior capital raising instruments), and such instruments can be included as a capital item when calculating capital ratios to the extent permitted by the transition measure. Such capital raising instruments may require refinancing upon the expiration of the transition period during which such instruments can be included as a capital item in the calculation of capital ratios. However, in order for newly issued capital raising instruments, other than common stock, to be included as a capital item in the calculation of capital ratios under the above capital adequacy guidelines, such instruments must have a clause in their terms and conditions that requires them to be written off or converted into common stock upon the occurrence of certain events, including when the issuing financial institution is deemed non-viable or when the issuing financial institution's capital ratios decline below prescribed levels. As a result, under certain market conditions, the Bank may be unable to refinance or issue capital raising instruments under terms and conditions similar to those of qualifying prior capital raising instruments. If such circumstances arise, the Bank's capital could be reduced, and the Bank's capital ratio and leverage ratio could drop.

4) Total loss absorbing capacity in resolution

In November 2015, the FSB issued the "Principles on Loss-Absorbing and Recapitalization Capacity (TLAC) of G-SIBs in Resolution (collectively the "TLAC Agreement" along with the "Guiding Principles on the Internal Total Loss-Absorbing Capacity of G-SIBs" issued in July 2017). This is a new regulatory framework requiring G-SIBs to have total loss-absorbing capacity ("TLAC") available in undergoing resolution. Based on the TLAC Agreement, G-SIBs in Japan including the Bank are required to have equity and liabilities (hereinafter the "external TLAC") recognized to have loss-absorbing capacity higher than a certain threshold ratio from the fiscal year ended March 31, 2019, while external TLAC satisfying such requirements are required to distribute a certain threshold amount or more to material subgroup entities within the group (hereinafter the "internal TLAC"). The regulated requirement level is scheduled to be raised from the fiscal year ending March 31, 2022. The Bank, Mitsubishi UFJ Trust and Banking, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. and MUFG Americas Holdings are designated as material subgroup entities within Mitsubishi UFJ Financial Group. If the Bank's external TLAC ratio or the internal TLAC amount at material subgroup entities in Japan falls below the level required under the Financial Services Agency Notification No. 9 released in 2019, the FSA may require the Bank to take variety of corrective actions including restriction on capital distribution. The Bank's external TLAC ratio and the internal TLAC amount are affected by various factors as listed in (1) through (3) above relating to capital adequacy and other regulations. Although the Bank plans to issue TLAC-qualified debt in an effort to meet the minimum required levels of external TLAC ratios and internal TLAC amounts, the Bank may fail to do so if it is unable to issue or refinance TLAC-qualified debt as planned.

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

(21) Risks relating to the Bank's pension plans

If the fair value of the Bank's pension plan assets declines or its investment return decreases, if there is a change in the actuarial assumptions on which the calculations of the projected pension obligations are based, or if a revision is made to the accounting standards applicable to pension plans, the Bank may incur losses. In addition, unrecognized prior service costs may be incurred if the Bank's pension plans are amended. Changes in the interest rate environment and other factors may also adversely affect the amount of the Bank's unfunded pension obligations and annual funding costs. Any of the foregoing may adversely affect the Bank's financial condition and results of operations.

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

The Bank is required to appropriately handle customer information in accordance with the Banking Act and the Financial Instruments and Exchange Act of Japan, as well as other laws and regulations in Japan and abroad. In addition, the Bank is required to protect personal information in compliance with the Personal Information Protection Law and the Act on the Use of Personal Identification Numbers in the Administration of Government Affairs of Japan, as well as laws and regulations relating to the protection of personal information of other countries.

In the event that customer information or the Bank's confidential information is lost or leaked due to such causes as inappropriate management, cyber-attacks or other forms of unauthorized access, or computer viruses, the Bank may be subject to penalties, administrative sanctions and other direct losses such as compensation paid to customers who suffer economic losses and emotional distress. In addition, news coverage of such an incident will expose the Bank to reputational risk, resulting in loss of customer and market confidence. If the Bank's business environment deteriorates as a result of the foregoing, its business, financial condition and results of operations may suffer.

(23) Risks relating to the Bank's reputation

The Bank's reputation is critical in maintaining its relationships with customers, investors, regulators and the general public. The Bank's reputation may be damaged because of various causes, including compliance failures, misconduct or inappropriate act by a director, officer or employee, failure to properly address potential conflicts of interest, litigation, system problems, criminal activities and other misconduct committed by third parties fraudulently using the names of the Bank's group companies, the actions of customers and counterparties over which the Bank has limited or no control, and inappropriate customary practices, and abuses of the Bank's dominant bargaining position in its dealings with customers. If the Bank is unable to prevent or properly address these issues, it may lose existing or prospective customers and investors, and its business, financial condition and results of operations may be adversely affected.

(24) Risks relating to retaining qualified employees

The Bank sees a greater need to hire and retain highly skilled personnel and train them in line with globalization and increasing complexity of businesses, but its failure to hire, retain or train the necessary personnel may adversely affect its operations and operating results.

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

### (1) Overview of Results of Operations, etc.

(Financial position and results of operations)

Results for the current fiscal year are as follows:

Assets as of the end of the current fiscal year increased by ¥14,083.2 billion to ¥253,312.1 billion. Major components were loans and bills discounted of ¥103,663.4 billion, cash and due from banks of ¥60,389.5 billion and securities of ¥50,189.8 billion. Liabilities as of the end of the current fiscal year increased by ¥13,922.3 billion to ¥240,442.5 billion. Major components were deposits and negotiable certificates of deposit of ¥177,489.0 billion.

As for profits and losses, ordinary income increased by ¥586.1 billion over the previous fiscal year to ¥4,863.9 billion and ordinary expenses increased by ¥636.4 billion over the previous fiscal year to ¥4,012.7 billion. As a result, the Bank posted ordinary profit of ¥851.2 billion, with a decrease of ¥50.3 billion from the previous fiscal year and net income attributable to the shareholders of MUFG Bank of ¥612.4 billion, with an increase of ¥37.1 billion from the previous fiscal year.

Results by reportable segment are as follows:

1. Retail & Commercial Banking Business Unit
   Net operating income was ¥80.1 billion, with a decrease of ¥34.7 billion from the previous fiscal year.
2. Japanese Corporate & Investment Business Unit
   Net operating income was ¥202.8 billion, with an increase of ¥26.1 billion from the previous fiscal year.
3. Global Corporate & Investment Banking Business Unit
   Net operating income was ¥140.5 billion, with an increase of ¥21.4 billion from the previous fiscal year.
4. Global Commercial Banking Business Unit
   Net operating income was ¥220.4 billion, with an increase of ¥17.7 billion from the previous fiscal year.
5. Global Markets Business Unit
   Net operating income was ¥180.4 billion, with a decrease of ¥61.6 billion from the previous fiscal year.
6. Other units
   Net operating loss was ¥161.6 billion, with a decrease of ¥119.4 billion from the previous fiscal year.

From the current fiscal year, the Bank has reorganized business units in line with the business group reorganization by the Bank’s parent company Mitsubishi UFJ Financial Group, Inc.

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

(Summary of cash flows)

Operating activities generated net cash of ¥10,615.9 billion, with an increase of ¥190.1 billion in cash inflows from the previous fiscal year. Investing activities resulted in net cash outflow of ¥7,878.1 billion, with an increase of ¥6,553.4 billion in cash outflows from the previous fiscal year. Financing activities used net cash of ¥65.8 billion, with a ¥205.2 billion decrease in cash outflows from the previous fiscal year.

Cash and cash equivalents at the end of the current fiscal year were ¥60,389.5 billion, with an increase of ¥2,700.8 billion from the end of the previous fiscal year.

The scope of cash under the consolidated statements of cash flows have been changed from the fiscal year ended March 31, 2019, and figures have been retrospectively restated.

The consolidated total risk-adjusted capital ratio based on the uniform international standards as of March 31, 2019 was 14.42%.

1) Income and expenses for domestic and overseas operations

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

The total amount of net interest income, net fees and commissions, net trading income and net other operating income for the current fiscal year was ¥2,485.4 billion, with a decrease of ¥126.8 billion from the previous fiscal year. Of this, domestic operations posted an income of ¥1,218.2 billion, with a decrease of ¥194.9 billion from the previous fiscal year, and overseas operations posted an income of ¥1,552.5 billion, with an increase of ¥78.1 billion from the previous fiscal year.

(Millions of yen)

| Item | Fiscal year | Domestic | Overseas | Amount of elimination | Total |
|---|---|---|---|---|---|
| | | Amount | Amount | Amount | Amount |
| Net interest income | Previous fiscal year | 775,327 | 957,112 | (146,209) | 1,586,230 |
| | Current fiscal year | 738,222 | 1,017,518 | (149,150) | 1,606,590 |
| Of which, interest income | Previous fiscal year | 1,063,300 | 1,747,340 | (215,430) | 2,595,210 |
| | Current fiscal year | 1,214,523 | 2,202,728 | (235,753) | 3,181,497 |
| Of which, interest expenses | Previous fiscal year | 287,973 | 790,227 | (69,220) | 1,008,979 |
| | Current fiscal year | 476,300 | 1,185,209 | (86,603) | 1,574,907 |
| Net fees and commissions | Previous fiscal year | 447,349 | 404,508 | (128,694) | 723,163 |
| | Current fiscal year | 414,016 | 420,586 | (135,995) | 698,607 |
| Of which, fees and commissions income | Previous fiscal year | 599,111 | 478,368 | (174,022) | 903,457 |
| | Current fiscal year | 568,728 | 510,094 | (193,324) | 885,498 |
| Of which, fees and commissions expenses | Previous fiscal year | 151,761 | 73,859 | (45,327) | 180,294 |
| | Current fiscal year | 154,712 | 89,508 | (57,329) | 186,891 |
| Net trading income | Previous fiscal year | 37,395 | 46,802 | (1,209) | 82,988 |
| | Current fiscal year | (12,224) | 54,556 | 614 | 42,946 |
| Of which, trading income | Previous fiscal year | 38,419 | 80,056 | (34,500) | 83,974 |
| | Current fiscal year | (10,344) | 104,501 | (49,409) | 44,748 |
| Of which, trading expenses | Previous fiscal year | 1,023 | 33,254 | (33,291) | 986 |
| | Current fiscal year | 1,880 | 49,945 | (50,023) | 1,801 |
| Net other operating income | Previous fiscal year | 153,199 | 66,026 | 713 | 219,939 |
| | Current fiscal year | 78,279 | 59,923 | (876) | 137,326 |
| Of which, other operating income | Previous fiscal year | 245,947 | 148,037 | (49,283) | 344,701 |
| | Current fiscal year | 218,752 | 194,956 | (67,624) | 346,084 |
| Of which, other operating expenses | Previous fiscal year | 92,748 | 82,010 | (49,996) | 124,762 |
| | Current fiscal year | 140,472 | 135,033 | (66,748) | 208,758 |

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

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

(i) Domestic

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

The average balance of interest-earning assets in the current fiscal year was ¥131,302.8 billion, with an increase of ¥6,658.8 billion from the previous fiscal year. Yield on interest-earning assets rose by 0.07% to 0.92% and the total interest income stood at ¥1,214.5 billion, with an increase of ¥151.2 billion from the previous fiscal year. The average balance of interest-bearing liabilities in the current fiscal year was ¥152,148.7 billion, with an increase of ¥10,170.5 billion from the previous fiscal year. Yield on interest-bearing liabilities rose by 0.11% to 0.31% and total interest expenses stood at ¥476.3 billion, with an increase of ¥188.3 billion from the previous fiscal year.

(Millions of yen)

| Item | Fiscal year | Average balance | Interest | Yield |
|---|---|---|---|---|
| | | Amount | Amount | (%) |
| Interest-earning assets | Previous fiscal year | 124,644,022 | 1,063,300 | 0.85 |
| | Current fiscal year | 131,302,856 | 1,214,523 | 0.92 |
| Of which, loans and bills discounted | Previous fiscal year | 55,245,500 | 568,687 | 1.02 |
| | Current fiscal year | 62,703,693 | 693,267 | 1.10 |
| Of which, securities | Previous fiscal year | 37,187,640 | 419,076 | 1.12 |
| | Current fiscal year | 38,033,310 | 448,986 | 1.18 |
| Of which, call loans and bills bought | Previous fiscal year | 264,038 | 168 | 0.06 |
| | Current fiscal year | 255,831 | 421 | 0.16 |
| Of which, receivables under resale agreements | Previous fiscal year | 7,011 | (11) | (0.16) |
| | Current fiscal year | 2,115,330 | (3,872) | (0.18) |
| Of which, receivables under securities borrowing transactions | Previous fiscal year | 3,962,678 | 396 | 0.01 |
| | Current fiscal year | 427,421 | 49 | 0.01 |
| Of which, due from banks | Previous fiscal year | 24,700,001 | 22,647 | 0.09 |
| | Current fiscal year | 24,625,991 | 24,695 | 0.10 |
| Interest-bearing liabilities | Previous fiscal year | 141,978,161 | 287,973 | 0.20 |
| | Current fiscal year | 152,148,700 | 476,300 | 0.31 |
| Of which, deposits | Previous fiscal year | 122,844,455 | 45,528 | 0.03 |
| | Current fiscal year | 129,288,262 | 62,415 | 0.04 |
| Of which, negotiable certificates of deposit | Previous fiscal year | 1,141,857 | 326 | 0.02 |
| | Current fiscal year | 1,093,223 | 274 | 0.02 |
| Of which, call money and bills sold | Previous fiscal year | 34,109 | 571 | 1.67 |
| | Current fiscal year | 54,263 | 1,125 | 2.07 |
| Of which, payables under repurchase agreements | Previous fiscal year | 5,403,814 | 69,683 | 1.28 |
| | Current fiscal year | 9,729,366 | 127,032 | 1.30 |
| Of which, payables under securities lending transactions | Previous fiscal year | 3,776,840 | 396 | 0.01 |
| | Current fiscal year | 987,787 | 114 | 0.01 |
| Of which, commercial paper | Previous fiscal year | – | – | – |
| | Current fiscal year | – | – | – |
| Of which, borrowed money | Previous fiscal year | 17,185,740 | 120,349 | 0.70 |
| | Current fiscal year | 19,500,108 | 203,413 | 1.04 |

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

(ii) Overseas

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

The average balance of interest-earning assets in the current fiscal year increased by ¥3,650.8 billion compared to the previous fiscal year to ¥69,641.1 billion. Yield on interest-earning assets rose by 0.51% to 3.16% and total interest income stood at ¥2,202.7 billion, with an increase of ¥455.3 billion from the previous fiscal year. The average balance of interest-bearing liabilities in the current fiscal year increased by ¥2,912.0 billion compared to the previous fiscal year to ¥68,909.7 billion. Yield on interest-bearing liabilities rose by 0.52% to 1.71% and total interest expenses stood at ¥1,185.2 billion, with an increase of ¥394.9 billion from the previous fiscal year.

(Millions of yen)

| Item | Fiscal year | Average balance | Interest | Yield |
|---|---|---|---|---|
| | | Amount | Amount | (%) |
| Interest-earning assets | Previous fiscal year | 65,990,285 | 1,747,340 | 2.64 |
| | Current fiscal year | 69,641,130 | 2,202,728 | 3.16 |
| Of which, loans and bills discounted | Previous fiscal year | 42,078,364 | 1,217,000 | 2.89 |
| | Current fiscal year | 44,226,547 | 1,511,721 | 3.41 |
| Of which, securities | Previous fiscal year | 6,776,404 | 146,521 | 2.16 |
| | Current fiscal year | 7,376,331 | 160,452 | 2.17 |
| Of which, call loans and bills bought | Previous fiscal year | 613,075 | 11,529 | 1.88 |
| | Current fiscal year | 627,064 | 11,975 | 1.90 |
| Of which, receivables under resale agreements | Previous fiscal year | 2,907,594 | 66,469 | 2.28 |
| | Current fiscal year | 2,903,738 | 93,962 | 3.23 |
| Of which, receivables under securities borrowing transactions | Previous fiscal year | 539,605 | 6,627 | 1.22 |
| | Current fiscal year | 594,720 | 13,004 | 2.18 |
| Of which, due from banks | Previous fiscal year | 8,106,084 | 101,944 | 1.25 |
| | Current fiscal year | 8,436,306 | 152,396 | 1.80 |
| Interest-bearing liabilities | Previous fiscal year | 65,997,722 | 790,227 | 1.19 |
| | Current fiscal year | 68,909,737 | 1,185,209 | 1.71 |
| Of which, deposits | Previous fiscal year | 38,065,773 | 347,560 | 0.91 |
| | Current fiscal year | 40,139,409 | 514,982 | 1.28 |
| Of which, negotiable certificates of deposit | Previous fiscal year | 4,748,636 | 66,689 | 1.40 |
| | Current fiscal year | 4,649,624 | 103,581 | 2.22 |
| Of which, call money and bills sold | Previous fiscal year | 514,228 | 7,683 | 1.49 |
| | Current fiscal year | 425,863 | 10,350 | 2.43 |
| Of which, payables under repurchase agreements | Previous fiscal year | 3,586,590 | 48,774 | 1.35 |
| | Current fiscal year | 3,484,582 | 92,867 | 2.66 |
| Of which, payables under securities lending transactions | Previous fiscal year | 50,107 | 1,127 | 2.24 |
| | Current fiscal year | 43,737 | 1,402 | 3.20 |
| Of which, commercial paper | Previous fiscal year | 1,489,698 | 20,570 | 1.38 |
| | Current fiscal year | 1,524,840 | 35,868 | 2.35 |
| Of which, borrowed money | Previous fiscal year | 2,204,215 | 31,337 | 1.42 |
| | Current fiscal year | 3,521,382 | 79,126 | 2.24 |

(Notes) 1. The average balance of each asset and liability was generally computed based on an average of daily balances, but figures for certain consolidated subsidiaries were calculated based on an average of month-end balances.

2. "Overseas" includes overseas offices of the Bank and overseas consolidated subsidiaries.

3. The amount of interest-earning assets is stated excluding the average balance of interest-free due from banks. The amount of interest-bearing liabilities is stated excluding the average balance of money held in trust and the corresponding interest payments.

(iii) Total

(Millions of yen)

| Item | Fiscal year | Average balance | | | Interest | | | Yield (%) |
|---|---|---|---|---|---|---|---|---|
| | | Subtotal | Amount of elimination | Total | Subtotal | Amount of elimination | Total | |
| Interest-earning assets | Previous fiscal year | 190,634,308 | (7,605,073) | 183,029,234 | 2,810,640 | (215,430) | 2,595,210 | 1.41 |
| | Current fiscal year | 200,943,987 | (8,159,756) | 192,784,231 | 3,417,251 | (235,753) | 3,181,497 | 1.65 |
| Of which, loans and bills discounted | Previous fiscal year | 97,323,865 | (2,137,520) | 95,186,345 | 1,785,687 | (51,975) | 1,733,712 | 1.82 |
| | Current fiscal year | 106,930,240 | (1,916,845) | 105,013,395 | 2,204,988 | (60,174) | 2,144,813 | 2.04 |
| Of which, securities | Previous fiscal year | 43,964,044 | (3,217,163) | 40,746,881 | 565,597 | (142,143) | 423,454 | 1.03 |
| | Current fiscal year | 45,409,642 | (3,347,453) | 42,062,188 | 609,438 | (139,828) | 469,610 | 1.11 |
| Of which, call loans and bills bought | Previous fiscal year | 877,113 | (126,966) | 750,147 | 11,698 | (578) | 11,120 | 1.48 |
| | Current fiscal year | 882,896 | (203,235) | 679,661 | 12,396 | (855) | 11,540 | 1.69 |
| Of which, receivables under resale agreements | Previous fiscal year | 2,914,605 | – | 2,914,605 | 66,457 | – | 66,457 | 2.28 |
| | Current fiscal year | 5,019,069 | – | 5,019,069 | 90,090 | – | 90,090 | 1.79 |
| Of which, receivables under securities borrowing transactions | Previous fiscal year | 4,502,284 | – | 4,502,284 | 7,023 | – | 7,023 | 0.15 |
| | Current fiscal year | 1,022,142 | – | 1,022,142 | 13,053 | – | 13,053 | 1.27 |
| Of which, due from banks | Previous fiscal year | 32,806,085 | (1,827,753) | 30,978,332 | 124,592 | (14,897) | 109,694 | 0.35 |
| | Current fiscal year | 33,062,297 | (2,208,792) | 30,853,505 | 177,092 | (22,719) | 154,372 | 0.50 |
| Interest-bearing liabilities | Previous fiscal year | 207,975,884 | (4,417,218) | 203,558,666 | 1,078,200 | (69,220) | 1,008,979 | 0.49 |
| | Current fiscal year | 221,058,438 | (4,818,752) | 216,239,685 | 1,661,510 | (86,603) | 1,574,907 | 0.72 |
| Of which, deposits | Previous fiscal year | 160,910,229 | (1,466,691) | 159,443,538 | 393,088 | (8,449) | 384,639 | 0.24 |
| | Current fiscal year | 169,427,672 | (1,916,321) | 167,511,350 | 577,398 | (13,387) | 564,010 | 0.33 |
| Of which, negotiable certificates of deposit | Previous fiscal year | 5,890,493 | – | 5,890,493 | 67,016 | – | 67,016 | 1.13 |
| | Current fiscal year | 5,742,847 | – | 5,742,847 | 103,856 | – | 103,856 | 1.80 |
| Of which, call money and bills sold | Previous fiscal year | 548,338 | (157,229) | 391,109 | 8,255 | (2,460) | 5,794 | 1.48 |
| | Current fiscal year | 480,126 | (203,922) | 276,204 | 11,476 | (2,975) | 8,501 | 3.07 |
| Of which, payables under repurchase agreements | Previous fiscal year | 8,990,404 | – | 8,990,404 | 118,458 | – | 118,458 | 1.31 |
| | Current fiscal year | 13,213,948 | – | 13,213,948 | 219,900 | – | 219,900 | 1.66 |
| Of which, payables under securities lending transactions | Previous fiscal year | 3,826,947 | – | 3,826,947 | 1,524 | – | 1,524 | 0.03 |
| | Current fiscal year | 1,031,525 | – | 1,031,525 | 1,517 | – | 1,517 | 0.14 |
| Of which, commercial paper | Previous fiscal year | 1,489,698 | – | 1,489,698 | 20,570 | – | 20,570 | 1.38 |
| | Current fiscal year | 1,524,840 | – | 1,524,840 | 35,868 | – | 35,868 | 2.35 |
| Of which, borrowed money | Previous fiscal year | 19,389,956 | (2,030,658) | 17,359,297 | 151,686 | (51,789) | 99,897 | 0.57 |
| | Current fiscal year | 23,021,490 | (1,679,344) | 21,342,146 | 282,540 | (67,336) | 215,204 | 1.00 |

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

3) Fees and commissions by domestic and overseas office

Net fees and commissions income are as follows:

Fees and commissions income of domestic offices for the current fiscal year was ¥568.7 billion, with a decrease of ¥30.3 billion from the previous fiscal year, while fees and commissions expenses were ¥154.7 billion, with an increase of ¥2.9 billion from the previous fiscal year, resulting in a net fees and commissions income of ¥414.0 billion, with a decrease of ¥33.3 billion from the previous fiscal year. Fees and commissions income of overseas offices for the current fiscal year was ¥510.0 billion, with an increase of ¥31.7 billion from the previous fiscal year, while fees and commissions expenses were ¥89.5 billion, with an increase of ¥15.6 billion from the previous fiscal year, resulting in a net fees and commissions income of ¥420.5 billion, with an increase of ¥16.0 billion from the previous fiscal year.

Consequently, total net fees and commissions income for the current fiscal year stood at ¥698.6 billion, with a decrease of ¥24.5 billion from the previous fiscal year.

(Millions of yen)

| Item | Fiscal year | Domestic | Overseas | Amount of elimination | Total |
|---|---|---|---|---|---|
| | | Amount | Amount | Amount | Amount |
| Fees and commissions income | Previous fiscal year | 599,111 | 478,368 | (174,022) | 903,457 |
| | Current fiscal year | 568,728 | 510,094 | (193,324) | 885,498 |
| Of which, domestic and foreign exchange services | Previous fiscal year | 150,905 | 13,162 | (322) | 163,744 |
| | Current fiscal year | 151,141 | 12,487 | (353) | 163,275 |
| Of which, other commercial banking services | Previous fiscal year | 250,434 | 249,050 | (3,741) | 495,743 |
| | Current fiscal year | 234,111 | 258,944 | (4,082) | 488,973 |
| Of which, guarantee services | Previous fiscal year | 46,841 | 33,634 | (16,102) | 64,373 |
| | Current fiscal year | 45,382 | 33,800 | (15,364) | 63,818 |
| Of which, securities-related services | Previous fiscal year | 49,758 | 52,825 | (114) | 102,470 |
| | Current fiscal year | 35,502 | 54,195 | (129) | 89,568 |
| Fees and commissions expenses | Previous fiscal year | 151,761 | 73,859 | (45,327) | 180,294 |
| | Current fiscal year | 154,712 | 89,508 | (57,329) | 186,891 |
| Of which, domestic and foreign exchange services | Previous fiscal year | 32,909 | 9,729 | (299) | 42,339 |
| | Current fiscal year | 32,869 | 11,721 | (315) | 44,275 |

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

2. "Other commercial banking services" includes deposit-taking and lending services, agency services, custody and safe deposit services, trust-related services and others.

3. "Amount of elimination" is the total amount of elimination associated with the internal transactions, etc. between consolidated companies.

4) Trading results by domestic and overseas office

Details of trading income and expenses

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

Trading income of domestic offices for the current fiscal year was ¥10.3 billion of loss, with a decrease of ¥48.7 billion from the previous fiscal year. Trading expenses of domestic offices were ¥1.8 billion, an increase of ¥0.8 billion from the previous fiscal year. As a result, net trading income for the current fiscal year was ¥12.2 billion of loss, with a decrease of ¥49.6 billion from the previous fiscal year. Trading income of overseas offices for the current fiscal year was ¥104.5 billion, with an increase of ¥24.4 billion from the previous fiscal year. Trading expenses of overseas offices were ¥49.9 billion, an increase of ¥16.6 billion from the previous fiscal year. As a result, net trading income for the current fiscal year was ¥54.5 billion, with an increase of ¥7.7 billion from the previous fiscal year.

Consequently, total net trading income posted by both domestic and overseas offices for the current fiscal year stood at ¥42.9 billion, with a decrease of ¥40.0 billion from the previous fiscal year.

(Millions of yen)

| Item | Fiscal year | Domestic | Overseas | Amount of elimination | Total |
|---|---|---|---|---|---|
| | | Amount | Amount | Amount | Amount |
| Trading income | Previous fiscal year | 38,419 | 80,056 | (34,500) | 83,974 |
| | Current fiscal year | (10,344) | 104,501 | (49,409) | 44,748 |
| Of which, income from trading securities | Previous fiscal year | 1,401 | 44,878 | (24,612) | 21,667 |
| | Current fiscal year | 1,456 | 55,905 | (39,824) | 17,538 |
| Of which, income from securities related to trading transactions | Previous fiscal year | – | – | – | – |
| | Current fiscal year | – | – | – | – |
| Of which, income from trading-related financial derivatives | Previous fiscal year | 36,550 | 35,177 | (9,888) | 61,840 |
| | Current fiscal year | (12,442) | 48,595 | (9,584) | 26,569 |
| Of which, income from other trading transactions | Previous fiscal year | 467 | – | – | 467 |
| | Current fiscal year | 641 | – | – | 641 |
| Trading expenses | Previous fiscal year | 1,023 | 33,254 | (33,291) | 986 |
| | Current fiscal year | 1,880 | 49,945 | (50,023) | 1,801 |
| Of which, expenses on trading securities | Previous fiscal year | – | 24,612 | (24,612) | – |
| | Current fiscal year | – | 39,824 | (39,824) | – |
| Of which, expenses on securities related to trading transactions | Previous fiscal year | 1,023 | (36) | – | 986 |
| | Current fiscal year | 1,880 | (78) | – | 1,801 |
| Of which, expenses on trading-related financial derivatives | Previous fiscal year | – | 8,678 | (8,678) | – |
| | Current fiscal year | – | 10,198 | (10,198) | – |
| Of which, expenses on other trading transactions | Previous fiscal year | – | – | – | – |
| | Current fiscal year | – | – | – | – |

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

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

5) Balance of deposits by domestic and overseas office

・ Deposits by classification (ending balance)

(Millions of yen)

| Item | Fiscal year | Domestic | Overseas | Amount of elimination | Total |
|---|---|---|---|---|---|
| | | Amount | Amount | Amount | Amount |
| Total deposits | Previous fiscal year | 125,047,261 | 39,520,672 | (2,294,683) | 162,273,249 |
| | Current fiscal year | 131,070,129 | 41,035,061 | (1,717,171) | 170,388,019 |
| Of which, liquid deposits | Previous fiscal year | 93,301,441 | 22,364,655 | (692,290) | 114,973,806 |
| | Current fiscal year | 99,493,166 | 22,984,586 | (497,455) | 121,980,297 |
| Of which, fixed-term deposits | Previous fiscal year | 26,064,035 | 17,093,543 | (1,593,409) | 41,564,169 |
| | Current fiscal year | 25,652,543 | 17,986,436 | (1,026,487) | 42,612,492 |
| Of which, other deposits | Previous fiscal year | 5,681,783 | 62,473 | (8,983) | 5,735,273 |
| | Current fiscal year | 5,924,419 | 64,038 | (193,229) | 5,795,228 |
| Negotiable certificates of deposit | Previous fiscal year | 1,262,885 | 4,208,764 | – | 5,471,650 |
| | Current fiscal year | 1,225,372 | 5,875,693 | – | 7,101,065 |
| Total | Previous fiscal year | 126,310,147 | 43,729,436 | (2,294,683) | 167,744,900 |
| | Current fiscal year | 132,295,502 | 46,910,754 | (1,717,171) | 177,489,084 |

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

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

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

| Industry | Previous fiscal year | | Current fiscal year | |
|---|---|---|---|---|
| | Amount (Millions of yen) | Composition ratio (%) | Amount (Millions of yen) | Composition ratio (%) |
| Domestic (excluding Japan offshore market account) | 52,943,832 | 100.00 | 60,687,688 | 100.00 |
| Manufacturing | 7,806,480 | 14.74 | 9,825,143 | 16.19 |
| Construction | 646,217 | 1.22 | 684,017 | 1.13 |
| Wholesale and retail | 5,643,819 | 10.66 | 6,343,958 | 10.45 |
| Finance and insurance | 5,754,053 | 10.87 | 7,448,795 | 12.27 |
| Real estate, goods rental and leasing | 8,469,919 | 16.00 | 10,867,515 | 17.91 |
| Services | 2,634,022 | 4.98 | 2,765,136 | 4.56 |
| Other industries | 21,989,319 | 41.53 | 22,753,122 | 37.49 |
| Overseas and Japan offshore market account | 40,872,732 | 100.00 | 42,975,769 | 100.00 |
| Governments and public organizations | 790,924 | 1.94 | 560,579 | 1.30 |
| Financial institutions | 8,841,194 | 21.63 | 9,423,760 | 21.93 |
| Others | 31,240,613 | 76.43 | 32,991,429 | 76.77 |
| Total | 93,816,565 | – | 103,663,457 | – |

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

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

(Reference information)

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

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

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

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

(Billions of yen, %)

| | As of March 31, 2019 |
|---|---|
| 1. Consolidated Total Capital Ratio (4/7) | 14.42 |
| 2. Consolidated Tier 1 Capital Ratio (5/7) | 12.46 |
| 3. Consolidated Common Equity Tier 1 Capital Ratio (6/7) | 10.83 |
| 4. Consolidated Total Capital | 14,632.6 |
| 5. Consolidated Tier 1 Capital | 12,639.4 |
| 6. Consolidated Common Equity Tier 1 Capital | 10,990.8 |
| 7. Risk-weighted Assets | 101,426.3 |
| 8. Consolidated Total Capital Requirements | 8,114.1 |

Consolidated leverage ratio (under uniform international standards)

(%)

| | As of March 31, 2019 |
|---|---|
| Consolidated leverage ratio | 4.63 |

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

(Billions of yen, %)

| | As of March 31, 2019 |
|---|---|
| 1. Non-consolidated Total Capital Ratio (4/7) | 15.58 |
| 2. Non-consolidated Tier 1 Capital Ratio (5/7) | 13.53 |
| 3. Non-consolidated Common Equity Tier 1 Capital Ratio (6/7) | 11.69 |
| 4. Non-consolidated Total Capital | 13,560.5 |
| 5. Non-consolidated Tier 1 Capital | 11,773.8 |
| 6. Non-consolidated Common Equity Tier 1 Capital | 10,172.2 |
| 7. Risk-weighted Assets | 86,990.0 |
| 8. Non-consolidated Total Capital Requirements | 6,959.2 |

Non-consolidated leverage ratio (under uniform international standards)

(%)

| | As of March 31, 2019 |
|---|---|
| Non-consolidated leverage ratio | 4.84 |

(Assessment of asset quality)

(Reference information)

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

1. Claims against bankrupt or de facto bankrupt borrowers

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

2. Doubtful claims

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

3. Claims in need of special attention

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

4. Normal claims

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

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

In order to demonstrate the strengths of its integrated financial group, the Bank's parent company, Mitsubishi UFJ Financial Group has introduced the business group system where the business groups established under the holding company control their subsidiaries to promote strategies across the Group. Each business group designs strategies that integrate the strengths of group subsidiaries consisting of the Bank, trust banks, securities companies, credit card companies, consumer financing companies, lease companies and asset management companies, etc., and implements measures in order to meet a broad range of customer needs as a group. Initiatives taken by each business group for the current fiscal year are as follows:

(Retail & Commercial Banking Business Group)

For retail customers, the Group worked as one to establish its wealth management business, and has established a structure that enables specialists to provide speedy, one-stop solutions. The Bank reopened the Gakugeidaigaku-Ekimae Branch in January 2019 and Shinsaibashi Branch in April under the new MUFG NEXT concept which enables easy and quick transactions through the use of internet banking and various devices and tablets. The Group accelerated its restructuring of "real" face-to-face channels, including the arrangement of Group co-located branches.

For small and medium business customers, the Bank and Mitsubishi UFJ Capital Co., Ltd. jointly formed a fund specializing in venture investments to contribute to the development of growing companies through financing and management support.

(Japanese Corporate & Investment Banking Business Group)

In addition to integrating the corporate loan businesses of the Bank and Mitsubishi UFJ Trust and Banking Corporation in April 2018, we carried out a functional reorganization within the Group, putting in place a structure to provide advanced solutions. We also improved our "sector approach," which provides solutions to resolve customers' management issues taking into account the different environment in each industry.

The Bank, Mitsubishi UFJ Trust and Banking Corporation and Mitsubishi UFJ Securities Holding Co., Ltd. worked together to organize the MUFG CFO Seminar targeting CFOs of large corporations. Attended by CFOs from about 300 companies, the seminar featured a keynote address on the topic of corporate governance.

(Global Corporate & Investment Banking Business Group)

We are transforming our business model from quantity to quality, and building an O&D*-driven structure to convert from our balance sheet-driven business model to origination to distribution business model.

In order to improve profitability, we reduced less profitable assets. At the same time, in the aviation finance business that is positioned as a growth driver, we reached an agreement in March 2019 for the purchase and transfer of the Aviation Finance division of German-based DVB Bank, and concluded an asset purchase agreement with DVB Bank.

(Global Commercial Banking Business Group)

In August 2018, the Bank acquired additional shares of PT Bank Danamon Indonesia, Tbk. ("Bank Danamon"), a commercial bank in Indonesia, raising its stake to 40% and making Bank Danamon an equity method investee. We established a business foundation in the expanding Indonesian market for transactions for domestic retail and small and medium business customers. Bank Danamon became a consolidated subsidiary in April 2019.

With this investment, we have completed the basic form of our overseas commercial banking platform centered on ASEAN. Going forward, we will tap into economic growth in ASEAN where further development is expected by promoting cooperation among partner banks and sharing best practices with the aim of enhancing the overall value of MUFG and our partner banks and providing new value to customers.

(Asset Management & Investor Services Business Group)

In the custody business field, we expanded transactions in Japan and overseas. We provided lending services as value-added services to funds overseas, while offering clerical services and foreign exchange services for asset management companies in Japan.

In the asset management field, we moved ahead with development of non-traditional products such as real estate that we manage ourselves. In October 2018, we reached an agreement regarding the purchase of the Colonial First State Global Asset Management group, a global asset management company based in Australia.

In the pension business area, we expanded our pension trust balance in defined benefit pensions and increased the number of enrollees in defined contribution pensions by providing services as an integrated group. Furthermore, we focused on comprehensive consulting on welfare and benefits that includes unified consulting on personnel systems and retirement benefit systems in addition to pensions.

(Global Markets Business Group)

We have put in place a framework and foundation with the aim of being an organization that provides group-based added value to customers across the boundaries of business groups and group companies.

In the sales & trading operations, we established six business lines in Japan and overseas and single leaders (global heads and regional heads) across the Bank and securities in the U.S., Europe and Asia, and concurrently assigned employees to the Bank and securities at some overseas sites. In addition, we set up a promotion office across business groups and group companies to promote O&D*.

In the treasury business, we worked to strengthen our ability to respond as an integrated group to changes in the environment and to enhance balance sheet operations, including further reinforcement of foreign currency liquidity management.

Mitsubishi UFJ Financial Group will continue to steadily implement the Group’s key measures while responding flexibly to changes in the business environment. We will also enhance our practical skills and ability to get things done, and speed up reform by appropriately dealing with issues that arise in the process of carrying out these initiatives and commit to ramp up our efforts to satisfy our stakeholders -- customers, shareholders and employees.

* Origination & Distribution

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

Consolidated gross operating income for the current fiscal year decreased by ¥127.4 billion from the previous fiscal year, primarily reflecting a decrease in trading income and an increase in other operating expenses. Meanwhile, general and administrative expenses increased by ¥39.9 billion from the previous fiscal year. As a result, consolidated net business profit (before provision for general allowance for credit losses) for the current fiscal year was ¥679.9 billion, with a decrease of ¥167.3 billion from the previous fiscal year.

Meanwhile, net income attributable to the shareholders of MUFG Bank was ¥612.4 billion, with an increase of ¥37.1 billion from the previous fiscal year.

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

(Billions of yen)

| | | Previous fiscal year (A) | Current fiscal year (B) | Change (B - A) |
|---|---|---|---|---|
| Interest income | (1) | 2,595.2 | 3,181.4 | 586.2 |
| Interest expenses (after deduction of expenses related to money held in trust) | (2) | 1,008.9 | 1,574.9 | 565.9 |
| Trust fees | (3) | 13.6 | 13.0 | (0.5) |
| Of which, credit costs for trust accounts | (4) | – | – | – |
| Fees and commissions income | (5) | 903.4 | 885.4 | (17.9) |
| Fees and commissions expenses | (6) | 180.2 | 186.8 | 6.5 |
| Trading income | (7) | 83.9 | 44.7 | (39.2) |
| Trading expenses | (8) | 0.9 | 1.8 | 0.8 |
| Other operating income | (9) | 344.7 | 346.0 | 1.3 |
| Other operating expenses | (10) | 124.7 | 208.7 | 83.9 |
| Consolidated gross operating income (= (1) - (2) + (3) + (5) - (6) + (7) - (8) + (9) - (10)) | (11) | 2,625.9 | 2,498.5 | (127.4) |
| General and administrative expenses (after deduction of non-recurring expenses) | (12) | 1,778.6 | 1,818.5 | 39.9 |
| Consolidated net business profit (loss) (before provision for general allowance for credit losses = (11) + (4) - (12)) | | 847.3 | 679.9 | (167.3) |
| Other ordinary expenses (Provision for general allowance for credit losses) | (13) | – | – | – |
| Consolidated net business profit (loss) (= (11) - (12) - (13)) | | 847.3 | 679.9 | (167.3) |
| Other ordinary income | (14) | 336.8 | 393.0 | 56.2 |
| Of which, reversal of allowance for credit losses | | 59.5 | 32.9 | (26.6) |
| Of which, gains on collection of bad debts | | 58.3 | 46.7 | (11.5) |
| Of which, gains on sales of equity securities and other securities | | 133.2 | 165.4 | 32.1 |
| Interest expenses (expenses related to money held in trust) | (15) | 0.0 | 0.0 | (0.0) |
| General and administrative expenses (non-recurring expenses) | (16) | 62.0 | 29.7 | (32.3) |
| Other ordinary expenses (after deduction of provision for general allowance for credit losses) | (17) | 220.5 | 192.0 | (28.4) |
| Of which, credit costs | | 103.2 | 56.4 | (46.8) |
| Of which, losses on sales of equity securities and other securities | | 35.2 | 23.8 | (11.4) |
| Of which, losses on write-down of equity securities and other securities | | 5.9 | 12.7 | 6.8 |
| Net non-recurring gains (losses) (= (14) - (15) - (16) - (17)) | | 54.2 | 171.2 | 117.0 |
| Ordinary profit | | 901.5 | 851.2 | (50.3) |
| Net extraordinary gains (losses) | | (57.8) | (38.8) | 19.0 |
| Of which, impairment loss of long-lived assets | | (53.4) | (30.7) | 22.7 |
| Income before income taxes | | 843.6 | 812.4 | (31.2) |
| Total income taxes | | 225.6 | 157.0 | (68.6) |
| Net income before attribution of noncontrolling interests | | 617.9 | 655.3 | 37.4 |
| Net income attributable to noncontrolling interests | | 42.6 | 42.9 | 0.2 |
| Net income attributable to the shareholders of MUFG Bank | | 575.2 | 612.4 | 37.1 |

1) Analysis of Results of Operations

(i) Credit costs

Total credit costs for the current fiscal year decreased by ¥63.8 billion compared to the previous fiscal year to a reversal of ¥78.4 billion, primarily reflecting an increase of reversal of reserve for contingent losses and a decrease of credit costs.

(Billions of yen)

| | | Previous fiscal year (A) | Current fiscal year (B) | Change (B - A) |
|---|---|---|---|---|
| Of the trust fees, credit costs for trust accounts | (1) | – | – | – |
| Of other ordinary income, reversal of allowance for credit losses | (2) | 59.5 | 32.9 | (26.6) |
| Of other ordinary income, reversal of reserve for contingent losses | (3) | – | 55.2 | 55.2 |
| Of other ordinary income, gains on collection of bad debts | (4) | 58.3 | 46.7 | (11.5) |
| Of other ordinary expenses, provision for general allowance for credit losses | (5) | – | – | – |
| Of other ordinary expenses, credit costs | (6) | 103.2 | 56.4 | (46.8) |
| Write-offs of loans | | 78.3 | 68.3 | (9.9) |
| Provision for specific allowance for credit losses | | – | – | – |
| Other credit costs | | 24.9 | (11.9) | (36.9) |
| Total credit costs (= (1) - (2) - (3) - (4) + (5) + (6)) | | (14.6) | (78.4) | (63.8) |
| Consolidated net business profit (loss) (before credit costs for trust accounts and provision for general allowance for credit losses) | | 847.3 | 679.9 | (167.3) |
| Consolidated net business profit (loss) (after deduction of total credit costs) | | 861.9 | 758.4 | (103.5) |

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

The Bank posted ¥128.7 billion gains on equity securities and other securities for the current fiscal year with an increase of ¥36.7 billion from the previous fiscal year.

Gains on sales of equity securities and other securities increased by ¥32.1 billion compared to the previous fiscal year to ¥165.4 billion while losses on sales of equity securities and other securities decreased by ¥11.4 billion compared to the previous fiscal year to ¥23.8 billion. Losses on write-down of equity securities and other securities increased by ¥6.8 billion compared to the previous fiscal year to ¥12.7 billion.

(Billions of yen)

| | Previous fiscal year (A) | Current fiscal year (B) | Change (B - A) |
|---|---|---|---|
| Net gains (losses) on equity securities and other securities | 92.0 | 128.7 | 36.7 |
| Of other ordinary income, gains on sales of equity securities and other securities | 133.2 | 165.4 | 32.1 |
| Of other ordinary expenses, losses on sales of equity securities and other securities | 35.2 | 23.8 | (11.4) |
| Of other ordinary expenses, losses on write-down of equity securities and other securities | 5.9 | 12.7 | 6.8 |

2) Analysis of Financial Position

(For reference) Status of claims disclosed under the Financial Reconstruction Act

Claims disclosed under the Financial Reconstruction Act decreased by ¥257.7 billion from the end of the previous fiscal year to ¥633.0 billion.

The percentage of disclosed claims to total claims decreased by 0.34 percentage points from the end of the previous fiscal year to 0.65%.

Claims by borrowers' classification show claims against bankrupt or de facto bankrupt borrowers decreased by ¥11.3 billion, doubtful claims increased by ¥9.7 billion, and claims in need of special attention decreased by ¥256.1 billion.

With regard to the status of coverage at the end of the current fiscal year for these disclosed claims totaling ¥633.0 billion, the amount secured by allowance for credit losses was ¥202.9 billion and the amount secured by collaterals, guarantees and others was ¥326.5 billion, representing a percentage of covered claims to total disclosed claims (coverage ratio) of 83.64%.

The Bank has been addressing non-performing loans and other claims as an important issue. It continues efforts to reduce these assets through disposals, by write-offs and sales or the implementation of turnaround programs for recoverable borrowers.

Claims disclosed under the Financial Reconstruction Act (non-consolidated)

(Billions of yen)

| Category | Loan amount (A) | Allowance for credit losses (B) | Covered by collateral and/or guarantees (C) | Allowance ratio for unsecured portion (B) / [(A) - (C)] | Coverage ratio [(B) + (C)] / (A) |
|---|---|---|---|---|---|
| Claims against bankrupt or de facto bankrupt borrowers | 106.0<br>(117.4) | 4.3<br>(7.8) | 101.6<br>(109.5) | 100.00%<br>(100.00%) | 100.00%<br>(100.00%) |
| Doubtful claims | 348.1<br>(338.4) | 148.2<br>(95.4) | 138.2<br>(168.6) | 70.58%<br>(56.20%) | 82.26%<br>(78.03%) |
| Claims in need of special attention | 178.8<br>(434.9) | 50.3<br>(164.0) | 86.6<br>(173.0) | 54.67%<br>(62.63%) | 76.64%<br>(77.49%) |
| Subtotal | 633.0<br>(890.7) | 202.9<br>(267.3) | 326.5<br>(451.2) | 66.21%<br>(60.82%) | 83.64%<br>(80.66%) |
| Normal claims | 96,714.3<br>(88,874.3) | – | – | – | – |
| Total | 97,347.4<br>(89,765.0) | – | – | – | – |
| Percentage of disclosed claims to total claims | 0.65%<br>(0.99%) | – | – | – | – |

(Note) The upper figures are as of March 31, 2019. The lower figures with parentheses are as of March 31, 2018.

3) Cash Flows

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

4) Results of Operations by Business Unit

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

[Principal business conducted by each business unit]

| | | |
|---|---|---|
| Retail & Commercial Banking Business Unit | : | Providing financial services to Japanese individual and small to medium sized corporate customers |
| Japanese Corporate & Investment Banking Business Unit | : | Providing financial services to major Japanese corporate customers |
| Global Corporate & Investment Banking Business Unit | : | Providing financial services to major non-Japanese corporations |
| Global Commercial Banking Business Unit | : | Providing financial services to individual and small to medium sized corporate customers of overseas commercial bank investees of the Group |
| Global Markets Business Unit | : | Providing services relating to foreign currency exchange, funds and investment securities to customers, as well as conducting market transactions and managing liquidity and cash for the Group |
| Other units | : | Other than the businesses mentioned above |

(Billions of yen)

| | Retail & Commercial Banking Business Unit | Japanese Corporate & Investment Banking Business Unit | Global Corporate & Investment Banking Business Unit | Global Commercial Banking Business Unit | Customer business units subtotal | Global Markets Business Unit | Other units (Note 2) | Total |
|---|---|---|---|---|---|---|---|---|
| Gross operating income | 728.4 | 425.8 | 372.9 | 706.8 | 2,234.1 | 275.3 | (69.5) | 2,440.0 |
| Non-consolidated | 664.3 | 370.9 | 266.5 | (1.3) | 1,300.4 | 219.6 | 9.0 | 1,529.0 |
| Net interest income | 443.4 | 147.9 | 113.5 | (1.3) | 703.6 | 89.4 | 211.7 | 1,004.7 |
| Net non-interest income | 220.8 | 222.9 | 153.0 | (0.0) | 596.8 | 130.1 | (202.6) | 524.3 |
| Subsidiaries | 64.0 | 54.9 | 106.4 | 708.2 | 933.7 | 55.7 | (78.5) | 910.9 |
| Expenses | 648.2 | 223.0 | 232.4 | 486.4 | 1,590.1 | 94.9 | 92.1 | 1,777.2 |
| Net operating income (Note 1) | 80.1 | 202.8 | 140.5 | 220.4 | 643.9 | 180.4 | (161.6) | 662.7 |

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

(i) Retail & Commercial Banking Business Unit

Interest margin in yen decreased due to the declining interest spread, and income from commissions was weak in asset management and other businesses. As a result, gross operating income fell below that of the previous fiscal year.

(ii) Japanese Corporate & Investment Banking Business Unit

Gross operating income exceeded that of the previous fiscal year mainly due to the improved income from deposits and loans in Japan and overseas.

(iii) Global Corporate & Investment Banking Business Unit

Gross operating income exceeded that of the previous fiscal year mainly due to the improved income from deposits and loans principally in the Americas and Asia.

(iv) Global Commercial Banking Business Unit

Gross operating income exceeded that of the previous fiscal year due to the increase in interest and non-interest income at the Bank of Ayudhya and a commercial bank in the Americas (MUFG Union Bank, N.A.).

(v) Global Markets Business Unit

Profits decreased reflecting a rebound against the gain on sales of yen bonds recorded in the previous fiscal year, although income was accumulated through measures including flexible asset allocation according to the market environment.

## 4. Critical Contracts for Operation

(1) Additional acquisition of shares in PT Bank Danamon Indonesia, Tbk.

On August 3, 2018, the Bank acquired an additional 20.1% of the total outstanding shares of PT Bank Danamon Indonesia, Tbk. (“Bank Danamon”), which is a major commercial bank of the Republic of Indonesia (“Indonesia”), from Asia Financial (Indonesia) Pte. Ltd. (“AFI”) and others (together with AFI, the “Sellers”). As a result, the Bank has increased its investment in Bank Danamon to 40.0% and Bank Danamon became an affiliate accounted for using the equity method of the Bank.

1) Objectives of the investment

The Bank intends to establish an integrated and comprehensive services platform that serves as a gateway for clients wishing to make inroads into Indonesia’s burgeoning economy as well as local companies keen on expanding into the region. This investment is also expected to strategically allow the Bank to benefit from Bank Danamon’s foothold in the developing local retail and small and medium enterprises (SME) segments to deepen its banking franchise in Indonesia.

2) Outline of the investment

The Bank entered into conditional share purchase agreements with the Sellers on December 26, 2017, to acquire their 73.8% equity interests in Bank Danamon, subject to applicable regulatory approvals.

On December 29, 2017, as the first step, the Bank acquired an initial 19.9% equity interest (1,907,344,030 shares) in Bank Danamon from the Sellers based on a price of IDR 8,323 (approximately ¥70) per share and at an investment amount of IDR 15,875 billion (approximately ¥133.4 billion). The price was based on a price book-value ratio of 2.0 calculated on the basis of Danamon’s net assets as of September 30, 2017, with certain adjustments applied.

On August 3, 2018, as the second step mentioned above, the Bank acquired an additional 20.1% equity interest (1,926,513,316 shares) in Bank Danamon from the Sellers based on a price of IDR 8,921 (approximately ¥69) per share and at an investment amount of IDR 17,187 billion (approximately ¥132.3 billion). The price was based on a price book-value ratio of 2.0 calculated on the basis of Bank Danamon’s net assets as of as of June 30, 2018 with certain adjustments applied.

Thereafter, as the third step, the Bank acquired an additional 54.0% equity interest in Bank Danamon on April 29, 2019. Consequently, the Bank increased its investment in Bank Danamon to 94.0% and made it a consolidated subsidiary of the Bank. Furthermore, on May 1, 2019, the Bank increased its stake in Bank Danamon to 94.1% upon the completion of an absorption-type merger in which Bank Danamon was the surviving bank and PT Bank Nusantara Parahyangan Tbk. in which the Bank had equity interest, was the absorbed bank.

Details are provided in “Notes to Consolidated Financial Statements (SUBSEQUENT EVENTS)” of “V. Financial Information.”

(2) Acquisition of Aviation Finance division of DVB Bank

On March 1, 2019, the Bank and BOT Lease Co., Ltd. (“BOT Lease”), an equity-method affiliate of Mitsubishi UFJ Financial Group, Inc. (“MUFG Group”), agreed to purchase and transfer Aviation Finance division from DVB Bank SE based in the Federal Republic of Germany (“Germany”) (“DVB Bank”*) (the “Purchase and Transfer”) and concluded an asset purchase agreement with DVB Bank (the “Agreement”). Closing the Purchase and Transfer is subject to the approvals of relevant authorities, as well as other conditions. This transaction is expected to be closed during the second half of 2019.

The Agreement provides for the entire Aviation Finance client lending portfolio of approximately €5.6 billion as at June 30, 2018 (approximately ¥716.3 billion, if translated at the rate of ¥127.91 per 1 Euro), employees and other parts of the operating infrastructure to be transferred to the Bank. The transaction also includes the acquisition of DVB Bank’s Aviation Investment Management and Asset Management businesses which will be transferred to a newly established subsidiary of BOT Lease.

As a subsidiary of DZ BANK AG Deutsche Zentral-Genossenschaftsbank, DVB Bank is part of Germany’s second-largest banking group, and specializes on the international Transport Finance business. DVB offers integrated financing solutions and advisory services in respect of Shipping Finance, Aviation Finance, and Land Transport Finance. DVB’s Aviation Finance division is a leading arranger and provider of financing for aircraft (narrowbody, widebody, and other passenger and freighter aircraft). Aviation Finance offers its clients tailor-made financing solutions ranging from bridging loans to complex long-term facilities as well as advisory services. DVB Bank’s Aviation Investment Management business is a fund management team focused on investment advisory services and investments in aviation equity instruments, and DVB Bank's Aviation Asset Management business is a leading player in aircraft remarketing as well as lease and technical management.

The MUFG Group has positioned the Aviation Finance business as a key growth pillar for its Global Corporate & Investment Banking ("GCIB") business. The Bank is currently operating the business as a strategic focus sector in its new Medium-term Business Plan with a dedicated team comprising more than 30 professionals assigned in the five major cities of the world—Tokyo, Singapore, Hong Kong, London and New York. The Purchase and Transfer enables the MUFG Group to enhance its GCIB business platform in terms of higher returns and portfolio diversification, as well as to further broaden its customer base in the Aviation Finance business and acquire highly experienced professionals. The MUFG Group will work to cement its position as a leading player in this business and boost its ability to offer bespoke solutions to its clients.

* DVB Bank, headquartered in Frankfurt/Main, Germany, is present at all key international financial centers and transport hubs—various European locations (Amsterdam, Athens, Hamburg, London and Oslo), the Americas (New York and Curaçao) and in Asia (Singapore and Tokyo).

## III. Equipment and Facilities

### Overview of Capital Investment

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

Due to the above measures, the total capital investment for the current fiscal year amounted to ¥279.2 billion, including investment for intangible fixed assets such as software.

There were no retirements or sales, etc. of equipment and facilities that are important and worth stating in the current fiscal year.

As the Group’s assets have not been allocated to each segment, no asset-related statement has been made in the segment information.

# IV. Company Information

## 1. Information on the Company's Shares

(1) Total number of shares, etc.

1) Total number of shares

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

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

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

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

2) Total number of shares issued

| Class | Number of shares issued as of the end of the current fiscal year (March 31, 2019) | Number of shares issued as of the date of submission (June 27, 2019) | Financial instruments exchange on which the stock is listed or other market | Description |
|---|---|---|---|---|
| Common stock | 12,350,038,122 | Same as left | – | (Notes) 1, 2, 3 |
| 1st series of Class 2 preferred stock | 100,000,000 | Same as left | – | (Notes) 1, 2 |
| 1st series of Class 4 preferred stock | 79,700,000 | Same as left | – | (Notes) 1, 2 |
| 1st series of Class 6 preferred stock | 1,000,000 | Same as left | – | (Notes) 1, 2 |
| 1st series of Class 7 preferred stock | 177,000,000 | Same as left | – | (Notes) 1, 2 |
| Total | 12,707,738,122 | Same as left | – | – |

(Notes) 1. Number of shares constituting one unit is 1,000 for both common stock and preferred stock, and there are no provisions in the Articles of Incorporation in respect of Article 322, Paragraph 2 of the Companies Act.

2. Different provisions in respect of matters including voting rights apply to common stock and preferred stock, to allow our financial policy to operate in a flexible manner.

3. Standard stock involving no restriction on shareholders' rights.

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

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

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

(3) Status of major shareholders

By number of shares held

As of March 31, 2019

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

By number of voting rights held

As of March 31, 2019

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

(4) Status of voting rights

1) Issued shares

As of March 31, 2019

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

2) Treasury stock, etc.

As of March 31, 2019

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

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

## 2. Policy on Dividends

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

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

In respect of dividends for the current fiscal year, it was decided, in accordance with the dividend policy as described above, to pay an annual dividend of ¥4.23 per share for common stock (comprising a year-end dividend of ¥4.23). In line with the capital policy of Mitsubishi UFJ Financial Group, Inc., the Bank distributed the special dividends of ¥4.28 per share for common stock as of August 1, 2018.

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

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

| Date of resolution | Aggregate amount of dividend | Dividend per share | |
|---|---|---|---|
| May 15, 2019<br>Resolution by the Board of Directors' meeting | ¥52,240 million | Common stock | ¥4.23 |

| Date of resolution | Aggregate amount of dividend | Dividend per share | |
|---|---|---|---|
| July 30, 2018<br>Resolution by the Board of Directors' meeting | ¥52,858 million | Common stock | ¥4.28 |

## 3. Corporate Governance

(1) Overview of corporate governance

1) Basic concept on the corporate governance

The Bank is making efforts to enhance corporate governance as a member of the MUFG Group based on the concept described in the "Management Vision" and the "Principles of Ethics and Conduct."

2) Corporate governance system

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

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

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

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

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

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

a) Board of Directors

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

The Bank has 28 Directors, including 10 Directors who are Members of the Audit & Supervisory Committee, as of the submission date of the Annual Securities Report. All 6 Outside Directors are Directors who are Members of the Audit & Supervisory Committee.

b) Audit & Supervisory Committee

The Bank is a Company with an Audit & Supervisory Committee. The Audit & Supervisory Committee consists of 10 Members, including 6 Outside Members, as of the submission date of the Annual Securities Report.

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

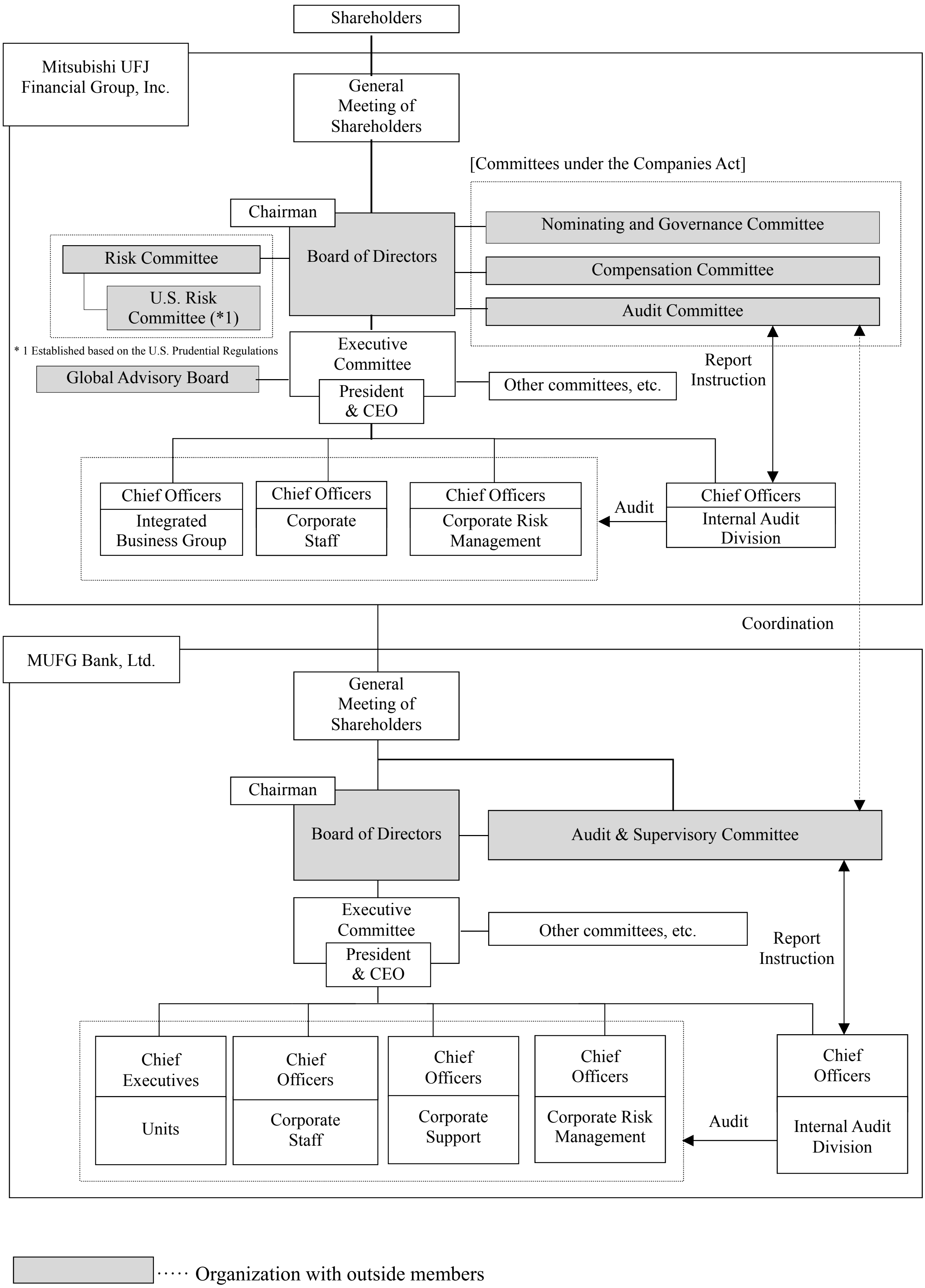
c) Executive Committee

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

d) Other Committees, etc. under the Executive Committee

To contribute to discussions at the Executive Committee, various committees under the Executive Committee have been established, and important matters relating to risk management, business operations, personnel/labor and other issues have been discussed regularly at such committees. For example, Risk Management Committee, Compliance Committee, Customer Protection Promotion Committee, Credit Committee, Asset-Liability Management ("ALM") Committee, Disclosure Committee, CSR Promotion Committee, Fiduciary Duty Promotion Committee and Competitiveness Committee have been established.

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


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

(ii) Other matters

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

Mitsubishi UFJ Financial Group, Inc. has established the Global Compliance Division as a division to administer matters related to compliance, and also established the Group Compliance Committee and the Group CCO (Chief Compliance Officer) Committee to promote sharing of compliance-related information among the Group companies and to strengthen the Group's incident prevention controls which realize the proactive response to problematic matters, while further enhancing compliance structure of the Group as a whole. Furthermore, in consideration of the importance of dealing with global financial crimes, the Bank has established the Global Financial Crimes Division as part of head office functions in New York, where expertise for dealing with global financial crimes and economic sanctions is concentrated, as part of an effort to develop a consistent Group-wide compliance framework against global financial crimes. Internal reporting system has been established, in addition to the ordinary reporting line within business organizations, and made available for officers and employees of the Group companies, in order to identify issues early and proactively rectify such issues through timely and proper reporting to the Group CCO Committee and other committees.

The Bank has also established the Global Compliance Division as a division to administer compliance as well as the Compliance Committee chaired by the CCO to deliberate important matters for the development and strengthening of compliance structure and thus ensures effectiveness of compliance. Furthermore, the Global Financial Crimes Division has been established as part of head office functions in New York in the U.S. to ensure an enhanced compliance framework against global financial crimes across the Bank.

The Bank has introduced the Balanced Score Card (BSC) as a common platform for all the branches to improve effectiveness of management control and internal control and makes efforts to disseminate it firmly in the Head Office as well as its branches. By utilizing BSC, the Bank aims at the target setting and performance evaluation where "short-term and long-term" as well as "offense and defense" are well-balanced.

B) Status of development of internal control system

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

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

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

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

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

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

・The Bank shall have not more than 30 Directors.
・Aforementioned Directors shall include not more than 10 Directors who are Members of the Audit & Supervisory Committee.
・At the time of the election of the Bank's Directors, there shall be in attendance shareholders who

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

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

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

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

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

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

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

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

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

7) Details of compensation to Officers

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

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

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

Men: 28 Women: 0 (Proportion of female Directors and Corporate Auditors is 0%)

| Title and position | Name | Date of birth | Major concurrent positions | Term | Number of shares of the Company held |
|---|---|---|---|---|---|
| Member of the Board of Directors<br>Audit & Supervisory Committee Member | Masahito Monguchi | January 1, 1946 | Of Counsel of Anderson Mori & Tomotsune LPC<br>Auditor of NEW KANSAI INTERNATIONAL AIRPORT COMPANY, LTD.<br>Board of trustees of Showa Women's University | Two years from June 2018 | - |
| Member of the Board of Directors<br>Audit & Supervisory Committee Member | Toshifumi Kitazawa | November 18, 1953 | Vice Chairman of the Board of Tokio Marine & Nichido Fire Insurance Co., Ltd. | Two years from June 2019 | - |
| Member of the Board of Directors<br>Audit & Supervisory Committee Member | Shinichi Koide | October 1, 1958 | Chairman, President and CEO of salesforce.com Co., Ltd. | Two years from June 2019 | - |
| Member of the Board of Directors<br>Audit & Supervisory Committee Member | Kenji Matsuo | June 22, 1949 | Senior Advisor of Meiji Yasuda Life Insurance Company | Two years from June 2018 | - |
| Member of the Board of Directors<br>Audit & Supervisory Committee Member | Tadayuki Matsushige | June 5, 1956 | - | Two years from June 2019 | - |
| Member of the Board of Directors<br>Audit & Supervisory Committee Member | Shigeo Ohyagi | May 17, 1947 | Senior Advisor of TEIJIN LIMITED | Two years from June 2018 | - |
| Member of the Board of Directors<br>Full-time Audit & Supervisory Committee Member | Naoto Hirota | June 4, 1958 | - | Two years from June 2019 | - |
| Member of the Board of Directors<br>Full-time Audit & Supervisory Committee Member | Hiroaki Fujisue | November 1, 1960 | - | Two years from June 2018 | - |
| Member of the Board of Directors<br>Full-time Audit & Supervisory Committee Member | Akira Hamamoto | May 19, 1960 | - | Two years from June 2019 | - |
| Member of the Board of Directors<br>Full-time Audit & Supervisory Committee Member | Fumikazu Tatsumi | July 16, 1964 | - | Two years from June 2018 | - |
| Member of the Board of Directors | Nobuyuki Hirano | October 23, 1951 | Member of the Board of Directors and Chairman of Mitsubishi UFJ Financial Group, Inc. | One year from June 2019 | - |
| Chairman of the Board of Directors<br>(Representative of the Board of Directors)<br><br>CAO<br>(In charge of Internal Audit Division) | Kiyoshi Sono | April 18, 1953 | Member of the Board of Directors and Managing Executive Officer of Mitsubishi UFJ Financial Group, Inc. | One year from June 2019 | - |
| Member of the Board of Directors<br>President & CEO<br>(Representative of the Board of Directors) | Kanetsugu Mike | November 4, 1956 | Member of the Board of Directors, Representative Corporate Executive and President & CEO of Mitsubishi UFJ Financial Group, Inc. | One year from June 2019 | - |
| Member of the Board of Directors<br>Deputy President<br>(Representative of the Board of Directors)<br><br>In charge of Central Region of Japan | Akihiko Nakamura | November 21, 1959 | - | One year from June 2019 | - |

| Title and position | Name | Date of birth | Major concurrent positions | Term | Number of shares of the Company held |
|---|---|---|---|---|---|
| Member of the Board of Directors<br>Deputy President (Representative of the Board of Directors)<br><br>Chief Executive, Japanese Corporate & Investment Banking Business Unit | Kenji Yabuta | April 27, 1960 | Senior Managing Corporate Executive and Group Head, Japanese Corporate & Investment Banking Business Group of Mitsubishi UFJ Financial Group, Inc. | One year from June 2019 | - |
| Member of the Board of Directors<br>Deputy President (Representative of the Board of Directors)<br><br>Chief Executive, Retail & Commercial Banking Business Unit | Naoki Hori | January 27, 1961 | Senior Managing Corporate Executive and Group Head, Retail & Commercial Banking Business Group of Mitsubishi UFJ Financial Group, Inc. | One year from June 2019 | - |
| Member of the Board of Directors<br>Deputy President (Representative of the Board of Directors)<br><br>CDTO<br>(In charge of Digital Transformation Division) | Hironori Kamezawa | November 18, 1961 | Member of the Board of Directors, Representative Corporate Executive and Deputy President of Mitsubishi UFJ Financial Group, Inc.<br>Representative of the Board of Directors & CEO of Global Open Network, Inc.<br>Representative of the Board of Directors & CEO of Global Open Network Japan, Inc. | One year from June 2019 | - |
| Member of the Board of Directors<br>Deputy President (Representative of the Board of Directors)<br><br>Chief Executive, Global Corporate & Investment Banking Business Unit (Concurrently seconded to MUFG Americas Holdings and MUFG Union Bank) | Masato Miyachi | June 14, 1960 | Senior Managing Corporate Executive and Group Head, Global Corporate & Investment Banking Business Group of Mitsubishi UFJ Financial Group, Inc. | One year from June 2019 | - |
| Member of the Board of Directors<br>Senior Managing Executive Officer (Representative of the Board of Directors)<br><br>CFO<br>(In charge of Corporate Planning Division (Budget & Resource Management Department) and Financial Planning Division) | Muneaki Tokunari | March 6, 1960 | Senior Managing Corporate Executive of Mitsubishi UFJ Financial Group, Inc. | One year from June 2019 | - |
| Member of the Board of Directors<br>Senior Managing Executive Officer (Representative of the Board of Directors)<br><br>Chief Executive, Global Commercial Banking Business Unit<br>COO-I<br>(In charge of Corporate Planning Division (Global Business) and Global Operations Planning Division) | Takayoshi Futae | January 16, 1961 | Senior Managing Corporate Executive and Group Head, Global Commercial Banking Business Group of Mitsubishi UFJ Financial Group, Inc.<br>Senior Managing Executive Officer of Mitsubishi UFJ Securities Holdings Co., Ltd. | One year from June 2019 | - |
| Member of the Board of Directors<br>Senior Managing Executive Officer (Representative of the Board of Directors)<br><br>In charge of Western Region of Japan | Muneya Taniguchi | June 6, 1962 | - | One year from June 2019 | - |

| Title and position | Name | Date of birth | Major concurrent positions | Term | Number of shares of the Company held |
|---|---|---|---|---|---|
| Member of the Board of Directors<br>Managing Executive Officer (Representative of the Board of Directors)<br><br>CHRO<br>(In charge of Human Resources Division) | Masakazu Ikeda | October 17, 1961 | Managing Executive Officer of Mitsubishi UFJ Financial Group, Inc. | One year from June 2019 | - |
| Member of the Board of Directors<br>Managing Executive Officer (Representative of the Board of Directors)<br><br>CRO<br>(In charge of Corporate Risk Management Division)<br>Principal Officer for credit management | Masahiro Kuwahara | November 11, 1962 | Managing Corporate Executive of Mitsubishi UFJ Financial Group, Inc. | One year from June 2019 | - |
| Member of the Board of Directors<br>Managing Executive Officer (Representative of the Board of Directors)<br><br>Chief Executive, Global Markets Business Unit | Shigeru Yoshifuji | June 29, 1962 | Managing Executive Officer and Deputy Group Head, Global Markets Business Group of Mitsubishi UFJ Financial Group, Inc. | One year from June 2019 | - |
| Member of the Board of Directors<br>Managing Executive Officer (Representative of the Board of Directors)<br><br>CSO<br>(In charge of Corporate Planning Division (excluding Budget & Resource Management Department and Global Business))<br>In charge of Corporate Administration Division<br>In sub-charge of Digital Transformation Division | Naomi Hayashi | March 16, 1965 | Managing Corporate Executive of Mitsubishi UFJ Financial Group, Inc. | One year from June 2019 | - |
| Member of the Board of Directors<br>Managing Executive Officer (Representative of the Board of Directors)<br><br>CCO<br>(In charge of Global Compliance Division and Global Financial Crimes Division) | Junichi Hanzawa | January 19, 1965 | Managing Corporate Executive of Mitsubishi UFJ Financial Group, Inc. | One year from June 2019 | - |
| Member of the Board of Directors<br>Managing Executive Officer (Representative of the Board of Directors)<br><br>CIO<br>(In charge of Information Systems Group)<br>CISO<br>Group Head, Information Systems Group | Hiroki Kameda | May 17, 1965 | Managing Corporate Executive of Mitsubishi UFJ Financial Group, Inc.<br>President & CEO (Representative Director) of Mitsubishi UFJ Information Technology, Ltd. | One year from June 2019 | - |

| Title and position | Name | Date of birth | Major concurrent positions | Term | Number of shares of the Company held |
|---|---|---|---|---|---|
| Member of the Board of Directors<br>Managing Executive Officer<br>(Representative of the Board of Directors)<br><br>CLO<br>(In charge of Legal Division) | Hiroshi Mori | February 21, 1965 | Director who is Audit and Supervisory Committee Member of KAGOME CO., LTD.<br>Managing Corporate Executive of Mitsubishi UFJ Financial Group, Inc. | One year from June 2019 | - |
| Total | 28 members | | | | |

(Notes) 1. Members of the Board of Directors Masahito Monguchi, Toshifumi Kitazawa, Shinichi Koide, Kenji Matsuo, Tadayuki Matsushige, and Shigeo Ohyagi are all Outside Directors stipulated under Article 2, Item 15 of the Companies Act.

2. We have an executive officer system, and the Bank has 114 Executive Officers as of the submission date of the Annual Securities Report. All the Members of the Board of Directors listed above, except for Nobuyuki Hirano, Kiyoshi Sono, Masahito Monguchi, Toshifumi Kitazawa, Shinichi Koide, Kenji Matsuo, Tadayuki Matsushige, Shigeo Ohyagi, Naoto Hirota, Hiroaki Fujisue, Akira Hamamoto and Fumikazu Tatsumi serve concurrently as Executive Officers.

3. The structure of the Audit & Supervisory Committee is as follows:
Audit & Supervisory Committee: Masahito Monguchi (Chairperson), Toshifumi Kitazawa, Shinichi Koide, Kenji Matsuo, Tadayuki Matsushige, Shigeo Ohyagi, Naoto Hirota, Hiroaki Fujisue, Akira Hamamoto and Fumikazu Tatsumi

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

The Outside Directors have no special interests with the Bank.

(3) Information about audit

1) Status of the Audit & Supervisory Committee

The Bank is a Company with an Audit & Supervisory Committee. The Audit & Supervisory Committee consists of 10 Members, including 6 Outside Members, as of the submission date of the Annual Securities Report.

The Audit & Supervisory Committee audits Directors' executions of duties in accordance with the audit policies and audit plans through effective cooperation with internal audit divisions and other bodies as described in "(1) Overview of corporate governance, 2) Corporate governance system, A) Status of corporate management organizations regarding management decision making, execution and supervision, and other corporate governance systems."

In addition, the Audit & Supervisory Committee, the Accounting Auditor and the Internal Audit Division hold meetings for mutual reporting and exchange of opinion among them and share information regarding audit measures and audit results, and strive to strengthen mutual cooperation.

2) Status of internal audit

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

Basic matters regarding the mission and purpose, roles, and organizational position of internal audit are stipulated in internal audit-related rules. The Bank has set up the Internal Audit Division as a division that manages internal audit divisions of the Group. The Internal Audit Division has 329 staff members (including those of overseas locations, but excluding those belonging to local companies) as of the end of March 2019. The Division leads the formulation and planning of internal audits of the entire Group, monitors the status of internal audits of subsidiaries and other entities and provides necessary guidance, advice and management, as well as internal audits of divisions of the Bank.

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

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

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

3) Status of accounting audit

(i) Names of certified public accountants, etc.

The certified public accountants who have conducted accounting audit of the Bank for the fiscal year ended March 2019 (the 14th term) are Mr. Hidehito Goda, Mr. Hiroyuki Sono, Mr. Hiroyuki Hamahara and Mr. Daisuke Konishi, who belong to Deloitte Touche Tohmatsu LLC. In addition, 70 certified public accountants, 58 persons who passed the certified public accountant examination, etc. and 61 other staff members have assisted the accounting audit of the Bank.

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

If an Accounting Auditor is deemed to fall under each item of Article 340, Paragraph 1 of the

Companies Act, the Audit & Supervisory Committee will consider the termination of the Accounting Auditor.

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

(iii) Evaluation of the Accounting Auditor

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

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

Upon evaluating the Accounting Auditor based on the above criteria, the Bank reappointed Deloitte Touche Tohmatsu LLC as the Accounting Auditor for the 15th Term (from April 1, 2019 to March 31, 2020).

4) Details of compensation for audits

(i) Details of fees to the Certified Public Accountants

(Millions of yen)

| Classification | Previous fiscal year | | Current fiscal year | |
|---|---|---|---|---|
| | Fees for audit services | Fees for non-audit services | Fees for audit services | Fees for non-audit services |
| The Bank | 2,490 | 10 | 2,265 | 15 |
| Consolidated subsidiaries | 116 | 5 | 128 | 5 |
| Total | 2,607 | 15 | 2,393 | 21 |

The non-audit services at the Bank are mainly the verification of internal control systems and the preparation of comfort letters.

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

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

(Millions of yen)

| Classification | Previous fiscal year | | Current fiscal year | |
|---|---|---|---|---|
| | Fees for audit services | Fees for non-audit services | Fees for audit services | Fees for non-audit services |
| The Bank | 845 | 86 | 968 | 26 |
| Consolidated subsidiaries | 1,451 | 271 | 1,498 | 190 |
| Total | 2,297 | 357 | 2,467 | 216 |

The non-audit services at the Bank are mainly tax advice and the reviews of reports made based on local accounting standards that are submitted to local authorities provided by Deloitte LLP and Deloitte Touche Tohmatsu.

In addition, the non-audit services at consolidated subsidiaries are mainly consultation about taxes and reviews of data governance projects provided by Deloitte Tax LLP, and Deloitte Touche Tohmatsu Certified Public Accountants LLP and its branches.

(iii) Other important details concerning audit fees

Not applicable.

(iv) Policies concerning audit fees

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

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

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

(4) Compensation to Officers

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

1. The Context of these Policies

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

2. Principles and Objectives

- MUFG Group, through its "simple, speedy and transparent group group-integrated operations" and supported by its consolidated strength, provides prime-quality products and services to respond to any and all financial needs, with the aim to "be the world's most trusted global financial group" and win strong support from its customers and society.
- The Bank, as the core bank of the MUFG Group, will provide the highest quality services properly and timely to satisfy the increasingly diversified and sophisticated financial needs of customers in the face of turbulent changes in the business environment, by demonstrating the Group's integrated strength by capitalizing on its operational network both at home and abroad, which is the most extensive among the Japanese banks, and enhancing collaboration with other Group companies.
- Our policies on the compensation for Officers are designed to enhance the executive motivation for contributing to the improvement in the Bank's performance, not only on a short-term basis but also from a medium-to-long-term perspective, while discouraging excessive risk-taking, with the aim of materializing the aforementioned management policies and supporting sustainable growth as well as medium-to-long-term enhancement of our corporate value. Furthermore, in determining the amount of compensation, the business performance and financial soundness at the Bank as well as regulatory constraints, etc. on executive remuneration both at home and abroad are also considered, in addition to securing a highly objective and transparent process.

3. Compensation Level

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

4. Decision-making Organizations and Authority, etc.

- These policies are determined by the Board of Directors of the Bank.
- Total amount of each category of compensation to be paid to Directors (excluding Directors who are Audit & Supervisory Committee Members) of the Bank is determined at the General Meeting of Shareholders. The amount of compensation (except for bonuses which are determined separately by the Evaluation Committee) for each individual Director is decided within the total amount determined by the President and CEO who is delegated by the Board of Directors,

reflecting the contents of deliberation made by the Compensation Committee of the Bank's parent company MUFG. Details of the compensation determined is reported to the Audit & Supervisory Committee.

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

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

(1) Composition and system

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

(2) Contents of each compensation, etc.

1) Basic compensation

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

2) Stock compensation

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

(i) Performance-based portion

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

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

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

A) Single-year evaluation portion (Evaluation weight: 50%)

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

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

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

B) Medium-to-long-term evaluation portion (Evaluation weight: 50%)

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

- Consolidated ROE of MUFG (MUFG standard) (Evaluation weight: 25%)
- Consolidated expense ratio of MUFG (Evaluation weight: 25%)

With a view to further enhancing profitability and capital efficiency, along with the improvement of the earnings structure, the most important management objectives of the Group, attainment rates of these indicators to the targets set out under the MUFG Medium-term Business Plan are evaluated on an absolute scale. The performance factor ranges from 0% to 150%, and no share issuance points are granted in case the attainment rate was below the target to a certain extent.

(ii) Non-performance-based portion

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

(iii) Malus and claw back provisions and shareholding policy

- Regarding stock compensation, confiscation of the share issuance points granted or the return of an amount equivalent to the shares issued, etc. may be requested to Officers, etc. who commit a material breach of delegation agreements, etc. between the Company and Officers, etc. in regard to the duties of Officers, etc., and who resign for personal reasons during their term of office.
- In principle, officers continue to hold MUFG shares acquired during their term of office until expiry of their service term.

3) Executive bonuses

- Executive bonuses, as short-term performance-based compensation to further motivate Officers, etc. to contribute to the improvement of financial performance for each fiscal year, are determined by using the Balanced Score Card, etc., based on the Group's performance and performance of individual Officers, etc. in executing duties for the previous fiscal year, and are paid, in principle, once a year in cash. The amount of bonuses varies between 0 and 150% of the base amount fixed by rank.
- Quantitative weight is 60% and qualitative weight is 40% in evaluating the performance of the President & CEO, Chairman and Deputy Chairman ("President, etc."). The rate of year-on-year change and target attainment rate (with the weighting balance of 1:1) of the four indicators below are used as evaluation criteria and evaluation approach, focusing on profitability of the primary line of business and capital efficiency for annual business performance.
  - The Bank's consolidated net operating profits (Evaluation weight: 20%)
  - Net income attributable to the shareholders of MUFG Bank (Evaluation weight: 10%)
  - The Bank's consolidated ROE (Evaluation weight: 20%)
  - The Bank's consolidated expense ratio (Evaluation weight: 10%)
- The qualitative evaluation of the President, etc. involves selecting around five items such as "strengthening of profitability at customer business units," "progress of structural reform and strengthening of management foundation" and "management of various risks," evaluation per item reflecting the Key Performance Indicators (KPIs) for each item, and a six-grade overall qualitative evaluation.
- Overall evaluation combining quantitative and qualitative evaluations for the President, etc. is based on a seven-grade method.
- Individual evaluation of the President, etc. is determined only by independent Outside Directors at MUFG's Compensation Committee.

(3) Other

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

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

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

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

| Officer category | Number of recipients | Total amount of compensation, etc. (Millions of yen) | Total amount of compensation by type (Millions of yen) | | | |
|---|---|---|---|---|---|---|
| | | | Basic compensation | Stock compensation | Executive bonuses | Retirement benefits |
| Directors other than Audit & Supervisory Committee Members (excluding Outside Directors) | 19 | 881 | 466 | 286 | 128 | - |
| Directors who are Audit & Supervisory Committee Members (excluding Outside Directors) | 5 | 263 | 258 | 5 | - | - |
| Outside Officers | 7 | 104 | 104 | - | - | - |

(Notes) 1. In addition to the above, the Bank paid retirement pension of ¥132 million and ¥7 million to the Inside Directors and Inside Corporate Auditors, respectively, who retired prior to June 2007.

2. On July 1, 2016, the Bank introduced a performance-based stock compensation plan using a structure called Board Incentive Plan. Total compensation in the table above represents expenses, etc. associated with the share issuance points granted under the plan during the fiscal year ended March 31, 2019.

3. Target of each indicator and results of the performance-based stock compensation plan relating to the previous MUFG Medium-term Business Plan (fiscal 2015 to fiscal 2017) paid during fiscal 2018

| Type of evaluation | Performance-based indicator | Evaluation weight | Target | Results |
|---|---|---|---|---|
| Single-year evaluation (fiscal 2016) | ・Consolidated net business profit of MUFG | 18% | Relative comparison with competitors | 108% |
| Single-year evaluation (fiscal 2017) | ・Net income attributable to the shareholders of MUFG | 18% | | 100% |
| | ・Market value of MUFG | 24% | | |
| Medium-to-long-term evaluation (fiscal 2016 to fiscal 2017) | ・Net income attributable to the shareholders of MUFG per share (EPS) | 40% | +15% (=¥84.2) compared to fiscal 2014 figure (¥73.2) | ¥74.5 in fiscal 2017, resulting in the attainment rate of 12% |

Target of each indicator and results of the performance-based stock compensation plan relating to the current MUFG Medium-term Business Plan (fiscal 2018 to fiscal 2020)

| Type of evaluation | Performance-based indicator | Evaluation weight | Target | Results |
|---|---|---|---|---|
| Single-year evaluation (fiscal 2018) | ・Consolidated net business profit of MUFG | 25% | Relative comparison with competitors | – |
| | ・Net income attributable to the shareholders of MUFG | 25% | | – |
| Medium-to-long-term evaluation (fiscal 2018 to fiscal 2020) | ・Consolidated ROE of MUFG (MUFG standard) | 25% | [fiscal 2020] 7-8% | – |
| | ・Consolidated expense ratio of MUFG | 25% | [fiscal 2020] below fiscal 2017 results (68%) | – |

4. Evaluation details of the executive bonus of the President & CEO for fiscal 2017 paid during fiscal 2018 is as follows. The same evaluation method is applied for fiscal 2018.

| Performance-based indicator | Evaluation weight | Attainment rate | Payment rate |
|---|---|---|---|
| <Overall evaluation> | 100% | 84.9% | 75.0% |
| ・Quantitative evaluation (Combination of four indicators including the Bank's consolidated ROE) | 60% | 91.5% | – |
| ・Qualitative evaluation | 40% | 75.0% | – |

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

3) Authorized decision makers of policies and activities of committees

・ Policies on the determination of the amount or the calculation method of compensation for the Bank's Officers are determined by the Board of Directors. The details and the scope of authority are provided in 1) "4. Decision-making Organizations and Authorities, etc."

・ The Board of Directors resolved the following matters in fiscal 2018.

> ・Extension of stock-compensation plan (Board Incentive Plan (BIP) trust) and additional funding to the trust (including the design of performance-based compensation)
> ・Review of "Policies on Determining Compensation to Officers" in connection with the above and other matters
> ・Delegation of authority to the President & CEO relating to the determination of compensation (including bonuses) of individual Officers, etc.

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

(5) Equity securities held

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

Deloitte.

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated balance sheets of MUFG Bank, Ltd. (the "Bank") and its subsidiaries as of March 31, 2019 and 2018, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for each of the three years in the period ended March 31, 2019, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

### Management's Responsibility for the Consolidated Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Bank and its subsidiaries as of March 31, 2019 and 2018, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2019, in accordance with accounting principles generally accepted in Japan.

### Convenience Translation

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

Deloitte Touche Tohmatsu LLC

June 25, 2019

# Consolidated Financial Statements

## MUFG Bank, Ltd. and Subsidiaries

## Consolidated Balance Sheets
## As of March 31, 2019 and 2018

| | Millions of Yen | | | | Millions of U.S. Dollars (Note 1) | |
|---|---|---|---|---|---|---|
| | 2019 | | 2018 | | 2019 | |
| ASSETS: | | | | | | |
| Cash and due from banks (Notes 3, 4, 11 and 26) | ¥ | 60,389,520 | ¥ | 57,688,651 | $ | 544,099 |
| Call loans and bills bought (Note 26) | | 469,960 | | 1,532,654 | | 4,234 |
| Receivables under resale agreements (Note 26) | | 4,521,292 | | 3,360,738 | | 40,736 |
| Receivables under securities borrowing transactions (Note 26) | | 606,900 | | 5,058,458 | | 5,468 |
| Monetary claims bought (Notes 4 and 26) | | 5,103,617 | | 4,247,072 | | 45,983 |
| Trading assets (Notes 4, 11 and 26) | | 5,969,639 | | 6,017,998 | | 53,785 |
| Money held in trust (Notes 5 and 26) | | 29,558 | | 32,496 | | 266 |
| Securities (Notes 4, 6, 10, 11 and 26) | | 50,189,861 | | 44,687,618 | | 452,202 |
| Loans and bills discounted (Notes 7, 11, 12, 26 and 29) | | 103,663,457 | | 93,816,565 | | 933,989 |
| Foreign exchange (Note 26) | | 2,073,541 | | 2,849,236 | | 18,682 |
| Tangible fixed assets (Note 8): | | 1,059,546 | | 1,092,280 | | 9,546 |
| Buildings | | 298,335 | | 233,453 | | 2,688 |
| Land (Note 9) | | 567,714 | | 576,843 | | 5,115 |
| Lease assets (Note 23) | | 9,911 | | 6,499 | | 89 |
| Construction in progress | | 33,253 | | 118,902 | | 300 |
| Other tangible fixed assets | | 150,330 | | 156,581 | | 1,354 |
| Intangible fixed assets: | | 869,120 | | 869,663 | | 7,831 |
| Software | | 344,066 | | 328,577 | | 3,100 |
| Goodwill | | 222,562 | | 242,333 | | 2,005 |
| Lease assets (Note 23) | | 63 | | 80 | | 1 |
| Other intangible fixed assets | | 302,427 | | 298,671 | | 2,725 |
| Asset for retirement benefits (Note 15) | | 492,978 | | 557,673 | | 4,442 |
| Deferred tax assets (Note 22) | | 58,920 | | 28,831 | | 531 |
| Customers' liabilities for acceptances and guarantees (Note 10) | | 8,201,459 | | 8,636,884 | | 73,894 |
| Other assets (Note 29) | | 10,202,294 | | 9,411,441 | | 91,921 |
| Allowance for credit losses (Note 26) | | (589,512) | | (659,338) | | (5,311) |
| Total assets | ¥ | 253,312,157 | ¥ | 239,228,925 | $ | 2,282,297 |

## MUFG Bank, Ltd. and Subsidiaries

## Consolidated Balance Sheets
## As of March 31, 2019 and 2018

| | Millions of Yen | | Millions of U.S. Dollars (Note 1) |
|---|---|---|---|
| | 2019 | 2018 | 2019 |
| LIABILITIES: | | | |
| Deposits (Notes 11 and 26) | ¥ 170,388,019 | ¥ 162,273,249 | $ 1,535,166 |
| Negotiable certificates of deposit (Note 26) | 7,101,065 | 5,471,650 | 63,979 |
| Call money and bills sold (Notes 11 and 26) | 127,123 | 405,061 | 1,145 |
| Payables under repurchase agreements (Notes 11 and 26) | 15,189,082 | 10,227,941 | 136,851 |
| Payables under securities lending transactions (Notes 11 and 26) | 10,907 | 5,741,181 | 98 |
| Commercial paper (Notes 13 and 26) | 1,383,962 | 1,441,060 | 12,469 |
| Trading liabilities (Notes 11 and 26) | 3,153,086 | 3,151,991 | 28,409 |
| Borrowed money (Notes 11, 13, 26 and 29) | 22,307,529 | 16,351,843 | 200,987 |
| Foreign exchange (Note 26) | 2,442,792 | 2,188,725 | 22,009 |
| Bonds payable (Notes 14 and 26) | 2,888,748 | 3,545,657 | 26,027 |
| Reserve for employee bonuses | 46,384 | 44,357 | 418 |
| Reserve for bonuses to directors | 115 | 96 | 1 |
| Reserve for stocks payment | 4,931 | 5,296 | 44 |
| Liability for retirement benefits (Note 15) | 49,973 | 49,598 | 450 |
| Reserve for retirement benefits to directors | 397 | 412 | 4 |
| Reserve for loyalty award credits | 10,698 | 10,536 | 96 |
| Reserve for contingent losses (Note 16) | 118,335 | 172,709 | 1,066 |
| Deferred tax liabilities (Notes 6 and 22) | 603,395 | 611,334 | 5,436 |
| Deferred tax liabilities for land revaluation (Note 9) | 110,060 | 112,872 | 992 |
| Acceptances and guarantees (Note 10) | 8,201,459 | 8,636,884 | 73,894 |
| Other liabilities (Notes 13 and 29) | 6,304,519 | 6,077,740 | 56,803 |
| Total liabilities | ¥ 240,442,589 | ¥ 226,520,203 | $ 2,166,345 |
| EQUITY (Notes 17, 18 and 25): | | | |
| Capital Stock | | | |
| Common stock: | | | |
| Authorized, 33,000,000 thousand shares; | | | |
| issued, 12,350,038 thousand shares in 2019 and 2018, with no stated value | ¥ 1,586,958 | ¥ 1,586,958 | $ 14,298 |
| Preferred stock: | | | |
| Authorized, 1,157,700 thousand shares; | | | |
| issued, 357,700 thousand shares in 2019 and 2018, with no stated value | 125,000 | 125,000 | 1,126 |
| Capital surplus | 3,670,720 | 3,670,941 | 33,073 |
| Retained earnings | 5,223,343 | 4,766,414 | 47,061 |
| Treasury stock—at cost, 357,700 thousand shares in 2019 and 2018 | (645,700) | (645,700) | (5,818) |
| Total shareholders' equity | 9,960,322 | 9,503,614 | 89,741 |
| Accumulated other comprehensive income: | | | |
| Net unrealized gain on available-for-sale securities (Notes 4 and 6) | 1,690,999 | 1,829,670 | 15,236 |
| Net deferred gain on derivatives under hedge accounting | 165,125 | 55,767 | 1,488 |
| Land revaluation surplus (Note 9) | 212,725 | 217,295 | 1,917 |
| Foreign currency translation adjustments | 151,092 | 233,942 | 1,361 |
| Defined retirement benefit plans (Note 15) | 15,745 | 70,886 | 142 |
| Total accumulated other comprehensive income | 2,235,688 | 2,407,562 | 20,143 |
| Noncontrolling interests | 673,557 | 797,545 | 6,069 |
| Total equity | 12,869,567 | 12,708,722 | 115,952 |
| Total liabilities and equity | ¥ 253,312,157 | ¥ 239,228,925 | $ 2,282,297 |

See the accompanying notes to consolidated financial statements.

## MUFG Bank, Ltd. and Subsidiaries

## Consolidated Statements of Income
## For the Fiscal Years Ended March 31, 2019, 2018 and 2017

| | Millions of Yen | | | Millions of U.S. Dollars (Note 1) |
|---|---|---|---|---|
| | 2019 | 2018 | 2017 | 2019 |
| INCOME: | | | | |
| Interest income: | | | | |
| Interest on loans and bills discounted | ¥ 2,144,813 | ¥ 1,733,712 | ¥ 1,584,323 | $ 19,324 |
| Interest and dividends on securities | 469,610 | 423,454 | 529,106 | 4,231 |
| Interest on call loans and bills bought | 11,540 | 11,120 | 10,332 | 104 |
| Interest on receivables under resale agreements | 90,090 | 66,457 | 38,821 | 812 |
| Interest on receivables under securities borrowing transactions | 13,053 | 7,023 | 1,842 | 118 |
| Interest on due from banks | 154,372 | 109,694 | 71,879 | 1,391 |
| Other interest income | 298,015 | 243,747 | 198,984 | 2,685 |
| Trust fees | 13,071 | 13,652 | 13,865 | 118 |
| Fees and commissions | 885,498 | 903,457 | 892,707 | 7,978 |
| Trading income | 44,748 | 83,974 | 109,585 | 403 |
| Other operating income | 346,084 | 344,701 | 487,831 | 3,118 |
| Other income (Note 20) | 398,355 | 341,740 | 314,967 | 3,589 |
| Total income | 4,869,257 | 4,282,736 | 4,254,248 | 43,871 |
| EXPENSES: | | | | |
| Interest expenses: | | | | |
| Interest on deposits | 564,010 | 384,639 | 271,116 | 5,082 |
| Interest on negotiable certificates of deposit | 103,856 | 67,016 | 49,299 | 936 |
| Interest on call money and bills sold | 8,501 | 5,794 | 3,002 | 77 |
| Interest on payables under repurchase agreements | 219,900 | 118,458 | 74,338 | 1,981 |
| Interest on payables under securities lending transactions | 1,517 | 1,524 | 395 | 14 |
| Interest on commercial paper | 35,868 | 20,570 | 11,144 | 323 |
| Interest on borrowed money | 215,204 | 99,897 | 70,811 | 1,939 |
| Interest on bonds payable | 100,505 | 93,067 | 99,677 | 906 |
| Other interest expenses | 325,548 | 218,019 | 142,641 | 2,933 |
| Fees and commissions | 186,891 | 180,294 | 162,899 | 1,684 |
| Trading expenses | 1,801 | 986 | 2,834 | 16 |
| Other operating expenses | 208,758 | 124,762 | 279,825 | 1,881 |
| General and administrative expenses | 1,848,282 | 1,840,713 | 1,797,515 | 16,653 |
| Other expenses (Note 21) | 236,190 | 283,339 | 299,205 | 2,128 |
| Total expenses | 4,056,838 | 3,439,084 | 3,264,708 | 36,551 |
| Income before income taxes | 812,419 | 843,651 | 989,540 | 7,320 |
| Income taxes (Note 22): | | | | |
| Current | 155,166 | 205,415 | 234,738 | 1,398 |
| Deferred | 1,875 | 20,280 | 10,391 | 17 |
| Total income taxes | 157,041 | 225,695 | 245,130 | 1,415 |
| Net income before attribution of noncontrolling interests | 655,377 | 617,956 | 744,409 | 5,905 |
| Net income attributable to noncontrolling interests | 42,940 | 42,695 | 54,480 | 387 |
| Net income attributable to the shareholders of MUFG Bank | ¥ 612,437 | ¥ 575,260 | ¥ 689,929 | $ 5,518 |

| | Yen | | | U.S. Dollars |
|---|---|---|---|---|
| | 2019 | 2018 | 2017 | 2019 |
| Per share of common stock (Notes 18 and 25): | | | | |
| Basic earnings per common share | ¥ 49.58 | ¥ 46.57 | ¥ 55.86 | $ 0.45 |
| Diluted earnings per common share | 49.58 | 46.57 | 55.86 | 0.45 |
| Cash dividends applicable to the year per common share | 8.51 | 31.92 | 35.66 | 0.08 |

See the accompanying notes to consolidated financial statements.

## MUFG Bank, Ltd. and Subsidiaries

## Consolidated Statements of Comprehensive Income
## For the Fiscal Years Ended March 31, 2019, 2018 and 2017

| | Millions of Yen | | | Millions of U.S. Dollars (Note 1) |
|---|---|---|---|---|
| | 2019 | 2018 | 2017 | 2019 |
| Net income before attribution of noncontrolling interests | ¥ 655,377 | ¥ 617,956 | ¥ 744,409 | $ 5,905 |
| Other comprehensive (loss) income (Note 24): | | | | |
| Net unrealized (loss) gain on available-for-sale securities | (131,894) | 225,347 | (194,316) | (1,188) |
| Net deferred gain (loss) on derivatives under hedge accounting | 109,216 | (83,500) | (280,843) | 984 |
| Land revaluation surplus | – | (57) | (21) | – |
| Foreign currency translation adjustments | (61,088) | (33,900) | (96,209) | (550) |
| Defined retirement benefit plans | (57,107) | 137,958 | 111,233 | (515) |
| Share of other comprehensive income in affiliates accounted for using the equity method | (27,320) | (3,928) | (18,165) | (246) |
| Total other comprehensive (loss) income | (168,194) | 241,919 | (478,322) | (1,515) |
| Comprehensive income | ¥ 487,183 | ¥ 859,875 | ¥ 266,086 | $ 4,389 |
| Total comprehensive income attributable to: | | | | |
| The shareholders of MUFG Bank | ¥ 449,773 | ¥ 804,273 | ¥ 211,562 | $ 4,052 |
| Noncontrolling interests | 37,410 | 55,602 | 54,524 | 337 |

See the accompanying notes to consolidated financial statements.

# MUFG Bank, Ltd. and Subsidiaries

## Consolidated Statements of Changes in Equity
## For the Fiscal Years Ended March 31, 2019, 2018 and 2017

| | Millions of Yen | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Accumulated other comprehensive income | | | | | | | |
| | Capital stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity | Net unrealized gain on available-for-sale securities | Net deferred gain on derivatives under hedge accounting | Land revaluation surplus | Foreign currency translation adjustments | Defined retirement benefit plans | Total accumulated other comprehensive income | Noncontrolling interests | Total equity |
| BALANCE, APRIL 1, 2016 | ¥ 1,711,958 | ¥ 3,657,605 | ¥ 4,334,142 | ¥ (645,700) | ¥ 9,058,006 | ¥ 1,811,614 | ¥ 421,257 | ¥ 234,399 | ¥ 392,298 | ¥ (158,343) | ¥ 2,701,226 | ¥ 1,359,055 | ¥ 13,118,288 |
| Dividends paid | – | – | (451,517) | – | (451,517) | – | – | – | – | – | – | – | (451,517) |
| Net income attributable to the shareholders of MUFG Bank | – | – | 689,929 | – | 689,929 | – | – | – | – | – | – | – | 689,929 |
| Reversal of land revaluation surplus | – | – | 6,217 | – | 6,217 | – | – | – | – | – | – | – | 6,217 |
| Changes in equity of consolidated subsidiaries | – | 10,403 | – | – | 10,403 | – | – | – | – | – | – | – | 10,403 |
| Other changes in the year | – | – | – | – | – | (201,393) | (279,102) | (6,238) | (108,979) | 104,818 | (490,895) | (455,347) | (946,242) |
| BALANCE, APRIL 1, 2017 | 1,711,958 | 3,668,009 | 4,578,772 | (645,700) | 9,313,039 | 1,610,220 | 142,155 | 228,160 | 283,319 | (53,525) | 2,210,330 | 903,707 | 12,427,078 |
| Dividends paid | – | – | (419,321) | – | (419,321) | – | – | – | – | – | – | – | (419,321) |
| Net income attributable to the shareholders of MUFG Bank | – | – | 575,260 | – | 575,260 | – | – | – | – | – | – | – | 575,260 |
| Reversal of land revaluation surplus | – | – | 10,808 | – | 10,808 | – | – | – | – | – | – | – | 10,808 |
| Changes in equity of consolidated subsidiaries | – | 2,932 | – | – | 2,932 | – | – | – | – | – | – | – | 2,932 |
| Effects due to revision of accounting standards for foreign affiliates | – | – | 20,895 | – | 20,895 | – | – | – | – | – | – | – | 20,895 |
| Other changes in the year | – | – | – | – | – | 219,450 | (86,388) | (10,865) | (49,377) | 124,412 | 197,231 | (106,162) | 91,069 |
| BALANCE, APRIL 1, 2018 | 1,711,958 | 3,670,941 | 4,766,414 | (645,700) | 9,503,614 | 1,829,670 | 55,767 | 217,295 | 233,942 | 70,886 | 2,407,562 | 797,545 | 12,708,722 |
| Accumulated effects due to revision of accounting standards for foreign affiliates | – | – | 1,014 | – | 1,014 | (1,014) | – | – | – | – | (1,014) | – | – |
| BALANCE, APRIL 1, 2018 (as restated) | 1,711,958 | 3,670,941 | 4,767,428 | (645,700) | 9,504,628 | 1,828,656 | 55,767 | 217,295 | 233,942 | 70,886 | 2,406,547 | 797,545 | 12,708,722 |
| Dividends paid | – | – | (140,823) | – | (140,823) | – | – | – | – | – | – | – | (140,823) |
| Net income attributable to the shareholders of MUFG Bank | – | – | 612,437 | – | 612,437 | – | – | – | – | – | – | – | 612,437 |
| Reversal of land revaluation surplus | – | – | 4,569 | – | 4,569 | – | – | – | – | – | – | – | 4,569 |
| Changes of application of equity method | – | – | (20,269) | – | (20,269) | – | – | – | – | – | – | – | (20,269) |
| Changes in equity of consolidated subsidiaries | – | (221) | – | – | (221) | – | – | – | – | – | – | – | (221) |
| Other changes in the year | – | – | – | – | – | (137,656) | 109,357 | (4,569) | (82,849) | (55,141) | (170,859) | (123,988) | (294,847) |
| BALANCE, MARCH 31, 2019 | ¥ 1,711,958 | ¥ 3,670,720 | ¥ 5,223,343 | ¥ (645,700) | ¥ 9,960,322 | ¥ 1,690,999 | ¥ 165,125 | ¥ 212,725 | ¥ 151,092 | ¥ 15,745 | ¥ 2,235,688 | ¥ 673,557 | ¥ 12,869,567 |

| | Millions of U.S. Dollars (Note 1) | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Accumulated other comprehensive income | | | | | | | |
| | Capital stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity | Net unrealized gain on available-for-sale securities | Net deferred gain on derivatives under hedge accounting | Land revaluation surplus | Foreign currency translation adjustments | Defined retirement benefit plans | Total accumulated other comprehensive income | Noncontrolling interests | Total equity |
| BALANCE, APRIL 1, 2018 | $ 15,424 | $ 33,075 | $ 42,945 | $ (5,818) | $ 85,626 | $ 16,485 | $ 502 | $ 1,958 | $ 2,108 | $ 639 | $ 21,692 | $ 7,186 | $ 114,503 |
| Accumulated effects due to revision of accounting standards for foreign affiliates | – | – | 9 | – | 9 | (9) | – | – | – | – | (9) | – | – |
| BALANCE, APRIL 1, 2018 (as restated) | 15,424 | 33,075 | 42,954 | (5,818) | 85,635 | 16,476 | 502 | 1,958 | 2,108 | 639 | 21,683 | 7,186 | 114,503 |
| Dividends paid | – | – | (1,269) | – | (1,269) | – | – | – | – | – | – | – | (1,269) |
| Net income attributable to the shareholders of MUFG Bank | – | – | 5,518 | – | 5,518 | – | – | – | – | – | – | – | 5,518 |
| Reversal of land revaluation surplus | – | – | 41 | – | 41 | – | – | – | – | – | – | – | 41 |
| Changes of application of equity method | – | – | (183) | – | (183) | – | – | – | – | – | – | – | (183) |
| Changes in equity of consolidated subsidiaries | – | (2) | – | – | (2) | – | – | – | – | – | – | – | (2) |
| Other changes in the year | – | – | – | – | – | (1,240) | 985 | (41) | (746) | (497) | (1,539) | (1,117) | (2,657) |
| BALANCE, MARCH 31, 2019 | $ 15,424 | $ 33,073 | $ 47,061 | $ (5,818) | $ 89,741 | $ 15,236 | $ 1,488 | $ 1,917 | $ 1,361 | $ 142 | $ 20,143 | $ 6,069 | $ 115,952 |

See the accompanying notes to consolidated financial statements.

## MUFG Bank, Ltd. and Subsidiaries

## Consolidated Statements of Cash Flows
## For the Fiscal Years Ended March 31, 2019, 2018 and 2017

| | Millions of Yen | | | Millions of U.S. Dollars (Note 1) |
|---|---|---|---|---|
| | 2019 | 2018 | 2017 | 2019 |
| OPERATING ACTIVITIES: | | | | |
| Income before income taxes | ¥ 812,419 | ¥ 843,651 | ¥ 989,540 | $ 7,320 |
| Adjustments for: | | | | |
| Income taxes paid | (228,358) | (167,655) | (336,852) | (2,057) |
| Income taxes refunds | 18,107 | 28,885 | 15,018 | 163 |
| Depreciation and amortization | 219,370 | 220,839 | 221,352 | 1,976 |
| Impairment loss on long-lived assets | 30,756 | 53,493 | 5,778 | 277 |
| Amortization of goodwill | 16,344 | 16,368 | 15,498 | 147 |
| Equity in earnings of the equity method investees | (14,401) | (25,456) | (21,891) | (130) |
| Decrease in allowance for credit losses | (85,474) | (142,118) | (118,455) | (770) |
| Increase (decrease) in reserve for employee bonuses | 3,373 | 4,527 | (287) | 30 |
| Increase (decrease) in reserve for bonuses to directors | 18 | (17) | 4 | 0 |
| (Decrease) increase in reserve for stocks payment | (364) | 293 | 5,003 | (3) |
| Increase in asset for retirement benefits | (40,922) | (74,172) | (71,463) | (369) |
| Increase (decrease) in liability for retirement benefits | 1,051 | 424 | (1,390) | 9 |
| Decrease in reserve for retirement benefits to directors | (15) | (50) | (17) | (0) |
| Increase in reserve for loyalty award credits | 267 | 77 | 621 | 2 |
| (Decrease) increase in reserve for contingent losses | (53,852) | 5,824 | 108,259 | (485) |
| Interest income (accrual basis) | (3,181,497) | (2,595,210) | (2,435,290) | (28,665) |
| Interest expenses (accrual basis) | 1,574,913 | 1,008,988 | 722,428 | 14,190 |
| Gains on securities | (155,040) | (105,819) | (140,734) | (1,397) |
| Losses on money held in trust | 563 | 1,193 | 9,079 | 5 |
| Foreign exchange (gains) losses | (197,258) | 433,701 | 397,560 | (1,777) |
| Losses (gains) on disposition of fixed assets | 1,946 | 4,404 | (10,734) | 18 |
| Decrease in trading assets | 78,318 | 651,876 | 688,224 | 706 |
| Decrease in trading liabilities | (53,808) | (1,114,905) | (1,201,866) | (485) |
| Adjustment of unsettled trading accounts | 278,408 | (49,526) | 31,359 | 2,508 |
| Net decrease in loans and bills discounted | 119,166 | 1,353,447 | 5,186,201 | 1,074 |
| Net increase in deposits | 8,573,538 | 7,527,916 | 7,564,819 | 77,246 |
| Net increase (decrease) in negotiable certificates of deposit | 1,631,891 | (1,165,347) | (382,300) | 14,703 |
| Net increase (decrease) in borrowed money (excluding subordinated borrowings) | 3,219,469 | (516,173) | 4,967,205 | 29,007 |
| Net decrease in due from banks (excluding cash equivalents) | – | – | 0 | – |
| Net (increase) decrease in call loans, bills bought and receivables under resale agreements | (7,366,008) | (1,516,866) | 64,210 | (66,366) |
| Net decrease (increase) in receivables under securities borrowing transactions | 4,441,508 | 1,147,703 | (5,271,053) | 40,017 |
| Net increase (decrease) in call money, bills sold and payables under repurchase agreements | 4,750,817 | 2,924,116 | (5,712,409) | 42,804 |
| Net (decrease) increase in commercial paper | (56,403) | (250,111) | 130,570 | (508) |
| Net (decrease) increase in payables under securities lending transactions | (5,727,786) | 2,621,767 | 1,144,793 | (51,606) |
| Net decrease (increase) in foreign exchange assets | 771,379 | (828,866) | (261,835) | 6,950 |
| Net increase in foreign exchange liabilities | 255,482 | 28,151 | 12,640 | 2,302 |
| Net decrease in straight bonds due to issuance and redemption | (563,731) | (650,441) | (758,333) | (5,079) |
| Interest and dividends received (cash basis) | 3,201,491 | 2,632,706 | 2,497,647 | 28,845 |
| Interest paid (cash basis) | (1,528,609) | (994,204) | (708,610) | (13,772) |
| Other-net | (131,112) | (887,583) | (967,633) | (1,181) |
| Total adjustments | 9,803,537 | 9,582,180 | 6,698,489 | 88,328 |
| Net cash provided by operating activities | ¥ 10,615,956 | ¥ 10,425,832 | ¥ 6,376,655 | $ 95,648 |

## MUFG Bank, Ltd. and Subsidiaries

## Consolidated Statements of Cash Flows
## For the Fiscal Years Ended March 31, 2019, 2018 and 2017

| | Millions of Yen | | | Millions of U.S. Dollars (Note1) |
|---|---|---|---|---|
| | 2019 | 2018 | 2017 | 2019 |
| INVESTING ACTIVITIES: | | | | |
| Purchases of securities | ¥ (57,560,831) | ¥ (64,624,666) | ¥ (47,273,289) | $ (518,613) |
| Proceeds from sales of securities | 28,835,551 | 27,565,799 | 31,627,922 | 259,803 |
| Proceeds from redemption of securities | 22,864,738 | 36,004,827 | 22,345,088 | 206,007 |
| Payments for increase in money held in trust | (20,830) | (25,290) | (16,310) | (188) |
| Proceeds from decrease in money held in trust | 20,091 | 19,097 | 28,977 | 181 |
| Purchases of tangible fixed assets | (96,440) | (133,308) | (87,688) | (869) |
| Purchases of intangible fixed assets | (177,850) | (138,122) | (146,011) | (1,602) |
| Proceeds from sales of tangible fixed assets | 9,025 | 8,041 | 29,431 | 81 |
| Proceeds from sales of intangible fixed assets | 622 | 697 | 2,890 | 6 |
| Payments for business transfers (Note 3) | (1,750,558) | – | – | (15,772) |
| Payments for purchases of stocks of subsidiaries resulting in change in the scope of consolidation | (1,106) | – | (625) | (10) |
| Proceeds from sales of stocks of subsidiaries resulting in change in the scope of consolidation | – | – | 2,761 | – |
| Payments for sales of stocks of subsidiaries resulting in change in the scope of consolidation | – | (1,329) | – | – |
| Other-net | (596) | (464) | (328) | (5) |
| Net cash (used in) provided by investing activities | (7,878,185) | (1,324,719) | 6,512,818 | (70,981) |
| FINANCING ACTIVITIES: | | | | |
| Proceeds from subordinated borrowings | 330,000 | 663,000 | 694,000 | 2,973 |
| Repayments of subordinated borrowings | (95,328) | (209,186) | (20,000) | (859) |
| Proceeds from issuance of subordinated bonds and bonds with subscription rights to shares | – | 110,434 | 32,416 | – |
| Payments for redemption of subordinated bonds and bonds with subscription rights to shares | (10,220) | (242,296) | (459,643) | (92) |
| Proceeds from issuance of common stock to noncontrolling interests | 4,070 | 3,363 | 4,283 | 37 |
| Repayments to noncontrolling interests | – | (16) | – | – |
| Payments for redemption of preferred stocks | (122,000) | (150,000) | (468,956) | (1,099) |
| Cash dividends paid | (128,934) | (412,738) | (451,517) | (1,162) |
| Cash dividends paid to noncontrolling interests | (29,552) | (33,657) | (51,683) | (266) |
| Payments for purchases of stocks of subsidiaries not resulting in change in the scope of consolidation | (13,889) | – | – | (125) |
| Net cash used in financing activities | (65,856) | (271,096) | (721,099) | (593) |
| Effect of foreign exchange rate changes on cash and cash equivalents | 28,954 | (248,035) | (235,262) | 261 |
| Net increase in cash and cash equivalents | 2,700,869 | 8,581,980 | 11,933,112 | 24,334 |
| Cash and cash equivalents, beginning of year | 57,688,651 | 49,105,070 | 37,163,259 | 519,764 |
| Increase in cash and cash equivalents due to new consolidation (Note 3) | – | 1,600 | 8,698 | – |
| Cash and cash equivalents, end of year (Note 3) | ¥ 60,389,520 | ¥ 57,688,651 | ¥ 49,105,070 | $ 544,099 |

See the accompanying notes to consolidated financial statements.

## 1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications and rearrangements have been made in the 2018 and 2017 consolidated financial statements to conform to the classifications used in 2019.

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

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Bank is incorporated and mainly operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥110.99 to U.S. $1, the approximate rate of exchange as of March 31, 2019. Such translations should not be construed as representations that the Japanese yen amounts can be converted into U.S. dollars at that or any other rate.

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *(1) Consolidation*

The consolidated financial statements include the accounts of the Bank and its subsidiaries (together, the "Group"). There were 127 and 126 subsidiaries as of March 31, 2019 and 2018, respectively.

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

Investments in 44 and 48 affiliates were accounted for using the equity method as of March 31, 2019 and 2018, respectively.

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

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

1) Scope of consolidation

a) Major subsidiaries as of March 31, 2019 and 2018 were as follows:

As of March 31, 2019 and 2018:
MUFG Americas Holdings Corporation ("MUAH")
Bank of Ayudhya Public Company Limited ("Krungsri")

Changes in the subsidiaries in the fiscal year ended March 31, 2019 were as follows:
PT Guna Dharma and other three companies were newly included in the scope of consolidation due to acquisition of shares, etc.
BTMU Preferred Capital 6 Limited and other two companies were excluded from the scope of consolidation due to liquidation, etc.

Changes in the subsidiaries in the fiscal year ended March 31, 2018 were as follows:
MUFG Investor Services (US), LLC and other three companies were newly included in the scope of consolidation due to reasons such as contribution-in-kind of shares of these companies to MUAH by MUFG on July 1, 2017. BTMU Preferred Capital 4 Limited and other four companies were excluded from the scope of consolidation due to liquidation, etc.

b) There were no unconsolidated subsidiaries as of March 31, 2019 and 2018.

c) The company which was not regarded as subsidiaries, although the majority of voting rights were owned by the Bank as of March 31, 2019 and 2018 was as follows:

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

d) There were no special purpose entities which were excluded from the scope of consolidation pursuant to Article 8-7 of the "Financial Statements Regulations for Terminology, Forms and Preparation of Financial Statements," which does not regard a special purpose entity as a subsidiary of an investor irrespective of indicators of control if the entity was established and operated for the purpose of asset securitization and satisfied certain eligible criteria as of March 31, 2019 and 2018.

2) Application of the equity method

a) There were no unconsolidated subsidiaries accounted for using the equity method as of March 31, 2019 and 2018.

b) Major affiliates accounted for using the equity method as of March 31, 2019 and 2018 were as follows:

As of March 31, 2019
PT Bank Danamon Indonesia, Tbk.
Vietnam Joint Stock Commercial Bank for Industry and Trade

As of March 31, 2018:
Dah Sing Financial Holdings Limited
Vietnam Joint Stock Commercial Bank for Industry and Trade

Changes in the affiliates accounted for using the equity method for the fiscal year ended March 31, 2019 were as follows:
PT Bank Danamon Indonesia, Tbk. ("Bank Danamon") and other three companies were included in the scope of the equity method due to acquisition of shares, etc.
Dah Sing Financial Holdings Limited and other seven companies were excluded from the scope of the equity method since these companies have not met the definition of affiliates due to the decrease in ownerships resulting from sales of shares, etc.

**Additional information**

Fiscal year ended March 31, 2019
Application of the equity method due to additional acquisition of shares in Bank Danamon

On August 3, 2018, the Bank acquired an additional 20.1% of the total outstanding shares of Bank Danamon, which is a major commercial bank of the Republic of Indonesia ("Indonesia"), from Asia Financial (Indonesia) Pte. Ltd. ("AFI") and others (together with AFI, the "Sellers"). As a result, the Bank has increased its investment in Bank Danamon to 40.0% and Bank Danamon became an affiliate accounted for using the equity method of the Bank.

i. Objectives of the investment
The Bank intends to establish an integrated and comprehensive services platform that serves as a gateway for clients wishing to make inroads into Indonesia's burgeoning economy as well as local companies keen on expanding into the region. This investment is also expected to strategically allow the Bank to benefit from Bank Danamon's foothold in the developing local retail and small and medium enterprises (SME) segments to deepen its banking franchise in Indonesia.

ii. Outline of the investment
The Bank entered into conditional share purchase agreements with the Sellers on December 26, 2017, to acquire their 73.8% equity interests in Bank Danamon (the "Acquisition of Shares"), subject to applicable regulatory approvals.

The Acquisition of Shares was executed through three steps. On December 29, 2017, as the first step, the Bank acquired an initial 19.9% equity interest (1,907,344,030 shares) in Bank Danamon from the Sellers based on a price of IDR 8,323 (approximately ¥70 ($0.63)) per share and at an investment amount of IDR 15,875 billion (approximately ¥133.4 billion ($1,202 million)). The price was based on a price book-value ratio of 2.0 calculated on the basis of Bank Danamon's net assets as of September 30, 2017, with certain adjustments applied.

On August 3, 2018, as the second step, the Bank acquired an additional 20.1% equity interest (1,926,513,316 shares) in Bank Danamon from the Sellers based on a price of IDR 8,921 (approximately ¥69 ($0.62)) per share and at an investment amount of IDR 17,187 billion (approximately ¥132.3 billion ($1,192 million)). The price was based on a price book-value ratio of 2.0 calculated on the basis of Bank Danamon's net assets as of as of June 30, 2018 with certain adjustments applied, and Bank Danamon became an affiliate accounted for using the equity method.

On April 29, 2019, as the third step, the Bank acquired an additional 54.0% equity interest in Bank Danamon, and Bank Danamon became a consolidated subsidiary. Bank Danamon's consolidation is described in Note 31 "SUBSEQUENT EVENTS."

iii. Overview of the investee, Bank Danamon:

| | |
|---|---|
| Trade name (Name of the investee): | PT Bank Danamon Indonesia, Tbk. |
| Business: | Commercial banking |
| Effective date of applying the equity method: | August 3, 2018 |
| Legal form of affiliation: | Acquisition of shares |
| Ratio of voting rights after acquisition of shares: | 40% |

iv. Operating period of the investee included in the consolidated financial statements
The fiscal year ending date of investee Bank Danamon is December 31, which is different from the consolidated fiscal year ending date by 3 months. Therefore, June 30, 2018 was deemed to be the effective date of applying the equity method to Bank Danamon and the operating results of Bank Danamon for the six-month period from July 1, 2018 through December 31, 2018 were included in the accompanying consolidated financial statements.

v. Outline of accounting treatments applied
aa. Acquisition cost of the investee and its components

| | | Millions of Yen | Millions of U.S. Dollars |
|---|---|---|---|
| Consideration for acquisition | Cash and due from banks | ¥271,290 | $2,444 |
| Expenses directly required for acquisition | Advisory fees, etc. | 1,890 | 17 |
| Acquisition cost | | ¥273,181 | $2,461 |

bb. Amount of goodwill generated, its cause and method and period of amortization
Amount of goodwill generated:
¥96,837 million ($872 million)
The cause of generation:
The goodwill was generated due to excess earning capability expected in future business development.
The method and the period of amortization:
The goodwill will be amortized on a straight-line basis over a period of 20 years.

Changes in the affiliates accounted for using the equity method in the fiscal year ended March 31, 2018 were as follows: BOT LEASE MEXICO S.A. DE C.V. was newly included in affiliates accounted for using the equity method due to new incorporation. Mitsubishi UFJ Investor Services & Banking (Luxembourg) S.A. and other two companies were excluded from affiliates accounted for using the equity method since these companies have not met the definition of affiliates due to the decrease in ownerships resulting from dividends-in-kind of shares.

c) There were no unconsolidated subsidiaries not accounted for using the equity method as of March 31, 2019 and 2018.

d) There were no affiliates not accounted for using the equity method as of March 31, 2019 and 2018.

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

As of March 31, 2019:
EDP Corporation
Eil Inc.
Fun Place Co., Ltd.
KAMUi Pharma, Inc.
GEXVal Inc.

As of March 31, 2018:
EDP Corporation
Eil Inc.
Fun Place Co., Ltd.

3) The fiscal year ending dates of subsidiaries

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

| | Number of subsidiaries | |
|---|---|---|
| | 2019 | 2018 |
| October 31 | 1 | 1 |
| December 31 | 85 | 82 |
| January 24 | 3 | 4 |
| March 31 | 38 | 39 |

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

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

Adjustments were made in the consolidated financial statements to reflect significant transactions occurring in the period between the fiscal year ending dates of subsidiaries and March 31, 2019 and 2018.

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

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

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

### *(3) Cash and Cash Equivalents*

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

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

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

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

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

Available-for-sale securities whose fair value cannot be reliably determined are reported at acquisition cost or amortized cost using the moving-average method.

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

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

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

### *(5) Tangible Fixed Assets*

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

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

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

### *(6) Intangible Fixed Assets*

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

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

### *(7) Deferred Charges*

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

### *(8) Allowance for Credit Losses*

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

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

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

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

For other claims, an allowance is provided based on the historical credit losses ratio during the defined periods.

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

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

For collateralized or guaranteed claims of bankrupt borrowers or virtually bankrupt borrowers, the amount of claims less estimated value of collateral or guarantees is deemed to be uncollectible and written off against the outstanding amount of claims. The amount of write-offs was ¥303,695 million ($2,736 million), ¥326,093 million and ¥353,042 million as of March

31, 2019, 2018 and 2017, respectively.

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

### *(9) Reserve for Employee Bonuses*

"Reserve for employee bonuses" is provided for estimated payment of bonuses to employees attributable to the respective fiscal year.

### *(10) Reserve for Bonuses to Directors*

"Reserve for bonuses to directors" is provided for estimated payment of bonuses to directors attributable to the respective fiscal year.

### *(11) Reserve for Stocks Payment*

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

### *(12) Retirement Benefits and Pension Plans*

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

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

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

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

### *(13) Reserve for Retirement Benefits to Directors*

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

### *(14) Reserve for Loyalty Award Credits*

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

### *(15) Reserve for Contingent Losses*

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

### *(16) Assets and Liabilities Denominated in Foreign Currencies*

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

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

### *(17) Leases*

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

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

### *(18) Income Taxes*

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

### *(19) Derivatives and Hedging Activities*

Derivatives are stated at fair value.

1) Hedge accounting for interest rate risks

The Bank has adopted the deferred hedge accounting method for hedging transactions for interest rate risks arising from monetary assets and liabilities. Portfolio hedging or individual hedging, as described in the Japanese Institute of Certified Public Accountants ("JICPA") Industry Audit Committee Report No. 24 "Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (February 13, 2002) and JICPA Accounting Committee Report No. 14 "Practical Guidelines for Accounting for Financial Instruments" (January 31, 2000), are primarily applied to determine hedged items.

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

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

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

2) Hedge accounting for foreign currency risks

The Bank has adopted the deferred hedge accounting method for hedging transactions for foreign currency risks arising from monetary assets and liabilities denominated in foreign currencies. Portfolio hedging is applied to determine hedged items as described in JICPA Industry Audit Committee Report No. 25 "Treatment of Accounting and Auditing concerning Accounting for Foreign Currency Transactions in the Banking Industry" (July 29, 2002). Hedging instruments (e.g. currency swaps and forward exchange contracts) are designated to hedged items collectively by currency.

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

3) Hedge accounting for share price fluctuation risks

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

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

4) Transactions among consolidated companies

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

### *(20) Consumption Taxes*

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

### *(21) Application of Consolidated Taxation System*

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

### *(22) Per Share Information*

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

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

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

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

### *(23) Change in Accounting Policies*

**(Changes in the definition of cash and cash equivalents in the consolidated statements of cash flows)**

From the year ended March 31, 2019, the Bank has changed the definition of cash and cash equivalents in the consolidated statements of cash flows to make it equivalent to “Cash and due from banks” in the consolidated balance sheet. Previously, it was defined as “Cash and due from banks” in the consolidated balance sheet, excluding time deposits and negotiable certificates of deposit included in due from banks.

In light of the market environment where interest rates have long remained, and are expected to remain, ultra-low due to recent monetary policy, and the business environment where the Bank implements strategies to transform its business model based on the current Medium-Term Business Plan, treating such “Due from banks” as an operating asset which constitutes cash flows from operating activities no longer accurately reflects the Bank’s actual cash management activities, therefore, “Due from banks,” regardless of whether it bears interest, is included in cash and cash equivalents in order to more accurately present the actual cash flows.

This change has been applied retrospectively, and the consolidated statements of cash flows for the years ended March 31, 2018 and 2017 have been restated.

As a result, with respect to the consolidated statements of cash flows for the year ended March 31, 2018, “Net cash provided by operating activities,” “Net increase in cash and cash equivalents,” and “Cash and cash equivalents, end of year” increased ¥5,140,256 million, ¥4,942,584 million, and ¥33,961,409 million, respectively. For the year ended March 31, 2017, “Net cash provided by operating activities,” “Net increase in cash and cash equivalents,” and “Cash and cash equivalents, end of year” decreased ¥423,377 million, decreased ¥631,253 million and increased ¥29,018,825 million, respectively.

### *(24) Changes in Presentation*

“Refund,” which had been stated separately from “Current” under “Income taxes” in the fiscal years ended March 31, 2018 and 2017, has been included in “Current” under “Income taxes” from the fiscal year ended March 31, 2019 due to decreased significance. In order to reflect these changes in presentation, consolidated financial statements for the fiscal year ended March 31, 2018 and 2017 have been reclassified.

As a result, the amounts which had been presented as “Current” in the fiscal years ended March 31, 2018 and 2017 of ¥224,634 million and ¥242,420 million, and “Refund” of ¥(19,219) million and ¥(7,681) million under “Income taxes,” respectively, have been reclassified into “Current” under “Income taxes” of ¥205,415 million and ¥234,738 million, respectively.

## 3. CASH AND CASH EQUIVALENTS

As noted in (3) “Cash and Cash Equivalents” under 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, “Cash and due from banks” including time deposits and negotiable certificates of deposit in the consolidated balance sheets has been treated as “Cash and cash equivalents” in the consolidated statements of cash flows, and there were no reconciling items between the two accounts as of March 31, 2019 and 2018 as follows:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | March 31, 2019 | March 31, 2018 | March 31, 2019 |
| Cash and due from banks | ¥ 60,389,520 | ¥ 57,688,651 | $ 544,099 |
| Cash and cash equivalents at the end of year | ¥ 60,389,520 | ¥ 57,688,651 | $ 544,099 |

***Major components of assets and liabilities transferred in consideration for cash and cash equivalents***

The Bank received transfer of the corporate loan-related business carried on by the overseas locations of Mitsubishi UFJ Trust and Banking Corporation (the “Trust Bank”). The components of assets and liabilities that increased due to the business transfer were as follows:

| | Millions of Yen | Millions of U.S. Dollars |
|---|---|---|
| Assets | ¥ 1,763,679 | $ 15,890 |
| *[Of which, loans]* | *[1,746,867]* | *[15,739]* |
| Liabilities | (13,120) | (118) |
| Transfer value | 1,750,558 | 15,772 |
| Cash and cash equivalents included in above assets | – | – |
| Payments for business transfers | ¥ 1,750,558 | $ 15,772 |

***Significant Non-cash Transaction for the Fiscal Year ended March 31, 2019***

The Bank succeeded the corporate loan-related business carried on by the head office and domestic branches of the Trust Bank through an absorption-type corporate split. The components of assets and liabilities increased due to the absorption-type corporate split are disclosed in Note 28 “BUSINESS COMBINATIONS OR DIVESTITURES.”

***Significant Non-cash Transaction for the Fiscal Year ended March 31, 2018***

There was no significant non-cash transaction to be noted for the year ended March 31, 2018.

***Significant Non-cash Transaction for the Fiscal Year ended March 31, 2017***

As the two subsidiaries of the Trust Bank and Mitsubishi UFJ Securities Holdings, Co., Ltd. (the “Securities HD”) in the United States were newly consolidated after being transferred to MUAH, a U.S. subsidiary of the Bank, the assets and liabilities that increased were as follows:

| | Millions of Yen |
|---|---|
| Assets (excluding cash and cash equivalents) | ¥ 2,878,191 |
| Liabilities | (2,820,309) |
| Net assets | (66,580) |
| Net increase in cash and cash equivalents due to new consolidation | ¥ 8,698 |

## 4. TRADING ASSETS OR LIABILITIES AND SECURITIES

Securities as of March 31, 2019 and 2018 include equity securities in affiliates of ¥566,009 million ($5,100 million) and ¥385,139 million, respectively and capital subscriptions to entities such as limited liability companies of ¥7,858 million ($71 million) and ¥5,120 million, respectively.

Securities loaned under unsecured securities lending transactions amounted to ¥2,507 million ($23 million) and ¥270,595 million as of March 31, 2019 and 2018, respectively.

For securities borrowed and purchased under resale agreements where the secured parties are permitted to sell or re-pledge the securities without restrictions, ¥5,209,842 million ($46,940 million) and ¥7,770,620 million of such securities were re-pledged as of March 31, 2019 and 2018, respectively.

The remaining ¥3,793,380 million ($34,178 million) and ¥4,675,498 million of these securities were held without disposition as of March 31, 2019 and 2018, respectively.

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

(1) Trading securities:

Net unrealized gains on trading securities were ¥562 million ($5 million) for the fiscal year ended March 31, 2019 and net unrealized losses on trading securities were ¥1,084 million for the fiscal year ended March 31, 2018.

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

| | Millions of Yen | | | | |
|---|---|---|---|---|---|
| | March 31, 2019 | | | | |
| | Carrying amount | Fair value | Net unrealized gain (loss) | Unrealized gain | Unrealized loss |
| Japanese government bonds | ¥ 1,100,701 | ¥ 1,142,320 | ¥ 41,618 | ¥ 41,618 | ¥ – |
| Foreign bonds | 1,209,988 | 1,189,847 | (20,140) | 3,305 | (23,446) |
| Other | 1,103,790 | 1,096,024 | (7,766) | 612 | (8,378) |
| Total | ¥ 3,414,479 | ¥ 3,428,191 | ¥ 13,711 | ¥ 45,536 | ¥ (31,825) |

| | Millions of Yen | | | | |
|---|---|---|---|---|---|
| | March 31, 2018 | | | | |
| | Carrying amount | Fair value | Net unrealized gain (loss) | Unrealized gain | Unrealized loss |
| Japanese government bonds | ¥ 1,100,828 | ¥ 1,141,040 | ¥ 40,211 | ¥ 40,211 | ¥ – |
| Foreign bonds | 1,116,942 | 1,107,245 | (9,696) | 6,149 | (15,846) |
| Other | 864,305 | 868,817 | 4,511 | 5,186 | (674) |
| Total | ¥ 3,082,075 | ¥ 3,117,102 | ¥ 35,026 | ¥ 51,548 | ¥ (16,521) |

| | Millions of U.S. Dollars | | | | |
|---|---|---|---|---|---|
| | March 31, 2019 | | | | |
| | Carrying amount | Fair value | Net unrealized gain (loss) | Unrealized gain | Unrealized loss |
| Japanese government bonds | $ 9,917 | $ 10,292 | $ 375 | $ 375 | $ — |
| Foreign bonds | 10,902 | 10,720 | (181) | 30 | (211) |
| Other | 9,945 | 9,875 | (70) | 6 | (75) |
| Total | $ 30,764 | $ 30,887 | $ 124 | $ 410 | $ (287) |

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

| | Millions of Yen | | | | |
|---|---|---|---|---|---|
| | March 31, 2019 | | | | |
| | Carrying amount | Acquisition cost | Net unrealized gain (loss) | Unrealized gain | Unrealized loss |
| Domestic equity securities | ¥ 4,036,366 | ¥ 1,871,543 | ¥ 2,164,823 | ¥ 2,224,784 | ¥ (59,961) |
| Domestic bonds | 24,615,200 | 24,295,525 | 319,675 | 321,061 | (1,386) |
| Japanese government bonds | 19,095,279 | 18,852,263 | 243,015 | 243,640 | (625) |
| Municipal bonds | 2,201,147 | 2,178,666 | 22,481 | 22,485 | (4) |
| Corporate bonds | 3,318,773 | 3,264,595 | 54,178 | 54,935 | (756) |
| Foreign equity securities | 115,673 | 64,097 | 51,576 | 52,212 | (636) |
| Foreign bonds | 14,973,883 | 14,900,770 | 73,112 | 159,091 | (85,978) |
| Other | 4,121,512 | 4,206,493 | (84,980) | 25,809 | (110,789) |
| Total | ¥ 47,862,636 | ¥ 45,338,429 | ¥ 2,524,206 | ¥ 2,782,960 | ¥ (258,753) |

Note:

Net unrealized gain (loss) in the table above includes a gain of ¥101,335 million which was recognized in profit or loss by applying the fair value hedge accounting.

| | Millions of Yen | | | | |
|---|---|---|---|---|---|
| | March 31, 2018 | | | | |
| | Carrying amount | Acquisition cost | Net unrealized gain (loss) | Unrealized gain | Unrealized loss |
| Domestic equity securities | ¥ 4,501,180 | ¥ 1,980,885 | ¥ 2,520,294 | ¥ 2,560,314 | ¥ (40,019) |
| Domestic bonds | 23,612,295 | 23,338,290 | 274,004 | 279,954 | (5,950) |
| Japanese government bonds | 19,270,980 | 19,042,187 | 228,793 | 229,724 | (931) |
| Municipal bonds | 1,536,343 | 1,531,062 | 5,280 | 7,800 | (2,520) |
| Corporate bonds | 2,804,971 | 2,765,041 | 39,930 | 42,429 | (2,499) |
| Foreign equity securities | 244,561 | 198,133 | 46,427 | 78,320 | (31,892) |
| Foreign bonds | 10,999,095 | 11,115,912 | (116,816) | 54,188 | (171,005) |
| Other | 3,107,642 | 3,123,815 | (16,172) | 28,209 | (44,382) |
| Total | ¥ 42,464,775 | ¥ 39,757,037 | ¥ 2,707,737 | ¥ 3,000,988 | ¥ (293,250) |

Note:

Net unrealized gain (loss) in the table above includes a gain of ¥106,193 million which was recognized in profit or loss by applying the fair value hedge accounting.

| | Millions of U.S. Dollars | | | | |
|---|---|---|---|---|---|
| | March 31, 2019 | | | | |
| | Carrying amount | Acquisition cost | Net unrealized gain (loss) | Unrealized gain | Unrealized loss |
| Domestic equity securities | $ 36,367 | $ 16,862 | $ 19,505 | $ 20,045 | $ (540) |
| Domestic bonds | 221,779 | 218,898 | 2,880 | 2,893 | (12) |
| Japanese government bonds | 172,045 | 169,856 | 2,190 | 2,195 | (6) |
| Municipal bonds | 19,832 | 19,629 | 203 | 203 | (0) |
| Corporate bonds | 29,902 | 29,413 | 488 | 495 | (7) |
| Foreign equity securities | 1,042 | 578 | 465 | 470 | (6) |
| Foreign bonds | 134,912 | 134,253 | 659 | 1,433 | (775) |
| Other | 37,134 | 37,900 | (766) | 233 | (998) |
| Total | $ 431,234 | $ 408,491 | $ 22,743 | $ 25,074 | $ (2,331) |

Note:

Net unrealized gain (loss) in the table above includes a gain of $913 million which was recognized in profit or loss by applying the fair value hedge accounting.

(4) Proceeds from sales of available-for-sale securities and related realized gains and losses for the fiscal years ended March 31, 2019 and 2018 were as follows:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | March 31, 2019 | March 31, 2018 | March 31, 2019 |
| Sales proceeds | ¥ 29,187,724 | ¥ 27,625,154 | $ 262,976 |
| Realized gains | 272,365 | 252,036 | 2,454 |
| Realized losses | 86,451 | 122,524 | 779 |

(5) Reclassified securities

In the fiscal year ended March 31, 2019, certain foreign consolidated subsidiaries with the fiscal year ending date of December 31 reclassified securitized instruments which had been previously classified as “Available-for-sale securities” to “Held-to-maturity debt securities” at the market value of ¥213,512 million ($1,924 million) in accordance with the Accounting Standards Codification (ASC 320) “Investments - Debt and Equity Securities” released by the Financial Accounting Standards Board of the U.S.

This reclassification was implemented since management deemed it more appropriate to classify these instruments as “Held-to-maturity debt securities” considering their capability and intent to hold these instruments until maturity.

Debt securities reclassified from “Available-for-sale securities” to “Held-to-maturity debt securities” as of March 31, 2019 were as follows:

| | Millions of Yen | | |
|---|---|---|---|
| | Fair value | Carrying amount | Net unrealized gain (loss) on available-for-sale securities recorded in the consolidated balance sheet |
| Foreign bonds | ¥ 193,888 | ¥ 193,306 | ¥ (6,043) |

| | Millions of U.S. Dollars | | |
|---|---|---|---|
| | Fair value | Carrying amount | Net unrealized gain (loss) on available-for-sale securities recorded in the consolidated balance sheet |
| Foreign bonds | $ 1,747 | $ 1,742 | $ (54) |

Shares of PT Bank Danamon Indonesia, Tbk., which had been held as “Available-for-sale securities” have been reclassified to “Equity securities in affiliates” with the carrying amount of ¥263,021 million ($2,370 million) since PT Bank Danamon Indonesia, Tbk. became the Bank’s affiliate accounted for using the equity method due to an additional acquisition of equity interest in the fiscal year ended March 31, 2019.

In the fiscal year ended March 31, 2018, there were no reclassified securities.

(6) Impairment loss on securities

Securities other than trading securities and investments in affiliates (excluding those securities whose fair value cannot be reliably determined), whose fair value significantly declined compared with the acquisition cost, and is considered to be other than recoverable decline, were written down to the respective fair value which is recorded as the carrying amount on the consolidated balance sheets.
Impairment losses for the fiscal years ended March 31, 2019 and 2018 were ¥10,539 million ($95 million) consisting of ¥9,476 million ($85 million) on equity securities and ¥1,063 million ($10 million) on debt securities and others and ¥8,730 million consisting of ¥3,730 million on equity securities and ¥4,999 million on debt securities and others, respectively.

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

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

“Bankrupt issuers” mean issuers who have entered into bankruptcy, special liquidation proceedings or similar legal proceedings or whose notes have been dishonored and suspended from processing through clearing houses. “Virtually bankrupt issuers” mean issuers who are not legally or formally bankrupt but are regarded as substantially in a similar condition. “Likely to become bankrupt issuers” mean issuers who are not legally bankrupt but are likely to become bankrupt.

"Issuers requiring close watch" mean issuers who require close watch of the management. "Normal issuers" mean issuers other than "Bankrupt issuers," "Virtually bankrupt issuers," "Likely to become bankrupt issuers" or "Issuers requiring close watch."

## 5. MONEY HELD IN TRUST

"Money held in trust" classified as trading as of March 31, 2019 and 2018 was as follows:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | March 31, 2019 | March 31, 2018 | March 31, 2019 |
| Carrying amount | ¥ 27,171 | ¥ 26,572 | $ 245 |
| Net unrealized gain (loss) | 641 | (2,385) | 6 |

There was no "Money held in trust" classified as held-to-maturity as of March 31, 2019 and 2018.

"Money held in trust" classified as other than trading and held-to-maturity as of March 31, 2019 and 2018 was as follows:

| | Millions of Yen | | | | |
|---|---|---|---|---|---|
| | March 31, 2019 | | | | |
| | Carrying amount | Acquisition cost | Net unrealized gain (loss) | Unrealized gain | Unrealized loss |
| Money held in trust classified as other than trading and held-to-maturity | ¥ 2,387 | ¥ 2,387 | ¥ – | ¥ – | ¥ – |

| | Millions of Yen | | | | |
|---|---|---|---|---|---|
| | March 31, 2018 | | | | |
| | Carrying amount | Acquisition cost | Net unrealized gain (loss) | Unrealized gain | Unrealized loss |
| Money held in trust classified as other than trading and held-to-maturity | ¥ 5,924 | ¥ 5,924 | ¥ – | ¥ – | ¥ – |

| | Millions of U.S. Dollars | | | | |
|---|---|---|---|---|---|
| | March 31, 2019 | | | | |
| | Carrying amount | Acquisition cost | Net unrealized gain (loss) | Unrealized gain | Unrealized loss |
| Money held in trust classified as other than trading and held-to-maturity | $ 22 | $ 22 | $ – | $ – | $ – |

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

Net unrealized gain on available-for-sale securities as of March 31, 2019 and 2018 were as follows:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | March 31, 2019 | March 31, 2018 | March 31, 2019 |
| Unrealized gain: | ¥ 2,408,200 | ¥ 2,593,056 | $ 21,697 |
| Available-for-sale securities | 2,423,437 | 2,602,665 | 21,835 |
| Money held in trust except for trading and held-to-maturity purpose | – | – | – |
| Securities reclassified from available-for-sale securities into held-to-maturity debt securities | (15,237) | (9,609) | (137) |
| Deferred tax liabilities | (706,266) | (757,900) | (6,363) |
| Net unrealized gain on available-for-sale securities before adjustments by ownership share | 1,701,933 | 1,835,155 | 15,334 |
| Noncontrolling interests | (1,831) | (3,145) | (16) |
| Bank's ownership share in unrealized loss on available-for-sale securities held by affiliates accounted for using the equity method | (9,102) | (2,338) | (82) |
| Net unrealized gain on available-for-sale securities | ¥ 1,690,999 | ¥ 1,829,670 | $ 15,236 |

Notes:

1. Unrealized gain in the table above excludes ¥101,335 million ($913 million) of gains as of March 31, 2019 and ¥106,193 million of gains as of March 31, 2018 which were recognized in profit or loss by the fair value hedge accounting respectively.
2. Unrealized gain in the table above includes ¥566 million ($5 million) and ¥1,121 million of net unrealized gain on available-for-sale securities invested in limited partnerships as of March 31, 2019 and 2018, respectively.

## 7. LOANS AND BILLS DISCOUNTED

Bills discounted and rediscounted are accounted for as financial transactions in accordance with "Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry" (JICPA Industry Audit Committee Report No. 24). The Bank has rights to sell or pledge these bills discounted. The total face value of bills discounted was ¥1,540,530 million ($13,880 million) and ¥1,407,038 million as of March 31, 2019 and 2018 respectively. Of these, the total face value of foreign exchange bills bought which were transferred due to rediscounts of bills amounted to ¥4,919 million ($44 million) and ¥3,065 million as of March 31, 2019 and 2018, respectively.

"Loans and bills discounted" as of March 31, 2019 and 2018 were as follows:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | March 31, 2019 | March 31, 2018 | March 31, 2019 |
| Loans to bankrupt borrowers | ¥ 39,079 | ¥ 42,568 | $ 352 |
| Non-accrual delinquent loans | 477,254 | 507,964 | 4,300 |
| Loans past due for three months or more | 13,656 | 24,130 | 123 |
| Restructured loans | 247,096 | 479,324 | 2,226 |
| Total | ¥ 777,086 | ¥ 1,053,988 | $ 7,001 |

Note:

Amounts above are stated before the reduction of the allowance for credit losses.

Loans to bankrupt borrowers are loans, after write-offs, to bankrupt borrowers as defined in Article 96-1-3-1 to 5 or 96-1-4 of "the Order for Enforcement of the Corporation Tax Act" (No. 97 in 1965) on which accrued interest income is not recognized ("Non-accrual loans") as there is substantial doubt as to the collection of principal and/or interest because of delinquencies in payment of principal and/or interest for a significant period of time or for some other reasons.
Non-accrual delinquent loans represent non-accrual loans other than loans to bankrupt borrowers and loans renegotiated at concessionary terms, which include reduction or deferral of interest due to the borrower's weakened financial condition.

Loans past due for three months or more represent loans whose principal and/or interest payments have been past due for three months or more, excluding loans to bankrupt borrowers and non-accrual delinquent loans.

Restructured loans represent loans renegotiated at concessionary terms, including reduction or deferral of interest or principal and forgiveness of loans and others, due to the borrower's weakened financial condition, excluding loans to bankrupt borrowers, non-accrual delinquent loans and loans past due for three months or more.

## 8. TANGIBLE FIXED ASSETS

The accumulated depreciation of "Tangible fixed assets" as of March 31, 2019 and 2018 amounted to ¥942,037 million ($8,488 million) and ¥990,820 million, respectively.

Deferred gains on "Tangible fixed assets" not recognized for tax purposes as of March 31, 2019 and 2018 amounted to ¥71,569 million ($645 million) and ¥72,924 million, respectively.

## 9. LAND REVALUATION SURPLUS

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

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

## 10. CUSTOMERS' LIABILITIES FOR ACCEPTANCES AND GUARANTEES

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

Guarantee obligations for private placement bonds included in "Securities" (provided in accordance with the Article 2-3 of the "Financial Instruments and Exchange Act") as of March 31, 2019 and 2018 were ¥394,626 million ($3,556 million) and ¥461,898 million, respectively.

## 11. ASSETS PLEDGED AS COLLATERAL

Assets pledged as collateral and their relevant liabilities as of March 31, 2019 and 2018 were as follows:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | March 31, 2019 | March 31, 2018 | March 31, 2019 |
| Assets pledged as collateral: | | | |
| Cash and due from banks | ¥ 468 | ¥ – | $ 4 |
| Securities | 438,285 | 691,066 | 3,949 |
| Loans and bills discounted | 13,133,956 | 10,557,556 | 118,335 |
| Total | ¥ 13,572,709 | ¥ 11,248,622 | $ 122,288 |
| Relevant liabilities to above assets: | | | |
| Deposits | ¥ 514,060 | ¥ 547,501 | $ 4,632 |
| Call money and bills sold | – | 4,930 | – |
| Trading liabilities | 8,372 | 18,473 | 75 |
| Borrowed money | 12,961,309 | 10,504,217 | 116,779 |
| Total | ¥ 13,483,743 | ¥ 11,075,123 | $ 121,486 |

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

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | March 31, 2019 | March 31, 2018 | March 31, 2019 |
| Assets pledged as collateral: | | | |
| Cash and due from banks | ¥ – | ¥ 2,605 | $ – |
| Trading assets | 517,463 | 364,089 | 4,662 |
| Securities | 11,232,636 | 10,290,711 | 101,204 |
| Loans and bills discounted | 4,355,095 | 7,254,401 | 39,239 |
| Total | ¥ 16,105,195 | ¥ 17,911,808 | $ 145,105 |

Furthermore, “Trading assets” and “Securities” sold under repurchase agreements or loaned under securities lending with cash collateral were ¥1,324,041 million ($11,929 million) and ¥9,450,007 million ($85,143 million), respectively, as of March 31, 2019 and ¥1,286,272 million and ¥11,729,368 million, respectively, as of March 31, 2018.

“Payables under repurchase agreements” relevant to above assets were ¥10,799,130 million ( $97,298 million) and ¥4,858,667 million as of March 31, 2019 and 2018, respectively.

“Payables under securities lending transactions” relevant to above assets were ¥3,793 million ( $34 million) and ¥5,272,337 million as of March 31, 2019 and 2018, respectively.

“Securities” pledged by GC Repos under the Subsequent Collateral JGB Allocation Method were ¥599,940 million ($5,405 million) as of March 31, 2019.

## 12. LOAN COMMITMENTS

Overdraft facilities and commitment lines of credit are binding contracts under which the Group has obligations to disburse funds up to predetermined limits upon the borrower’s request as long as there has been no breach of contract. The total amount of the unused portion of these facilities was ¥80,195,680 million ($722,549 million) and ¥73,001,167 million as of March 31, 2019 and 2018, respectively.

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

## 13. BORROWED MONEY, LEASE LIABILITIES AND COMMERCIAL PAPER

"Borrowed money," "Lease liabilities" and "Commercial paper" as of March 31, 2019 and 2018 were as follows:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | March 31, 2019 | March 31, 2018 | March 31, 2019 |
| Borrowings from banks and other, due 2018-2039, 1.30% on the average | ¥ 22,307,529 | ¥ 16,351,843 | $ 200,987 |
| Bills rediscounted | – | – | – |
| Total borrowed money | ¥ 22,307,529 | ¥ 16,351,843 | $ 200,987 |
| Lease liabilities, due 2018-2038 | 10,834 | 7,257 | 98 |
| Commercial paper, 2.63% on the average | 1,383,962 | 1,441,060 | 12,469 |

Notes:

1. The interest rates above are calculated using the weighted-average method based on the interest rate and balance as of March 31. The average interest rate of lease liabilities is not presented above because lease liabilities are recorded on the consolidated balance sheets at the total amount of lease payments including interest.
2. The borrowings above include subordinated borrowings in the amounts of ¥6,281,664 million ($56,597 million) and ¥2,365,888 million as of March 31, 2019 and 2018, respectively.
3. The borrowings above include perpetual subordinated borrowings without the repayment term.
4. Lease liabilities are included in "Other liabilities" in the consolidated balance sheets.
5. "Commercial paper" is issued in the form of promissory notes as a fund raising activity.

Annual maturities of borrowings as of March 31, 2019 were as follows:

| Year ending March 31 | Millions of Yen | Millions of U.S. Dollars |
|---|---|---|
| 2020 | ¥ 3,550,334 | $ 31,988 |
| 2021 | 9,282,098 | 83,630 |
| 2022 | 3,149,499 | 28,376 |
| 2023 | 1,060,808 | 9,558 |
| 2024 | 967,655 | 8,718 |
| 2025 and thereafter | 4,297,134 | 38,716 |
| Total | ¥ 22,307,529 | $ 200,987 |

Annual maturities of lease liabilities as of March 31, 2019 were as follows:

| Year ending March 31 | Millions of Yen | Millions of U.S. Dollars |
|---|---|---|
| 2020 | ¥ 2,788 | $ 25 |
| 2021 | 2,284 | 21 |
| 2022 | 1,733 | 16 |
| 2023 | 1,115 | 10 |
| 2024 | 511 | 5 |
| 2025 and thereafter | 2,401 | 22 |
| Total | ¥ 10,834 | $ 98 |

## 14. BONDS PAYABLE

"Bonds payable" as of March 31, 2019 and 2018 consisted of the following:

| Description | Issued | Millions of Yen 2019 | Millions of Yen 2018 | Millions of U.S. Dollars 2019 | Coupon rate (%) | Secured or unsecured | Due |
|---|---|---|---|---|---|---|---|
| **The Bank:** | | | | | | | |
| Straight bonds payable in yen | Feb. 2000-Jul. 2014 | ¥ 235,200 [93,200] | ¥ 349,100 [113,900] | $ 2,119 [840] | 0.22-2.69 | Unsecured | Apr. 2018-Apr. 2027 |
| Senior bonds payable in US$ | Feb. 2013-Apr. 2017 | 855,133 (USD7,704 million) [305,196] | 1,132,527 (USD10,660 million) [318,523] | 7,705 [2,750] | 2.15-4.70 | Unsecured | Sep. 2018-Mar. 2044 |
| Euro senior bonds payable in US$ | Jan. 2015-Mar. 2019 | 427,642 (USD 3,852 million) | 371,064 (USD 3,492 million) | 3,853 | 0.00-3.35 | Unsecured | Oct. 2033-Mar. 2049 |
| Senior bonds payable in Euro | Mar. 11, 2015 | 93,241 (EUR 748 million) | 97,640 (EUR 748 million) | 840 | 0.87 | Unsecured | Mar. 11, 2022 |
| Euro senior bonds payable in Euro | Dec. 2016-Sep. 2018 | 19,306 (EUR 155 million) | 14,357 (EUR 110 million) | 174 | (0.05)-0.09 | Unsecured | Sep. 2032-Aug. 2037 |
| Euro senior bonds payable in A$ | Mar. 17, 2017 | 2,611 (AUD 33 million) | 2,578 (AUD 31 million) | 24 | 0.00 | Unsecured | Mar. 18, 2047 |
| Senior bonds payable in RMB | Jan. 16, 2018 | 16,470 (CNY 1,000 million) | 16,920 (CNY 1,000 million) | 148 | 5.30 | Unsecured | Jan. 18, 2021 |
| Subordinated bonds payable in yen | Dec. 2004-May 2012 | 521,000 [30,000] | 521,000 | 4,694 [270] | 1.31-2.91 | Unsecured | Dec. 2019-Jan. 2031 |
| **Subsidiaries*1:** | | | | | | | |
| Straight bonds payable | Jun. 2012-Nov. 2018 | 516,949 (USD 1,314 million) (KHR 120,658 million) (THB 107,865 million) [272,752] | 827,258 (USD 4,379 million) (THB 96,325 million) [394,598] | 4,658 [2,457] | 1.60-8.50 | Unsecured | Jan. 2018-Feb. 2025 |
| Subordinated bonds payable | Aug. 1997-Nov. 2017 | 201,192 (USD 59 million) (THB 41,997 million) [1,312] | 203,210 (USD 61 million) (THB 42,000 million) | 1,813 [12] | 0.16-11.85 | Unsecured | Apr. 2019-Sep. 2036 |
| Undated subordinated bonds payable | Dec. 29, 2008 | – | 10,000 | – | 3.26 | Unsecured | – |
| Total | | ¥ 2,888,748 | ¥ 3,545,657 | $ 26,027 | | | |

Notes:

1. *1 Subsidiaries include MUAH, BTMU (Curacao) Holdings N.V., Krungsri and others.
2. ( ) denotes the amounts of foreign currency denominated bonds payable.
3. [ ] denotes the amounts expected to be redeemed within one year.
4. "Bonds payable" above include subordinated bonds in the amounts of ¥722,192 million ($6,507 million) and ¥734,210 million as of March 31, 2019 and 2018, respectively.

Annual maturities of bonds payable as of March 31, 2019 were as follows:

| Year ending March 31 | Millions of Yen | Millions of U.S. Dollars |
|---|---|---|
| 2020 | ¥ 702,461 | $ 6,329 |
| 2021 | 391,666 | 3,529 |
| 2022 | 396,179 | 3,570 |
| 2023 | 194,790 | 1,755 |
| 2024 | 158,752 | 1,430 |
| 2025 and thereafter | 1,044,897 | 9,414 |
| Total | ¥ 2,888,748 | $ 26,027 |

## 15. ASSET OR LIABILITY FOR RETIREMENT BENEFITS

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

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

***Defined Benefit Plans:***

(1) The changes in defined benefit obligation for the fiscal years ended March 31, 2019 and 2018 were as follows:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | March 31, 2019 | March 31, 2018 | March 31, 2019 |
| Balance at beginning of year | ¥ 1,903,903 | ¥ 1,855,317 | $ 17,154 |
| *[of which foreign exchange translation adjustments]* | *[8,321]* | *[9,321]* | *[75]* |
| Service cost | 49,133 | 44,340 | 443 |
| Interest cost | 26,081 | 27,216 | 235 |
| Actuarial losses (gains) | 7,192 | 68,833 | 65 |
| Benefits paid | (88,172) | (83,728) | (794) |
| Past service cost | 65 | – | 1 |
| Others | (449) | 246 | (4) |
| Balance at end of year | ¥ 1,897,755 | ¥ 1,912,225 | $ 17,098 |

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

(2) The changes in plan assets for the fiscal years ended March 31, 2019 and 2018 were as follows:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | March 31, 2019 | March 31, 2018 | March 31, 2019 |
| Balance at beginning of year | ¥ 2,411,207 | ¥ 2,141,953 | $ 21,725 |
| *[of which foreign exchange translation adjustments]* | *[9,092]* | *[10,887]* | *[82]* |
| Expected return on plan assets | 79,563 | 74,223 | 717 |
| Actuarial gains | (96,794) | 216,715 | (872) |
| Contributions from the employer | 16,050 | 57,009 | 145 |
| Benefits paid | (69,695) | (69,332) | (628) |
| Others | 427 | (269) | 4 |
| Balance at end of year | ¥ 2,340,760 | ¥ 2,420,300 | $ 21,090 |

(3) A reconciliation between liability for retirement benefits and asset for retirement benefits recorded in the consolidated balance sheets and the balances of defined benefit obligation and plan assets at March 31, 2019 and 2018 was as follows:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | March 31, 2019 | March 31, 2018 | March 31, 2019 |
| Funded defined benefit obligation | ¥ 1,850,499 | ¥ 1,865,027 | $ 16,673 |
| Plan assets | (2,340,760) | (2,420,300) | (21,090) |
| | (490,260) | (555,273) | (4,417) |
| Unfunded defined benefit obligation | 47,255 | 47,198 | 426 |
| Net asset arising from defined benefit obligation | ¥ (443,004) | ¥ (508,075) | $ (3,991) |

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | March 31, 2019 | March 31, 2018 | March 31, 2019 |
| Liability for retirement benefits | ¥ 49,973 | ¥ 49,598 | $ 450 |
| Asset for retirement benefits | (492,978) | (557,673) | (4,442) |
| Net asset arising from defined benefit obligation | ¥ (443,004) | ¥ (508,075) | $ (3,991) |

(4) The components of net periodic retirement benefit costs for the fiscal years ended March 31, 2019 and 2018 were as follows:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | March 31, 2019 | March 31, 2018 | March 31, 2019 |
| Service cost | ¥ 49,133 | ¥ 44,340 | $ 443 |
| Interest cost | 26,081 | 27,216 | 235 |
| Expected return on plan assets | (79,563) | (74,223) | (717) |
| Amortization of past service cost | (6,414) | (7,233) | (58) |
| Recognized actuarial losses | 26,195 | 57,473 | 236 |
| Others (additional temporary severance benefits) | 8,863 | 7,576 | 80 |
| Net periodic retirement benefit costs | ¥ 24,296 | ¥ 55,150 | $ 219 |

Note:
Retirement benefit costs of some overseas branches of the Bank and some subsidiaries which have adopted the simplified method are included in "Service cost."

(5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2019 and 2018 were as follows:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | March 31, 2019 | March 31, 2018 | March 31, 2019 |
| Past service cost | ¥ (6,816) | ¥ (8,075) | $ (61) |
| Actuarial gains | (75,961) | 209,646 | (684) |
| Total | ¥ (82,778) | ¥ 201,570 | $ (746) |

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2019 and 2018 were as follows:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | March 31, 2019 | March 31, 2018 | March 31, 2019 |
| Unrecognized past service cost | ¥ 20,403 | ¥ 27,220 | $ 184 |
| Unrecognized actuarial gains | 6,722 | 82,684 | 61 |
| Total | ¥ 27,126 | ¥ 109,905 | $ 244 |

(7) Plan assets

*a. Components of plan assets*

The composition of plan assets by major category as of March 31, 2019 and 2018 was as follows:

| | March 31, 2019 | March 31, 2018 |
|---|---|---|
| Domestic equity investments | 30.35% | 32.01% |
| Domestic debt investments | 17.02 | 17.47 |
| Foreign equity investments | 21.27 | 23.81 |
| Foreign debt investments | 15.82 | 11.62 |
| General account of life insurance | 8.50 | 8.35 |
| Others | 7.04 | 6.74 |
| Total | 100.00 | 100.00 |

Note:
Total plan assets include retirement benefit trust of 19.33% and 19.55% which was set up on corporate pension plans as of March 31, 2019 and 2018, respectively.

*b. Method of determining the expected rate of return on plan assets*

The expected rate of return on plan assets is determined considering allocation of the plan assets expected currently and in the future and the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(8) Assumptions used for the fiscal years ended March 31, 2019 and 2018 were set forth as follows:

| | 2019 | 2018 |
|---|---|---|
| Discount rate: | | |
| Domestic | 0.00%-0.67% | 0.00%-0.83% |
| Overseas | 1.73%-11.00% | 1.16%-10.00% |
| Expected salary increase rate: | | |
| Domestic | 2.90%-4.00% | 2.90%-4.00% |
| Overseas | 2.25%-9.00% | 2.25%-9.00% |
| Expected rate of return on plan assets: | | |
| Domestic | 0.05%-3.00% | 0.07%-3.00% |
| Overseas | 1.75%-8.95% | 1.80%-10.00% |

***Defined Contribution Plans:***

The amounts of the required contribution to the defined contribution plans, including defined benefit corporate pension plans of the multiemployer plans of the Bank and subsidiaries, were ¥13,953 million ($126 million) and ¥13,755 million for the fiscal years ended March 31, 2019 and 2018, respectively.

## 16. CONTINGENT LIABILITIES

In the ordinary course of business, the Group is subject to various litigation and regulatory matters. In accordance with applicable accounting guidance, the Group establishes an accrued liability for loss contingencies arising from litigation and regulatory matters when they are determined to be probable in their occurrences and the probable loss amount can be reasonably estimated.
Based upon current knowledge and consultation with counsel, management believes the eventual outcome of such litigation and regulatory matters, where losses are probable and the probable loss amounts can be reasonably estimated, would not have a material adverse effect on the Group's financial position, results of operations or cash flows. Additionally, management believes the amount of loss that is reasonably possible, but not probable, from various litigations and regulatory matters is not material to the Group's financial position, results of operations or cash flows.

## 17. CAPITAL REQUIREMENT

Japanese banks are subject to the Banking Law and to the Companies Act of Japan (the "Companies Act").

The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(1) ***Dividends***

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria such as: (1) having the Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. With respect to the third condition above, the Board of Directors of companies with (a) board committees (namely, appointment committee, compensation committee and audit committee), or (b) an audit and supervisory committee (as implemented under the Companies Act effective May 1, 2015) may also declare dividends at any time because such companies, by their nature, meet the criteria under the Companies Act. The Bank is organized as a company with an audit and supervisory committee, effective June 28, 2016. The Bank meets all of the above criteria. The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to certain limitations and additional requirements. Interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Bank can do so because it stipulates this in its articles of incorporation. The Companies Act provides certain limitations on the amounts available for dividends or the purchases of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of equity after dividends must be maintained at no less than ¥3 million.

(2) ***Increases/Decreases and Transfer of Capital Stock, Reserve and Surplus***

The Banking Law requires that an amount equal to 20% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as capital reserve (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of the aggregate amount of legal reserve and capital reserve equals 100% of capital stock.
Under the Companies Act and the Banking Law, the aggregate amount of capital reserve and legal reserve that exceeds 100% of the capital stock may be made available for dividends by resolution of the shareholders after transferring such excess to other capital surplus and other retained earnings in accordance with the Companies Act. Under the Companies

Act, the total amount of capital reserve and legal reserve may be reversed without limitation. The Companies Act also provides that capital stock, legal reserve, capital reserve, other capital surplus and other retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

(3) ***Treasury Stock and Treasury Stock Acquisition Rights***

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

## 18. CAPITAL STOCK AND DIVIDENDS PAID

Capital stock consists of common stock and preferred stock. The changes in the number of issued shares of common stock and preferred stock during the fiscal years ended March 31, 2019 and 2018 were as follows:

| | Number of shares in thousands | | | |
|---|---|---|---|---|
| | April 1, 2018 | Increase | Decrease | March 31, 2019 |
| Outstanding shares issued: | | | | |
| Common stock | 12,350,038 | – | – | 12,350,038 |
| Preferred stock–first series of Class 2 | 100,000 | – | – | 100,000 |
| Preferred stock–first series of Class 4 | 79,700 | – | – | 79,700 |
| Preferred stock–first series of Class 6 | 1,000 | – | – | 1,000 |
| Preferred stock–first series of Class 7 | 177,000 | – | – | 177,000 |
| Total | 12,707,738 | – | – | 12,707,738 |
| Treasury stock: | | | | |
| Preferred stock–first series of Class 2 | 100,000 | – | – | 100,000 |
| Preferred stock–first series of Class 4 | 79,700 | – | – | 79,700 |
| Preferred stock–first series of Class 6 | 1,000 | – | – | 1,000 |
| Preferred stock–first series of Class 7 | 177,000 | – | – | 177,000 |
| Total | 357,700 | – | – | 357,700 |

| | Number of shares in thousands | | | |
|---|---|---|---|---|
| | April 1, 2017 | Increase | Decrease | March 31, 2018 |
| Outstanding shares issued: | | | | |
| Common stock | 12,350,038 | – | – | 12,350,038 |
| Preferred stock–first series of Class 2 | 100,000 | – | – | 100,000 |
| Preferred stock–first series of Class 4 | 79,700 | – | – | 79,700 |
| Preferred stock–first series of Class 6 | 1,000 | – | – | 1,000 |
| Preferred stock–first series of Class 7 | 177,000 | – | – | 177,000 |
| Total | 12,707,738 | – | – | 12,707,738 |
| Treasury stock: | | | | |
| Preferred stock–first series of Class 2 | 100,000 | – | – | 100,000 |
| Preferred stock–first series of Class 4 | 79,700 | – | – | 79,700 |
| Preferred stock–first series of Class 6 | 1,000 | – | – | 1,000 |
| Preferred stock–first series of Class 7 | 177,000 | – | – | 177,000 |
| Total | 357,700 | – | – | 357,700 |

There was no issuance of stock acquisition rights and treasury stock acquisition rights.

The Bank paid the following cash dividends and distributed dividends-in-kind (securities) during the fiscal years ended March 31, 2019 and 2018:

Fiscal year ended March 31, 2019:

(1) Cash dividends

| Cash dividends approved at the Board of Directors' meeting held on May 15, 2018: | Total amount (Millions of Yen) | Per share amount (Yen) | Dividend record date | Effective date |
|---|---|---|---|---|
| Common stock | ¥ 76,076 | ¥ 6.16 | Mar. 31, 2018 | May 16, 2018 |

| Cash dividends approved at the Board of Directors' meeting held on May 15, 2018: | Total amount (Millions of U.S. Dollars) | Per share amount (U.S. Dollar) | Dividend record date | Effective date |
|---|---|---|---|---|
| Common stock | $ 685 | $ 0.06 | Mar. 31, 2018 | May 16, 2018 |

| Cash dividends approved at the Board of Directors' meeting held on July 30, 2018: | Total amount (Millions of Yen) | Per share amount (Yen) | Dividend record date | Effective date |
|---|---|---|---|---|
| Common stock | ¥ 52,858 | ¥ 4.28 | – | Aug. 1, 2018 |

| Cash dividends approved at the Board of Directors' meeting held on July 30, 2018: | Total amount (Millions of U.S. Dollars) | Per share amount (U.S. Dollar) | Dividend record date | Effective date |
|---|---|---|---|---|
| Common stock | $ 476 | $ 0.04 | – | Aug. 1, 2018 |

(2) Dividends-in-kind

Dividends-in-kind (securities) on common stock were approved at the Board of Directors' meeting held on January 31, 2018. Total carrying value of the dividends was ¥11,723 million ($106 million) and the effective date was April 2, 2018.

Notes:

1. "Dividends paid" in the consolidated statements of changes in equity for the fiscal year ended March 31, 2019 included an amount of ¥11,888 million ($107 million) of dividends-in-kind after deducting ¥165 million ($1 million) corresponding to accumulated other comprehensive income from the carrying value of the dividends-in-kind.
2. All the dividends-in-kind are allocated to MUFG, which is the sole shareholder of the Bank, owning 12,350,038 thousand shares of common stock and the amount of dividend per share has not been defined.

Fiscal year ended March 31, 2018:

(1) Cash dividends

| Cash dividends approved at the Board of Directors' meeting held on May 15, 2017: | Total amount (Millions of Yen) | Per share amount (Yen) | Dividend record date | Effective date |
|---|---|---|---|---|
| Common stock | ¥ 94,601 | ¥ 7.66 | Mar. 31, 2017 | May 16, 2017 |

| Cash dividends approved at the Board of Directors' meeting held on July 31, 2017: | Total amount (Millions of Yen) | Per share amount (Yen) | Dividend record date | Effective date |
|---|---|---|---|---|
| Common stock | ¥ 84,227 | ¥ 6.82 | – | Aug. 2, 2017 |

| Cash dividends approved at the Board of Directors' meeting held on November 14, 2017: | Total amount (Millions of Yen) | Per share amount (Yen) | Dividend record date | Effective date |
|---|---|---|---|---|
| Common stock | ¥ 149,682 | ¥ 12.12 | Sep. 30, 2017 | Nov. 15, 2017 |

| Cash dividends approved at the Board of Directors' meeting held on January 31, 2018: | Total amount (Millions of Yen) | Per share amount (Yen) | Dividend record date | Effective date |
|---|---|---|---|---|
| Common stock | ¥ 84,227 | ¥ 6.82 | – | Feb. 2, 2018 |

(2) Dividends-in-kind

Dividends-in-kind (securities) on common stock were approved at the Board of Directors' meeting held on January 31, 2017. Total carrying value of the dividends was ¥6,661 million and the effective date was May 31, 2017.

Notes:

1. "Dividends paid" in the consolidated statements of changes in equity for the fiscal year ended March 31, 2018 included an amount of ¥6,583 million of dividends-in-kind after deducting ¥78 million corresponding to accumulated other comprehensive income from the carrying value of the dividends-in-kind.
2. All the dividends-in-kind are allocated to MUFG, which is the sole shareholder of the Bank, owning 12,350,038 thousand shares of common stock and the amount of dividend per share has not been defined.

Subject to approval at the Board of Directors' meeting, the Bank paid the following cash dividends on May 16, 2019, to shareholders of record as of March 31, 2019:

| Cash dividends approved at the Board of Directors' meeting held on May 15, 2019: | Total amount (Millions of Yen) | Dividend resource | Per share amount (Yen) | Dividend record date | Effective date |
|---|---|---|---|---|---|
| Common stock | ¥ 52,240 | Retained earnings | ¥ 4.23 | Mar. 31, 2019 | May 16, 2019 |

| Cash dividends approved at the Board of Directors' meeting held on May 15, 2019: | Total amount (Millions of U.S. Dollars) | Dividend resource | Per share amount (U.S. Dollar) | Dividend record date | Effective date |
|---|---|---|---|---|---|
| Common stock | $ 471 | Retained earnings | $ 0.04 | Mar. 31, 2019 | May 16, 2019 |

## 19. STOCK OPTIONS

There were no stock options outstanding as of March 31, 2019 and 2018.

## 20. OTHER INCOME

Other income for the fiscal years ended March 31, 2019, 2018 and 2017 was as follows:

| | Millions of Yen | | | Millions of U.S. Dollars |
|---|---|---|---|---|
| Fiscal years ended March 31 | 2019 | 2018 | 2017 | 2019 |
| Gains on sales of equity securities and other securities | ¥ 165,428 | ¥ 133,289 | ¥ 142,947 | $ 1,490 |
| Equity in earnings of the equity method investees | 14,401 | 25,456 | 21,891 | 130 |
| Lease income of consolidated subsidiaries operating leasing business | 8,494 | 8,934 | 8,930 | 77 |
| Gain on disposal of fixed assets | 4,707 | 4,915 | 16,853 | 42 |
| Gain on liquidation of affiliates | 563 | – | – | 5 |
| Gain on reversal of reserve for contingent losses | 55,206 | – | – | 497 |
| Gain on reversal of allowance for credit losses | 32,918 | 59,568 | 11,034 | 297 |
| Gain on collection of bad debts | 46,773 | 58,357 | 44,186 | 421 |
| Other | 69,862 | 51,218 | 69,124 | 629 |
| Total | ¥ 398,355 | ¥ 341,740 | ¥ 314,967 | $ 3,589 |

## 21. OTHER EXPENSES

Other expenses for the fiscal years ended March 31, 2019, 2018 and 2017 was as follows:

| | Millions of Yen | | | Millions of U.S. Dollars |
|---|---|---|---|---|
| Fiscal years ended March 31 | 2019 | 2018 | 2017 | 2019 |
| Losses on write-down or sales of equity securities and other securities | ¥ 36,635 | ¥ 41,196 | ¥ 46,852 | $ 330 |
| Loss on liquidation of subsidiaries | – | – | 3,236 | – |
| Loss on sales of shares of subsidiaries | – | – | 226 | – |
| Loss on exchange of shares of affiliates | – | – | 4,007 | – |
| Loss on sales of shares of affiliates | 6,682 | – | – | 60 |
| Outsourcing expenses of consolidated subsidiaries operating information services | 18,726 | 19,793 | 13,330 | 169 |
| Write-offs of loans | 68,357 | 78,300 | 71,520 | 616 |
| Provision of reserve for contingent losses | 14,455 | 14,777 | 114,717 | 130 |
| Loss on forgiveness of loans and others | 4,020 | 21,807 | 11,566 | 36 |
| Loss on disposal of fixed assets | 6,653 | 9,320 | 6,118 | 60 |
| Impairment loss on long-lived assets | 30,756 | *53,493 | 5,778 | 277 |
| Defeasance for borrowings | 2,118 | 17,186 | – | 19 |
| Other | 47,785 | 27,465 | 21,849 | 431 |
| Total | ¥ 236,190 | ¥ 283,339 | ¥ 299,205 | $ 2,128 |

***Impairment loss on long-lived assets:***
The Bank reviewed its domestic operating assets for their profitability in line with the functional realignment from "Retail Banking Business Unit" and "Corporate Banking Business Unit" to "Retail & Commercial Banking Business Group" and "Japanese Corporate & Investment Banking Business Group" based on "MUFG Re-Imagining Strategy" announced on May 15, 2017 as well as business transformation fueled by digital technology. In addition, domestic channels underwent transformation. As a result, no return on investment may be expected for some operating assets.

Accordingly, for the year ended March 31, 2018, the Bank recognized impairment loss in the amounts of ¥43,013 million, consisting of ¥25,526 million of buildings, ¥15,931 million of land and ¥1,555 million of other intangible fixed assets on certain operating assets.

The Bank's minimum grouping unit is each operating base for which profit and loss are controlled and monitored on a continuous basis.

The recoverable amount is calculated using net realizable value which is mainly determined by subtracting the expected disposal cost from the appraisal value based on the Real Estate Appraisal Standard.

## 22. INCOME TAXES

The Bank and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 30.62%, 30.86% and 30.86% for the fiscal years ended March 31, 2019, 2018 and 2017, respectively.

The tax effects of significant temporary differences which resulted in "Deferred tax assets" and "Deferred tax liabilities" as of March 31, 2019, 2018 and 2017 were as follows:

| | Millions of Yen | | | Millions of U.S. Dollars |
|---|---|---|---|---|
| | 2019 | 2018 | 2017 | 2019 |
| Deferred tax assets: | | | | |
| Excess over deductible limit of provision of allowance for credit losses and write-offs of loans | ¥ 208,747 | ¥ 239,405 | ¥ 313,313 | $ 1,881 |
| Revaluation loss on securities | 86,191 | 82,323 | 86,735 | 777 |
| Liability for retirement benefits | 86,045 | 57,681 | 133,717 | 775 |
| Depreciation and impairment losses | 41,771 | 33,858 | 25,005 | 376 |
| Reserve for contingent losses | 32,576 | 47,382 | 40,935 | 294 |
| Unrealized losses on available-for-sale securities | 25,500 | 18,099 | 28,610 | 230 |
| Tax loss carryforwards | 4,938 | 4,495 | 2,881 | 44 |
| Other | 262,312 | 242,838 | 236,080 | 2,363 |
| Subtotal | 748,084 | 726,084 | 867,280 | 6,740 |
| Less valuation allowances | (121,816) | (117,643) | (127,205) | (1,098) |
| Total | ¥ 626,267 | ¥ 608,441 | ¥ 740,074 | $ 5,643 |
| Deferred tax liabilities: | | | | |
| Unrealized gains on available-for-sale securities | ¥ (721,109) | ¥ (772,542) | ¥ (673,197) | $ (6,497) |
| Deferred gains on derivatives under hedge accounting | (80,588) | (29,909) | (63,542) | (726) |
| Retained earnings of affiliates | (77,151) | (77,309) | (64,203) | (695) |
| Unrealized gain on lease transactions | (68,736) | (87,210) | (98,427) | (619) |
| Revaluation gain on securities at merger | (57,483) | (60,757) | (62,247) | (518) |
| Gain on establishment of retirement benefit trust | (45,021) | (47,176) | (48,955) | (406) |
| Other | (120,651) | (116,039) | (158,318) | (1,087) |
| Total | ¥(1,170,743) | ¥ (1,190,944) | ¥ (1,168,892) | $ (10,548) |
| Net deferred tax liabilities | ¥ (544,475) | ¥ (582,503) | ¥ (428,818) | $ (4,906) |

***Changes in presentation:***

<u>Fiscal year ended March 31, 2019</u>

"Depreciation and impairment losses" which had been included in "Other" under "Deferred tax assets" in the previous fiscal years has been stated separately from the fiscal year ended March 31, 2019 due to increased significance. In order to reflect these changes in presentation, the notes for the fiscal year ended March 31, 2018 and 2017 have been reclassified.

As a result, the amounts which had been presented as "Other" under "Deferred tax assets" in the fiscal years ended March 31, 2018 and 2017 of ¥276,696 million and ¥261,086 million, respectively, have been reclassified into "Depreciation and impairment losses" of ¥33,858 million and ¥25,005 million, respectively, and "Other" of ¥242,838 million and ¥236,080 million, respectively.

The reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the consolidated statements of income for the fiscal years ended March 31, 2019, 2018 and 2017 was as follows:

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| Normal effective statutory tax rate | 30.62 % | 30.86 % | 30.86 % |
| Permanent non-taxable differences (e.g., non-taxable dividend income) | (13.08) | (3.66) | (1.96) |
| Consolidation adjustments following sales of shares of consolidated subsidiaries | 6.44 | – | – |
| Elimination of dividends received from subsidiaries and affiliates | 5.35 | 2.68 | 0.92 |
| Tax rate difference of overseas subsidiaries | (4.11) | (3.52) | (1.55) |
| Change in valuation allowances | (3.62) | (0.52) | (3.95) |
| Retained earnings of affiliates | 1.02 | 1.55 | 2.38 |
| Equity in earnings of the equity method investees | (0.54) | (0.93) | (0.68) |
| Other | (2.75) | 0.29 | (1.25) |
| Actual effective tax rate | 19.33 % | 26.75 % | 24.77 % |

As of March 31, 2018
As the US tax reform bill “Tax Cuts and Jobs Act” was enacted on December 22, 2017, the corporate income tax rate applied to the Bank’s consolidated subsidiaries in the United States was reduced from the fiscal years beginning on or after January 1, 2018 from 35% to 21%.
As a result, due to the revaluation of deferred tax assets and deferred tax liabilities of the US consolidated subsidiaries, deferred tax liabilities (net of deferred tax assets) and income taxes – deferred decreased by ¥7,668 million and ¥7,668 million, respectively.

## 23. LEASES

Operating Leases

### *(1) Lessee*

Future lease payments including interest payables under noncancelable operating leases as of March 31, 2019 and 2018 were as follows:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | March 31, 2019 | March 31, 2018 | March 31, 2019 |
| Due within one year | ¥ 47,662 | ¥ 48,632 | $ 429 |
| Due after one year | 213,224 | 229,262 | 1,921 |
| Total | ¥ 260,886 | ¥ 277,895 | $ 2,351 |

### *(2) Lessor*

Future lease receivables including interest receivables under noncancelable operating leases as of March 31, 2019 and 2018 were as follows:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | March 31, 2019 | March 31, 2018 | March 31, 2019 |
| Due within one year | ¥ 30,856 | ¥ 4,949 | $ 278 |
| Due after one year | 13,802 | 42,787 | 124 |
| Total | ¥ 44,659 | ¥ 47,736 | $ 402 |

## 24. COMPREHENSIVE INCOME

The components of other comprehensive income for the fiscal years ended March 31, 2019, 2018 and 2017 were as follows:

| | Millions of Yen | | | Millions of U.S. Dollars |
|---|---|---|---|---|
| | 2019 | 2018 | 2017 | 2019 |
| Net unrealized (loss) gain on available-for-sale securities: | | | | |
| (Loss) gain arising during the year | ¥ (30,760) | ¥ 447,364 | ¥ (87,953) | $ (277) |
| Reclassification adjustments to loss | (151,850) | (121,040) | (192,570) | (1,368) |
| Amount before income tax effect | (182,611) | 326,324 | (280,523) | (1,645) |
| Income tax effect | 50,717 | (100,976) | 86,207 | 457 |
| Total | (131,894) | 225,347 | (194,316) | (1,188) |
| Net deferred gain (loss) on derivatives under hedge accounting: | | | | |
| Loss arising during the year | (129,031) | (296,156) | (499,136) | (1,163) |
| Reclassification adjustments to profit | 286,510 | 174,785 | 92,771 | 2,581 |
| Adjustments to acquisition costs of assets | 832 | (87) | (2,798) | 7 |
| Amount before income tax effect | 158,312 | (121,458) | (409,162) | 1,426 |
| Income tax effect | (49,096) | 37,958 | 128,319 | (442) |
| Total | 109,216 | (83,500) | (280,843) | 984 |
| Land revaluation surplus: | | | | |
| Gain arising during the year | – | – | – | – |
| Reclassification adjustments to profit or loss | – | – | – | – |
| Amount before income tax effect | – | – | – | – |
| Income tax effect | – | (57) | (21) | – |
| Total | – | (57) | (21) | – |
| Foreign currency translation adjustments: | | | | |
| Loss arising during the year | (61,266) | (35,723) | (101,876) | (552) |
| Reclassification adjustments to profit | (65) | 2,356 | 10,369 | (1) |
| Amount before income tax effect | (61,332) | (33,366) | (91,507) | (553) |
| Income tax effect | 244 | (533) | (4,701) | 2 |
| Total | (61,088) | (33,900) | (96,209) | (550) |
| Defined retirement benefit plans: | | | | |
| (Loss) gain arising during the year | (102,558) | 151,331 | 114,786 | (924) |
| Reclassification adjustments to profit | 19,780 | 50,239 | 46,477 | 178 |
| Amount before income tax effect | (82,778) | 201,570 | 161,263 | (746) |
| Income tax effect | 25,670 | (63,612) | (50,030) | 231 |
| Total | (57,107) | 137,958 | 111,233 | (515) |
| Share of other comprehensive loss in affiliates accounted for using the equity method: | | | | |
| Loss arising during the year | (25,954) | (2,985) | (17,264) | (234) |
| Reclassification adjustments to loss | (1,365) | (942) | (900) | (12) |
| Total | (27,320) | (3,928) | (18,165) | (246) |
| Total other comprehensive (loss) income | ¥ (168,194) | ¥ 241,919 | ¥ (478,322) | $ (1,515) |

## 25. PER SHARE INFORMATION

| | Yen | | | U.S. Dollars |
|---|---|---|---|---|
| Fiscal years ended March 31 | 2019 | 2018 | 2017 | 2019 |
| Basic earnings per common share | ¥ 49.58 | ¥ 46.57 | ¥ 55.86 | $ 0.45 |
| Diluted earnings per common share | 49.58 | 46.57 | 55.86 | 0.45 |

| | Yen | | | U.S. Dollars |
|---|---|---|---|---|
| | March 31, 2019 | March 31, 2018 | March 31, 2017 | March 31, 2019 |
| Total equity per common share | ¥ 987.52 | ¥ 964.46 | ¥ 933.06 | $ 8.90 |

Notes:

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

| | Millions of Yen | | | Millions of U.S. Dollars |
|---|---|---|---|---|
| Fiscal years ended March 31 | 2019 | 2018 | 2017 | 2019 |
| Net income attributable to the shareholders of the Bank | ¥ 612,437 | ¥ 575,260 | ¥ 689,929 | $ 5,518 |
| Net income attributable to the shareholders of the Bank related to common shares | 612,437 | 575,260 | 689,929 | 5,518 |

| | Number of shares in thousands | | |
|---|---|---|---|
| Fiscal years ended March 31 | 2019 | 2018 | 2017 |
| Average number of common shares during the year | 12,350,038 | 12,350,038 | 12,350,038 |

| | Millions of Yen | | | Millions of U.S. Dollars |
|---|---|---|---|---|
| Fiscal years ended March 31 | 2019 | 2018 | 2017 | 2019 |
| Diluted earnings per common share | | | | |
| Adjustment to net income attributable to the shareholders of the Bank | ¥ (17) | ¥ (14) | ¥ (16) | $ (0) |

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

| | Millions of Yen | | | Millions of U.S. Dollars |
|---|---|---|---|---|
| | March 31, 2019 | March 31, 2018 | March 31, 2017 | March 31, 2019 |
| Total equity | ¥ 12,869,567 | ¥ 12,708,722 | ¥ 12,427,078 | $ 115,952 |
| Deductions from total equity: | | | | |
| Noncontrolling interests | 673,557 | 797,545 | 903,707 | 6,069 |
| Total | 673,557 | 797,545 | 903,707 | 6,069 |
| Total equity attributable to common shares | ¥ 12,196,010 | ¥ 11,911,176 | ¥ 11,523,370 | $ 109,884 |

| | Number of shares in thousands | | |
|---|---|---|---|
| | March 31, 2019 | March 31, 2018 | March 31, 2017 |
| Number of common shares used in computing total equity per common share at the fiscal year end | 12,350,038 | 12,350,038 | 12,350,038 |

## 26. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

### (1) Disclosures on Financial Instruments

1) Policy for Financial Instruments

The Group provides comprehensive financial services such as deposit-taking and lending services, securities investment and other securities services and foreign exchange services. In order to prevent these businesses from being negatively affected by fluctuations in interest and foreign exchange rates, the Group conducts comprehensive asset and liability management ("ALM") by adjusting market exposure and the balance between short-term and long-term assets and liabilities. To do so, among other things, the Group raises capital from the market and hedges risks through derivative transactions.

2) Nature and Extent of Risks Arising from Financial Instruments

The Bank holds various types of financial instruments such as loans, securities and derivatives and is thus exposed to credit and market risks.

Credit risk is the risk of loss on receivables such as loans due to nonperformance of contractual obligations caused by factors such as deterioration in the financial condition of a borrower.

Market risk mainly arises from changes in domestic and overseas interest rates, foreign exchange rates and fluctuations in market prices of stocks and bonds. For example, an increase in domestic and overseas interest rates would reduce the value of the Bank's bond portfolio consisting of government and other bonds, and a rise in Japanese yen would reduce the value of foreign currency denominated securities and other assets when converted into Japanese yen. The Bank also invests in marketable equity securities, and a fall in the market price would decrease the fair value of these securities. As part of trading and ALM activities, the Bank holds derivative products such as interest rate swaps. A significant change in foreign exchange or interest rates may cause a significant fluctuation in the fair value of these derivative products. In conducting transactions for purposes of hedging risks associated with derivative products, the Bank hedges against interest rate risks with items including forecasted transactions involving fixed and variable rate deposits, loans and bonds through designated hedging instruments including interest rate swaps. The Bank hedges against foreign exchange rate fluctuation risks associated with instruments such as foreign currency denominated monetary assets and liabilities through hedging instruments including currency swap transactions and forward exchange contracts. In lieu of effectiveness determination, the Bank designs hedging activities so that the material terms of the hedging instruments are almost identical to those of the hedged items. In limited circumstances, effectiveness of hedging activities is assessed by the correlation between factors that cause changes in interest rates.

3) Risk Management for Financial Instruments

*Credit Risk Management*

The Bank regularly monitors and assesses the credit portfolios and uses credit rating systems and asset self-assessment systems to ensure timely and proper evaluation of credit risk. Based on the credit risk control rules, the Bank has established a credit risk control system throughout the Bank. In addition, the Bank controls credit risks of the whole Group through guidance to the Group companies on each credit risk control system. In screening individual transactions and managing credit risk, the Bank has in place a check-and-balance system in which the credit administration section and the business promotion section are kept separate. The Bank holds regular management committee meetings to ensure full reporting and discussion on important credit risk management and administration matters. In addition to providing check and balance between different sections and conducting management level deliberations, the audit department also undertakes to verify credit operations to ensure appropriate credit administration.

*Market Risk Management*

a) Risk Management System

The Bank has established back offices (the operations administration section) and middle offices (the risk control section) which are independent from front offices (the market department), by which checks and balances are maintained. As part of risk control by management, the Board of Directors, etc. establishes the framework for the market risk management system and defines authorities relating to market operations. Furthermore, the Bank allocates economic capital corresponding to the volume of market risk within the scope of the Bank's capital base and establishes quantitative limits on market risk based on the allocated economic capital as well as limits on losses to contain the Bank's exposure to risks and losses within a certain range.

b) Market Risk Management

The Bank reports daily the status on the exposure to market risk and compliance with quantitative limits on market risk and losses to its risk management officer and also regularly reports to the ALM Committee and the Corporate Risk Management Committee, conducting comprehensive analyses on risk profiles including stress testing. The Bank administers risks at each business unit by hedging against interest rate and exchange rate fluctuation risks associated with marketable assets and liabilities with various hedging transactions using securities and derivatives as appropriate. With respect to trading account transactions and their administration, the Bank documents the process and periodically verifies through internal audits that the valuation methods and operation of such transactions are appropriate.

c) Market Risk Measurement Model

Since the daily variation in market risk is significantly greater than that in other types of risks, the Bank measures and manages market risk using the Value at Risk (the "VaR"), and Value at Idiosyncratic Risk (the "VaI") on a daily basis. Market risk for both trading and banking activities (excluding strategic equity securities, MUAH and Krungsri) are measured using a uniform market risk measurement model. The principal model used for these activities is historical simulation model (holding period — 10 business days; confidence interval — 99%; and observation period — 701 business days).

* Market risk can be classified into "general market risk" defined as the risk of suffering loss due to the volatility in the general market trend, and "specific market risk" defined as the risk of suffering loss due to the volatility of specific financial instruments such as debt securities or shares, independent of the general market trend. The amount of general market risk calculated by a market risk measurement model is called VaR, while the amount of specific market risk is called VaI.

* The historical simulation method calculates VaR and VaI amount by estimating the profit and loss on the current portfolio by applying actual fluctuations in market rates and prices that occurred over a fixed period in the past. The noted features of the historical simulation method include the ability to directly reflect the characteristics of the market fluctuations and the ability to rigorously measure the risk arising from options. However, because VaR and VaI measure market risk volume with a fixed event probability calculated statistically based on past market changes, they may not be able to ascertain risks when market volatility reaches abnormal levels.

* For banking activities of MUAH and Krungsri, the market risk volume is identified using Earnings at Risk ("EaR").

* EaR is an index presenting the volatility of net interest income ("NII") associated with the changes in interest rates and is presented by the percent change (%) against NII of the standard scenario. MUAH sets two types of scenarios of +200 basis points (+2.00%) and -100 basis points (-1.00%) of interest rate changes in making a trial calculation of EaR and Krungsri sets two types of scenarios of +100 basis points (+1.00%) and -100 basis points (-1.00%) .

* NII represents the difference between interest income and interest expenses, which is net income generated from total fund.

d) Quantitative Information in Respect of Market Risk

(i) Amount of Market Risk Associated with Trading Activities

The amount of consolidated market risk associated with trading activities across the Group was ¥10,960 million ($99 million) and ¥3,687 million as of March 31, 2019 and 2018, respectively.

(ii) Amount of Market Risk Associated with Banking Activities

The amount of consolidated market risk associated with banking activities (excluding strategic equity securities, MUAH and Krungsri) across the Group was ¥251,570 million ($2,267 million) and ¥312,799 million as of March 31, 2019 and 2018, respectively. As an appropriate identification of interest rate risk is vital to banking activities (excluding strategic equity securities, MUAH and Krungsri), the risk is managed based on the following assumptions for appropriate measurement of core deposit and prepayment in loans and deposits. For a certain part of the deposits without contractual maturities (so called core deposit), interest rate risk is recognized by allocating maturities of various terms (no longer than ten years), taking into account the results of the statistical analysis using the data on the transition of balance by product, prospective of deposit interest rate and other business judgments. The amount of core deposits and the method of allocating maturities are reviewed on a regular basis. Meanwhile, the deposits and loans with contractual maturities involve risks associated with premature repayment or cancellation. These risks are reflected in interest rate risks by estimating the ratio of cancellations through the statistical analysis based on the factors including interest rate change and actual repayments and cancellations.

EaR of banking activities of MUAH as of December 31, 2018 and 2017 was +4.59% and +3.30%, respectively, at the time of interest rate changes of +200 basis points (+2.00%) and -3.14% and -2.50%, respectively, at the time of interest rate changes of -100 basis points (-1.00%).

EaR of banking activities of Krungsri as of December 31, 2018 and 2017 was -2.11% and -1.22%, respectively, at the time of interest rate changes of +100 basis points (+1.00%) and -3.26% and -4.01%, respectively, at the time interest changes of -100 basis points (-1.00%).

(iii) Risk of strategic equity portfolio

The market value of the strategically held stocks (publicly traded) of the Bank as of March 31, 2019 and 2018 was subject to a variation of approximately ¥2,474 million ($22 million) and ¥2,620 million, respectively, when the TOPIX index moves one point in either direction.

e) Backtesting

The Bank conducts backtesting in which a one-day holding period of VaR calculated by the model is compared with hypothetical profit or loss on a daily basis to verify the accuracy of the market risk measurement model. The Bank also endeavors to secure the accuracy by verifying the reasonableness of assumptions used by the market risk measurement model and identifying the characteristics of the market risk measurement model in use from diversified viewpoints.

The results of backtesting in the trading activities of the Bank showed that hypothetical loss exceeded VaR once in the fiscal year ended March 31, 2019 and never in the fiscal year ended March 31, 2018. Since the frequency of the excess falls within four times, it is considered that the Bank's VaR model provided reasonably accurate measurements of market risk.

f) Stress Testing

The Bank's VaR measured using market risk measurement model measures the risk volume at a certain probability of incidence calculated statistically based on the past market fluctuations and is not designed to capture the risk under certain abnormal market fluctuations. In order to provide for the risk, the Bank implements stress testing on potential losses using various scenarios. The Bank implements diversified stress testing considering the future prospects and endeavors to capture presence of the risk. In addition, daily stress testing at the Bank estimates maximum potential losses on the current trading portfolio based on the actual volatility in each market recorded during the ten-business-day VaR observation period.

*Management of Liquidity Risk Associated with Fund Raising Activities*

The Bank strives to secure appropriate liquidity in both Japanese yen and foreign currencies by managing the sources of capital and liquidity gap, liquidity-supplying products such as commitment lines, as well as buffer assets that help maintain liquidity level. Specifically, the Board of Directors, etc. provides the framework for liquidity risk management, operates businesses in various stages according to the urgency of funding needs and exercises management at each such stage. The liquidity risk management department independent from others is designed to perform checking functions. The department reports to the ALM Committee and the Board of Directors the results from its activities such as evaluation of funding urgency and monitoring of compliance with quantitative limits. The department responsible for funding management performs funding and management activities, and regularly reports the current funding status and forecast as well as the current liquidity risk status to the department responsible for liquidity risk management and other appropriate bodies such as the ALM Committee.

4) Supplementary Explanation on Fair Value and others of Financial Instruments

The fair value of financial instruments includes, in addition to the value determined based on the market price, a valuation calculated on a reasonable basis if no market price is available. Certain assumptions are used for the calculation of such amount. Accordingly, the result of such calculation may vary if different assumptions are used.

## (2) Fair value of financial instruments

The carrying amount and the fair value of financial instruments as of March 31, 2019 and 2018 together with their differences were as follows. Note that the following table does not include unlisted equity securities or certain other securities whose fair value cannot be reliably determined (see Note 2).

| | Millions of Yen | | |
|---|---|---|---|
| | March 31, 2019 | | |
| | Carrying amount | Fair value | Difference |
| (1) Cash and due from banks | ¥ 60,389,520 | ¥ 60,389,520 | ¥ – |
| (2) Call loans and bills bought | 469,960 | 469,960 | – |
| (3) Receivables under resale agreements | 4,521,292 | 4,521,292 | – |
| (4) Receivables under securities borrowing transactions | 606,900 | 606,900 | – |
| (5) Monetary claims bought (*1) | 5,103,617 | 5,095,851 | (7,766) |
| (6) Trading assets | 3,153,907 | 3,153,907 | – |
| (7) Money held in trust | 29,558 | 29,558 | – |
| (8) Securities: | | | |
| Held-to-maturity securities | 2,310,689 | 2,332,167 | 21,478 |
| Available-for-sale securities | 47,131,179 | 47,131,179 | – |
| (9) Loans and bills discounted | 103,663,457 | | |
| Allowance for credit losses (*1) | (450,589) | | |
| | 103,212,867 | 103,716,877 | 504,010 |
| (10) Foreign exchange (*1) | 2,073,541 | 2,073,541 | – |
| Total assets | ¥ 229,003,035 | ¥ 229,520,757 | ¥ 517,721 |
| | | | |
| (1) Deposits | ¥ 170,388,019 | ¥ 170,434,492 | ¥ 46,473 |
| (2) Negotiable certificates of deposit | 7,101,065 | 7,117,254 | 16,188 |
| (3) Call money and bills sold | 127,123 | 127,123 | – |
| (4) Payables under repurchase agreements | 15,189,082 | 15,189,082 | – |
| (5) Payables under securities lending transactions | 10,907 | 10,907 | – |
| (6) Commercial paper | 1,383,962 | 1,383,962 | – |
| (7) Trading liabilities | 394,786 | 394,786 | – |
| (8) Borrowed money | 22,307,529 | 22,443,094 | 135,564 |
| (9) Foreign exchange | 2,442,792 | 2,442,792 | – |
| (10) Bonds payable | 2,888,748 | 2,963,235 | 74,487 |
| Total liabilities | ¥ 222,234,017 | ¥ 222,506,732 | ¥ 272,714 |
| | | | |
| Derivatives (*2): | | | |
| To which hedge accounting is not applied | ¥ 305,025 | ¥ 305,025 | ¥ – |
| To which hedge accounting is applied | 70,163 | 70,163 | – |
| Total derivatives | ¥ 375,189 | ¥ 375,189 | ¥ – |

| | Millions of Yen | | |
|---|---|---|---|
| | March 31, 2018 | | |
| | Carrying amount | Fair value | Difference |
| (1) Cash and due from banks | ¥ 57,688,651 | ¥ 57,688,651 | ¥ – |
| (2) Call loans and bills bought | 1,532,654 | 1,532,654 | – |
| (3) Receivables under resale agreements | 3,360,738 | 3,360,738 | – |
| (4) Receivables under securities borrowing transactions | 5,058,458 | 5,058,458 | – |
| (5) Monetary claims bought (*1) | 4,247,072 | 4,251,584 | 4,511 |
| (6) Trading assets | 2,947,746 | 2,947,746 | – |
| (7) Money held in trust | 32,496 | 32,496 | – |
| (8) Securities: | | | |
| Held-to-maturity securities | 2,217,770 | 2,248,285 | 30,515 |
| Available-for-sale securities | 41,874,195 | 41,874,195 | – |
| (9) Loans and bills discounted | 93,816,565 | | |
| Allowance for credit losses (*1) | (526,757) | | |
| | 93,289,808 | 94,170,874 | 881,066 |
| (10) Foreign exchange (*1) | 2,849,236 | 2,849,236 | – |
| Total assets | ¥ 215,098,828 | ¥ 216,014,922 | ¥ 916,093 |
| | | | |
| (1) Deposits | ¥ 162,273,249 | ¥ 162,268,314 | ¥ (4,935) |
| (2) Negotiable certificates of deposit | 5,471,650 | 5,489,111 | 17,460 |
| (3) Call money and bills sold | 405,061 | 405,061 | – |
| (4) Payables under repurchase agreements | 10,227,941 | 10,227,941 | – |
| (5) Payables under securities lending transactions | 5,741,181 | 5,741,181 | – |
| (6) Commercial paper | 1,441,060 | 1,441,060 | – |
| (7) Trading liabilities | 351,105 | 351,105 | – |
| (8) Borrowed money | 16,351,843 | 16,409,770 | 57,926 |
| (9) Foreign exchange | 2,188,725 | 2,188,725 | – |
| (10) Bonds payable | 3,545,657 | 3,620,462 | 74,805 |
| Total liabilities | ¥ 207,997,477 | ¥ 208,142,735 | ¥ 145,257 |
| | | | |
| Derivatives (*2): | | | |
| To which hedge accounting is not applied | ¥ 276,013 | ¥ 276,013 | ¥ – |
| To which hedge accounting is applied | 121,534 | 121,534 | – |
| Total derivatives | ¥ 397,547 | ¥ 397,547 | ¥ – |

| | Millions of U.S. Dollars | | |
|---|---|---|---|
| | March 31, 2019 | | |
| | Carrying amount | Fair value | Difference |
| (1) Cash and due from banks | $ 544,099 | $ 544,099 | $ – |
| (2) Call loans and bills bought | 4,234 | 4,234 | – |
| (3) Receivables under resale agreements | 40,736 | 40,736 | – |
| (4) Receivables under securities borrowing transactions | 5,468 | 5,468 | – |
| (5) Monetary claims bought (*1) | 45,983 | 45,913 | (70) |
| (6) Trading assets | 28,416 | 28,416 | – |
| (7) Money held in trust | 266 | 266 | – |
| (8) Securities: | | | |
| Held-to-maturity securities | 20,819 | 21,012 | 194 |
| Available-for-sale securities | 424,643 | 424,643 | – |
| (9) Loans and bills discounted | 933,989 | | |
| Allowance for credit losses (*1) | (4,060) | | |
| | 929,929 | 934,470 | 4,541 |
| (10) Foreign exchange (*1) | 18,682 | 18,682 | – |
| Total assets | $ 2,063,276 | $ 2,067,941 | $ 4,665 |
| | | | |
| (1) Deposits | $ 1,535,166 | $ 1,535,584 | $ 419 |
| (2) Negotiable certificates of deposit | 63,979 | 64,125 | 146 |
| (3) Call money and bills sold | 1,145 | 1,145 | – |
| (4) Payables under repurchase agreements | 136,851 | 136,851 | – |
| (5) Payables under securities lending transactions | 98 | 98 | – |
| (6) Commercial paper | 12,469 | 12,469 | – |
| (7) Trading liabilities | 3,557 | 3,557 | – |
| (8) Borrowed money | 200,987 | 202,208 | 1,221 |
| (9) Foreign exchange | 22,009 | 22,009 | – |
| (10) Bonds payable | 26,027 | 26,698 | 671 |
| Total liabilities | $ 2,002,289 | $ 2,004,746 | $ 2,457 |
| | | | |
| Derivatives (*2): | | | |
| To which hedge accounting is not applied | $ 2,748 | $ 2,748 | $ – |
| To which hedge accounting is applied | 632 | 632 | – |
| Total derivatives | $ 3,380 | $ 3,380 | $ – |

(*1) Allowances for credit losses corresponding to loans are deducted. However, with respect to items other than loans, the carrying amount is shown because the amount of allowance for credit losses corresponding to these items is insignificant.

(*2) Derivatives in trading assets and liabilities and in other assets and liabilities are shown together. Assets and liabilities arising from derivative transactions are presented on a net basis. Total amounts, which are net liabilities, are presented in parentheses.

Notes:

1. Methods used for determining the fair value of financial instruments are as follows:

Assets

(1) "Cash and due from banks"

For deposits without maturity, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount. For deposits with maturity, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount because the remaining maturity period of the majority of such deposits is short term (maturity within one year).

(2) "Call loans and bills bought," (3) "Receivables under resale agreements," and (4) "Receivables under securities borrowing transactions"

For each of these items, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount because the majority of transactions are short contract terms (one year or less).

(5) "Monetary claims bought"

The fair value of "Monetary claims bought" is determined based on the price obtained from external parties (brokers or others) or on the amount reasonably calculated based on the reasonable estimation.

For certain securitized products whose underlying assets are corporate loan receivables, the fair value is determined by taking into account an amount calculated by discounting the expected future cash flow, which is derived from such factors as default probability and prepayment rate derived from analyses of the underlying assets and discounted at a rate, which is the yield of such securitized products adjusted for the liquidity premium based on the actual historical market data, as well as the price obtained from external parties (brokers or others). For other securitized products, the fair value is determined based on the price obtained from external parties after considering the result of periodic confirmation of the current status of these products, including price comparison with similar products, time series price comparison of the same product, and analysis of consistency with publicly available market indices.

For other monetary claims bought to which these methods do not apply, the carrying amount is presented as the fair value, as the fair value approximates such carrying value from their qualitative viewpoint.

(6) "Trading assets"

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

(7) "Money held in trust"

For securities that are part of trust property in an independently managed monetary trust with the primary purpose to manage securities, the fair value is determined based on the price quoted by the financial institutions from which these securities were purchased.

See Note 5 "MONEY HELD IN TRUST" for notes on "Money held in trust" by categories based on holding purposes.

(8) "Securities"

The fair value of equity securities is determined based on the price quoted by the exchange. The fair value of bonds is determined based on the market price, the price quoted by the financial institutions from which they were purchased, or on the amount that can be reasonably calculated. The fair value of investment trusts is determined based on the publicly available price. For privately placed guaranteed bonds held by the Bank, the fair value is determined based on the present value of expected future cash flows, which is adjusted to reflect default risk, amount to be collected from collateral, guarantees, guarantee fees and discounted at an interest rate based on the market rate as of the date of evaluation with certain adjustments. The fair value of variable rate Japanese government bonds is determined by discounting the expected future cash flow estimated based on factors such as the yield of government bonds, and the discounting rate is based on the yield of such government bonds, the value of embedded options and the liquidity premium based on the actual market premiums observed in the past.

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

(9) "Loans and bills discounted"

With respect to loans, for each category of loans based on types of loans, internal ratings and maturity length, the fair value is determined based on the present value of expected future cash flows, which is adjusted to reflect default risk and expected amount to be collected from collateral and guarantees and discounted at an interest rate based on the market rate as of the date of evaluation with certain adjustments. For loans with variable interest rates such as certain residential loans provided to individual homeowners, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount, unless the creditworthiness of the borrower has changed significantly since the loan origination. For receivables from "bankrupt," "virtually bankrupt" and "likely to become bankrupt" borrowers, credit loss is estimated based on factors such as the present value of expected future cash flow or the expected amount to be collected from collateral and guarantees. Since the fair value of these items approximates the net amount of receivables after the deduction of allowance for credit losses on the consolidated balance sheets as of the consolidated balance sheet date, such amount is presented as the fair value.

(10) "Foreign exchange"

"Foreign exchange" consist of foreign currency deposits with other banks (due from foreign banks (our accounts)), short-term loans involving foreign currencies (due from foreign banks (their accounts)), export bills, traveler's checks and others (foreign bills bought), and loans on notes using import bills (foreign bills receivable). For these items, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount because most of these items are deposits without maturity or have short contract terms (one year or less).

Liabilities

(1) "Deposits" and (2) "Negotiable certificates of deposit"

For demand deposits, the amount payable on demand as of the fiscal year end date (i.e., the carrying amount) is considered to be the fair value. For variable rate time deposits, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount because the market rate is reflected in such deposits within a short time period. The majority of fixed rate time deposits are grouped by certain maturity lengths. The fair value of such deposits is the present value of discounted expected future cash flow. The discount rate used is the interest rate that would be applied to newly accepted deposits.

(3) "Call money and bills sold," (4) "Payables under repurchase agreements," (5) "Payables under securities lending transactions" and (6) "Commercial paper"

For these items, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount because the majority of them are short contract terms (one year or less).

(7) "Trading liabilities"

For securities such as bonds that are sold short for trading purposes, the fair value is determined based on the price quoted by the exchange or the financial institutions to which these securities were sold.

(8) "Borrowed money"

For floating rate borrowings, the carrying amount is presented as the fair value, as the fair value is considered to approximate such carrying amount. This is on the basis that the market rate is reflected in the fair value set within a short time period for such floating rate borrowings and that there has been no significant change in the Bank's nor the subsidiaries' creditworthiness after such borrowings were made. For fixed rate borrowings, the fair value is calculated as the present value of expected future cash flow from these borrowings grouped by certain maturity lengths, which is discounted at an interest rate generally applicable to similar borrowings reflecting the premium applicable to the Bank or its subsidiaries.

(9) “Foreign exchange”

Among foreign exchange contracts, foreign currency deposits accepted from other banks and non-resident Japanese yen deposits (due to other foreign banks) are deposits without maturity. Moreover, foreign currency short-term borrowings have short contract terms (one year or less). Thus, the carrying amount is presented as the fair value for these contracts as the fair value approximates such carrying amount.

(10) “Bonds payable”

The fair value of corporate bonds issued by the Group is determined based on their market price. For certain corporate bonds, the fair value is calculated as the present value of expected future cash flow discounted at an interest rate generally applicable to issuance of similar corporate bonds. For variable rate corporate bonds without market prices, the carrying amount of such bonds is presented as the fair value, as the fair value is considered to approximate such carrying amount. This is on the basis that the market rate is reflected in the fair value of such corporate bonds because such bond terms were set within a short time period and that there has been no significant change in the creditworthiness of the Group after the issuance. For fixed rate corporate bonds, the fair value is the present value of expected future cash flow from these borrowings, which is discounted at an interest rate generally applicable to similar borrowings reflecting the premium applicable to the Bank or its subsidiaries.

Derivative transactions

See Note 27 “DERIVATIVES” for notes on derivative transactions.

2. The financial instruments whose fair value cannot be reliably determined were as follows. These securities are not included in the amount presented under the line item “Assets-Available-for-sale securities” in the table summarizing fair value of financial instruments.

| | Carrying amount | |
|---|---|---|
| | March 31, 2019 | |
| | Millions of Yen | Millions of U.S. Dollars |
| Unlisted equity securities (*1) (*2) | ¥ 135,158 | $ 1,218 |
| Investment in partnerships and others (*2) (*3) | 38,884 | 350 |
| Other (*2) | 81 | 1 |
| Total | ¥ 174,124 | $ 1,569 |

| | Carrying amount |
|---|---|
| | March 31, 2018 |
| | Millions of Yen |
| Unlisted equity securities (*1) (*2) | ¥ 158,445 |
| Investment in partnerships and others (*2) (*3) | 46,863 |
| Other (*2) | 82 |
| Total | ¥ 205,391 |

(*1) Unlisted equity securities do not carry quoted market prices. Since fair values of these securities cannot be reliably determined, their fair value is not disclosed.

(*2) With respect to unlisted equity securities and others, an impairment loss of ¥2,794 million ($25 million) and ¥2,338 million was recorded in the fiscal years ended March 31, 2019 and 2018, respectively.

(*3) Investments in partnerships mainly include anonymous partnerships and investment business partnerships and others. Since fair values of these securities cannot be reliably determined, their fair value is not disclosed.

3. Maturity analysis for financial assets and securities with contractual maturities

| | Millions of Yen | | | | | |
|---|---|---|---|---|---|---|
| | March 31, 2019 | | | | | |
| | Due in one year or less | Due after one year through three years | Due after three years through five years | Due after five years through seven years | Due after seven years through ten years | Due after ten years |
| Securities (*1) (*2): | ¥12,810,699 | ¥ 7,696,507 | ¥ 3,538,991 | ¥ 3,851,210 | ¥ 5,002,090 | ¥12,065,605 |
| Held-to-maturity securities: | 65,404 | 49,191 | 294,754 | 1,068,884 | 336,260 | 1,599,984 |
| Japanese government bonds | – | – | 199,815 | 900,885 | – | – |
| Foreign bonds | 62,697 | 999 | 87,338 | 84,868 | 107,146 | 866,937 |
| Other | 2,706 | 48,192 | 7,600 | 83,129 | 229,113 | 733,046 |
| Available-for-sale securities with contractual maturities: | 12,745,294 | 7,647,315 | 3,244,236 | 2,782,326 | 4,665,830 | 10,465,621 |
| Japanese government bonds | 10,497,931 | 5,507,338 | 617,241 | 1,024,506 | 192,555 | 1,255,705 |
| Municipal bonds | 7,297 | 76,961 | 291,567 | 409,707 | 1,415,534 | 79 |
| Corporate bonds | 160,137 | 470,655 | 565,606 | 357,326 | 538,515 | 1,226,530 |
| Foreign bonds | 1,870,608 | 1,490,528 | 729,806 | 958,308 | 2,475,301 | 7,431,193 |
| Other | 209,318 | 101,832 | 1,040,014 | 32,477 | 43,923 | 552,111 |
| Loans (*1) (*3) | 41,922,034 | 18,181,184 | 14,681,316 | 6,391,002 | 6,138,849 | 15,832,735 |
| Total | ¥54,732,734 | ¥25,877,691 | ¥18,220,307 | ¥10,242,213 | ¥11,140,940 | ¥27,898,341 |

| | Millions of U.S. Dollars | | | | | |
|---|---|---|---|---|---|---|
| | March 31, 2019 | | | | | |
| | Due in one year or less | Due after one year through three years | Due after three years through five years | Due after five years through seven years | Due after seven years through ten years | Due after ten years |
| Securities (*1) (*2): | $ 115,422 | $ 69,344 | $ 31,886 | $ 34,699 | $ 45,068 | $ 108,709 |
| Held-to-maturity securities: | 589 | 443 | 2,656 | 9,630 | 3,030 | 14,416 |
| Japanese government bonds | – | – | 1,800 | 8,117 | – | – |
| Foreign bonds | 565 | 9 | 787 | 765 | 965 | 7,811 |
| Other | 24 | 434 | 68 | 749 | 2,064 | 6,605 |
| Available-for-sale securities with contractual maturities: | 114,833 | 68,901 | 29,230 | 25,068 | 42,038 | 94,293 |
| Japanese government bonds | 94,584 | 49,620 | 5,561 | 9,231 | 1,735 | 11,314 |
| Municipal bonds | 66 | 693 | 2,627 | 3,691 | 12,754 | 1 |
| Corporate bonds | 1,443 | 4,241 | 5,096 | 3,219 | 4,852 | 11,051 |
| Foreign bonds | 16,854 | 13,429 | 6,575 | 8,634 | 22,302 | 66,954 |
| Other | 1,886 | 917 | 9,370 | 293 | 396 | 4,974 |
| Loans (*1) (*3) | 377,710 | 163,809 | 132,276 | 57,582 | 55,310 | 142,650 |
| Total | $ 493,132 | $ 233,153 | $ 164,162 | $ 92,281 | $ 100,378 | $ 251,359 |

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

(*2) Securities include trust beneficiaries of "Monetary claims bought."

(*3) Loans do not include those amounts whose repayment schedules cannot be determined including due from "bankrupt" borrowers, "virtually bankrupt" borrowers and "likely to become bankrupt" borrowers amounting to ¥516,334 million ($4,652 million).

4. Maturity analysis for "Time deposits," "Negotiable certificates of deposit" and other interest bearing liabilities

| | Millions of Yen | | | | | |
|---|---|---|---|---|---|---|
| | March 31, 2019 | | | | | |
| | Due in one year or less | Due after one year through three years | Due after three years through five years | Due after five years through seven years | Due after seven years through ten years | Due after ten years |
| Time deposits and negotiable certificates of deposit (*1) | ¥43,466,522 | ¥ 6,815,641 | ¥ 801,929 | ¥ 67,125 | ¥ 45,454 | ¥ 4,001 |
| Borrowed money (*1) (*2) (*3) | 3,550,334 | 12,431,597 | 2,028,463 | 877,650 | 1,924,639 | 1,494,844 |
| Bonds (*1) (*2) | 702,461 | 787,846 | 353,542 | 229,766 | 196,549 | 618,581 |
| Total | ¥47,719,318 | ¥20,035,085 | ¥ 3,183,935 | ¥ 1,174,543 | ¥ 2,166,643 | ¥ 2,117,426 |

| | Millions of U.S. Dollars | | | | | |
|---|---|---|---|---|---|---|
| | March 31, 2019 | | | | | |
| | Due in one year or less | Due after one year through three years | Due after three years through five years | Due after five years through seven years | Due after seven years through ten years | Due after ten years |
| Time deposits and negotiable certificates of deposit (*1) | $ 391,626 | $ 61,408 | $ 7,225 | $ 605 | $ 410 | $ 36 |
| Borrowed money (*1) (*2) (*3) | 31,988 | 112,006 | 18,276 | 7,907 | 17,341 | 13,468 |
| Bonds (*1) (*2) | 6,329 | 7,098 | 3,185 | 2,070 | 1,771 | 5,573 |
| Total | $ 429,942 | $ 180,513 | $ 28,687 | $ 10,582 | $ 19,521 | $ 19,078 |

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

(*2) "Borrowed money" and "Bonds" whose maturities are not defined are recorded under "Due after ten years."

(*3) There was no outstanding balance of rediscounted bills as of March 31, 2019.

## 27. DERIVATIVES

The Group uses derivatives primarily for the purpose of reducing market risks associated with its assets and liabilities. The Bank also utilizes derivatives to meet the needs of its clients and enters into derivative contracts as a part of its trading activities.

The Group enters into futures contracts on interest rate, currency, equity and bonds, forward contracts on interest rate and foreign exchange and equity, swaps contracts on interest rate, currency, equity and commodity and option contracts on interest rate, currency, equity, bond futures, commodity and credit default options.

The Bank uses derivatives for the following purposes based on the internally defined risk management and operating policies.
- To provide clients with hedge instruments
- Trading based on the short-term prospect on foreign exchange, interest rate and others
- Adjustments or hedging of foreign exchange risk and interest rate risk associated with assets and liabilities

For hedging activities, the Bank classified instruments such as forecasted transactions involving fixed and variable rate deposits, loans, and bonds as hedged items, and instruments such as interest rate swaps as hedging instruments. Regarding effectiveness of hedging, since hedged items and hedging instruments may be almost identical, the Bank considers the hedges to be highly effective. In addition, the Bank may assess effectiveness based on the correlation of floating elements of interest rate.

Significant risk related to derivatives includes market risk and credit risk to be incurred in the course of transactions.

Market risk is the possibility that future changes in market indices make the financial instruments less valuable and credit risk is the possibility that a loss may result from a counterparty's failure to perform according to terms and conditions of the contract, which may exceed the value of underlying collateral. The Bank measures and manages its exposure on derivatives as well as other transactions using a uniform method as much as possible for market risk and credit risk.

As for market risk, the Management Committee grants an authority with VaR (risk index which estimates statistically maximum probable loss to be incurred in the portfolios within a holding period) to the Corporate Risk Management Division. The Corporate Risk Management Division measures and manages overall exposures across the Bank on a global and consolidation basis and reports directly to the Bank's management.

As for credit risk, the Bank identifies and manages credit balances considering the replacement cost and future changes in the replacement cost using a system based on the judgment of the credit risk management division independent from front office function.

Derivative transactions with the same counterparty are recorded in the financial statements on a gross basis without offsetting derivative assets and liabilities regardless of whether there is a legal valid master netting agreement between the two parties.

The Bank has the following derivative contracts outstanding as of March 31, 2019, 2018 and 2017:

**Derivatives to which hedge accounting is not applied:**
With respect to derivatives to which hedge accounting is not applied, contract amount, fair value and the related valuation gain (loss) at the fiscal year end date by transaction type and valuation method of fair value are as follows. Note that contract amounts do not represent the market risk exposure associated with derivatives.

(1) Interest rate-related derivatives

| | | Millions of Yen | | | |
|---|---|---|---|---|---|
| | | March 31, 2019 | | | |
| | | Contract amount | | | |
| | | Total | Over one year | Fair value | Valuation gain (loss) |
| **Transactions listed on exchange:** | | | | | |
| Interest rate futures | Sold | ¥ 308,885 | ¥ 80,894 | ¥ (486) | ¥ (486) |
| | Bought | 214,619 | 70,233 | 193 | 193 |
| Interest rate options | Sold | 11,588,799 | 3,282,565 | (8,168) | (2,495) |
| | Bought | 9,253,249 | 1,782,090 | 12,208 | 3,138 |
| **Over-the-counter ("OTC") transactions:** | | | | | |
| Forward rate agreement | Sold | 13,720,876 | 33,297 | (409) | (409) |
| | Bought | 13,361,799 | 83,242 | 381 | 381 |
| Interest rate swaps | Receivable fixed rate/ Payable floating rate | 195,728,533 | 165,502,424 | 3,991,781 | 3,991,781 |
| | Receivable floating rate/ Payable fixed rate | 196,184,365 | 163,054,670 | (3,800,434) | (3,800,434) |
| | Receivable floating rate/ Payable floating rate | 41,162,766 | 31,306,996 | 5,486 | 5,486 |
| | Receivable fixed rate/ Payable fixed rate | 757,350 | 711,256 | 7,938 | 7,938 |
| Interest rate swaptions | Sold | 3,766,989 | 2,691,011 | (71,540) | 381 |
| | Bought | 3,623,001 | 2,682,365 | 75,193 | 23,634 |
| Other | Sold | 1,986,617 | 1,661,752 | (6,709) | 10,562 |
| | Bought | 2,501,943 | 2,088,035 | 5,321 | (19,223) |
| Total | | – | – | ¥ 210,757 | ¥ 220,448 |

| | | Millions of Yen | | | |
|---|---|---|---|---|---|
| | | March 31, 2018 | | | |
| | | Contract amount | | | |
| | | Total | Over one year | Fair value | Valuation gain (loss) |
| **Transactions listed on exchange:** | | | | | |
| Interest rate futures | Sold | ¥ 2,541,622 | ¥ 508,485 | ¥ 612 | ¥ 612 |
| | Bought | 880,841 | 403,216 | 27 | 27 |
| Interest rate options | Sold | 1,381,120 | – | (36) | 32 |
| | Bought | 1,830,360 | – | 68 | (51) |
| **OTC transactions:** | | | | | |
| Forward rate agreement | Sold | 2,859,332 | – | (652) | (652) |
| | Bought | 2,708,346 | – | 649 | 649 |
| Interest rate swaps | Receivable fixed rate/ Payable floating rate | 183,823,065 | 161,061,320 | 2,828,928 | 2,828,928 |
| | Receivable floating rate/ Payable fixed rate | 185,477,727 | 160,909,298 | (2,711,106) | (2,711,106) |
| | Receivable floating rate/ Payable floating rate | 43,014,522 | 33,712,434 | 9,004 | 9,004 |
| | Receivable fixed rate/ Payable fixed rate | 562,354 | 543,472 | 7,230 | 7,230 |
| Interest rate swaptions | Sold | 5,173,982 | 3,331,800 | (80,282) | 2,093 |
| | Bought | 4,639,061 | 3,182,424 | 75,948 | 29,393 |
| Other | Sold | 1,930,600 | 1,715,006 | (7,433) | 7,642 |
| | Bought | 2,354,644 | 1,992,106 | 6,957 | (14,933) |
| Total | | – | – | ¥ 129,916 | ¥ 158,871 |

| | | Millions of Yen | | | |
|---|---|---|---|---|---|
| | | March 31, 2017 | | | |
| | | Contract amount | | | |
| | | Total | Over one year | Fair value | Valuation gain (loss) |
| **Transactions listed on exchange:** | | | | | |
| Interest rate futures | Sold | ¥ 843,745 | ¥ 347,413 | ¥ 771 | ¥ 771 |
| | Bought | 348,521 | 188,695 | (165) | (165) |
| Interest rate options | Sold | – | – | – | – |
| | Bought | 490,280 | – | 12 | (8) |
| **OTC transactions:** | | | | | |
| Forward rate agreement | Sold | 7,933,196 | – | (975) | (975) |
| | Bought | 8,149,192 | – | 915 | 915 |
| Interest rate swaps | Receivable fixed rate/ Payable floating rate | 172,788,597 | 152,028,610 | 3,625,571 | 3,625,571 |
| | Receivable floating rate/ Payable fixed rate | 175,829,860 | 152,428,304 | (3,448,764) | (3,448,764) |
| | Receivable floating rate/ Payable floating rate | 49,320,138 | 41,069,205 | 9,810 | 9,810 |
| | Receivable fixed rate/ Payable fixed rate | 366,771 | 362,731 | 4,962 | 4,962 |
| Interest rate swaptions | Sold | 8,276,731 | 4,358,648 | (121,217) | (18,403) |
| | Bought | 7,241,599 | 4,129,532 | 109,981 | (6,648) |
| Other | Sold | 2,180,529 | 1,849,868 | (8,300) | 8,266 |
| | Bought | 2,481,651 | 2,210,147 | 8,478 | (14,701) |
| Total | | – | – | ¥ 181,081 | ¥ 160,631 |

| | | Millions of U.S. Dollars | | | |
|---|---|---|---|---|---|
| | | March 31, 2019 | | | |
| | | Contract amount | | | |
| | | Total | Over one year | Fair value | Valuation gain (loss) |
| **Transactions listed on exchange:** | | | | | |
| Interest rate futures | Sold | $ 2,783 | $ 729 | $ (4) | $ (4) |
| | Bought | 1,934 | 633 | 2 | 2 |
| Interest rate options | Sold | 104,413 | 29,575 | (74) | (22) |
| | Bought | 83,370 | 16,056 | 110 | 28 |
| **OTC transactions:** | | | | | |
| Forward rate agreement | Sold | 123,623 | 300 | (4) | (4) |
| | Bought | 120,387 | 750 | 3 | 3 |
| Interest rate swaps | Receivable fixed rate/ Payable floating rate | 1,763,479 | 1,491,147 | 35,965 | 35,965 |
| | Receivable floating rate/ Payable fixed rate | 1,767,586 | 1,469,093 | (34,241) | (34,241) |
| | Receivable floating rate/ Payable floating rate | 370,869 | 282,070 | 49 | 49 |
| | Receivable fixed rate/ Payable fixed rate | 6,824 | 6,408 | 72 | 72 |
| Interest rate swaptions | Sold | 33,940 | 24,246 | (645) | 3 |
| | Bought | 32,643 | 24,168 | 677 | 213 |
| Other | Sold | 17,899 | 14,972 | (60) | 95 |
| | Bought | 22,542 | 18,813 | 48 | (173) |
| Total | | – | – | $ 1,899 | $ 1,986 |

Notes:

1. The transactions above are stated at fair value and the related valuation gain (loss) is reported in the consolidated statements of income.
2. Fair values of transactions listed on exchange are determined using the closing price at the Chicago Mercantile Exchange (“CME”) or other exchanges at the fiscal year end date. Fair values of OTC transactions are calculated using the discounted present value, option pricing models or other methods.

(2) Currency-related derivatives

| | | Millions of Yen | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | March 31, 2019 | | | | | | | |
| | | Contract amount | | | | | | | |
| | | | Total | | Over one year | | Fair value | | Valuation gain (loss) |
| **Transactions listed on exchange:** | | | | | | | | | |
| Currency futures | Sold | ¥ | 112,493 | ¥ | – | ¥ | 163 | ¥ | 163 |
| | Bought | | 504,931 | | 152,173 | | (1,117) | | (1,117) |
| **OTC transactions:** | | | | | | | | | |
| Currency swaps | | | 37,885,494 | | 30,039,036 | | 87,963 | | 87,963 |
| Forward contracts on foreign exchange | Sold | | 48,472,757 | | 3,684,891 | | 47,238 | | 47,238 |
| | Bought | | 48,899,862 | | 3,925,091 | | (514) | | (514) |
| Currency options | Sold | | 8,999,326 | | 2,149,770 | | (53,861) | | 71,078 |
| | Bought | | 8,638,435 | | 2,085,596 | | 39,893 | | (69,699) |
| Total | | | – | | – | ¥ | 119,766 | ¥ | 135,113 |

| | | Millions of Yen | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | March 31, 2018 | | | | | | | |
| | | Contract amount | | | | | | | |
| | | | Total | | Over one year | | Fair value | | Valuation gain (loss) |
| **Transactions listed on exchange:** | | | | | | | | | |
| Currency futures | Sold | ¥ | 117,263 | ¥ | – | ¥ | 630 | ¥ | 630 |
| | Bought | | 428,886 | | 91,925 | | (915) | | (915) |
| **OTC transactions:** | | | | | | | | | |
| Currency swaps | | | 34,979,470 | | 29,494,261 | | 68,469 | | 68,469 |
| Forward contracts on foreign exchange | Sold | | 49,403,764 | | 3,863,300 | | 36,831 | | 36,831 |
| | Bought | | 48,393,226 | | 3,674,147 | | 5,457 | | 5,457 |
| Currency options | Sold | | 5,975,743 | | 2,257,447 | | (65,298) | | 77,487 |
| | Bought | | 5,976,764 | | 2,295,645 | | 100,074 | | (20,494) |
| Total | | | – | | – | ¥ | 145,248 | ¥ | 167,466 |

| | | Millions of Yen | | | |
|---|---|---|---|---|---|
| | | March 31, 2017 | | | |
| | | Contract amount | | | |
| | | Total | Over one year | Fair value | Valuation gain (loss) |
| **Transactions listed on exchange:** | | | | | |
| Currency futures | Sold | ¥ 90,028 | ¥ 9,028 | ¥ 643 | ¥ 643 |
| | Bought | 462,836 | 170,313 | (4,394) | (4,394) |
| **OTC transactions:** | | | | | |
| Currency swaps | | 36,023,798 | 28,187,884 | (148,036) | (148,036) |
| Forward contracts on foreign exchange | Sold | 47,290,320 | 3,672,311 | 109,264 | 109,264 |
| | Bought | 45,660,989 | 3,698,341 | (16,326) | (16,326) |
| Currency options | Sold | 6,281,112 | 2,462,133 | (128,302) | 149,866 |
| | Bought | 6,234,995 | 2,443,324 | 113,209 | (94,229) |
| Total | | – | – | ¥ (73,942) | ¥ (3,213) |

| | | Millions of U.S. Dollars | | | |
|---|---|---|---|---|---|
| | | March 31, 2019 | | | |
| | | Contract amount | | | |
| | | Total | Over one year | Fair value | Valuation gain (loss) |
| **Transactions listed on exchange:** | | | | | |
| Currency futures | Sold | $ 1,014 | $ – | $ 1 | $ 1 |
| | Bought | 4,549 | 1,371 | (10) | (10) |
| **OTC transactions:** | | | | | |
| Currency swaps | | 341,342 | 270,646 | 793 | 793 |
| Forward contracts on foreign exchange | Sold | 436,731 | 33,200 | 426 | 426 |
| | Bought | 440,579 | 35,364 | (5) | (5) |
| Currency options | Sold | 81,082 | 19,369 | (485) | 640 |
| | Bought | 77,831 | 18,791 | 359 | (628) |
| Total | | – | – | $ 1,079 | $ 1,217 |

Notes:

1. The transactions above are stated at fair value and the related valuation gain (loss) is reported in the consolidated statements of income.
2. Fair values are calculated using the discounted present value, option pricing models or other methods.

(3) Equity-related derivatives

| | | Millions of Yen | | | |
|---|---|---|---|---|---|
| | | March 31, 2019 | | | |
| | | Contract amount | | | |
| | | Total | Over one year | Fair value | Valuation gain (loss) |
| **Transactions listed on exchange:** | | | | | |
| Stock index futures | Sold | ¥ – | ¥ – | ¥ – | ¥ – |
| | Bought | 1,067 | – | (7) | (7) |
| Stock index options | Sold | 6,614 | – | (11) | 472 |
| | Bought | 10,814 | – | 1,084 | 641 |
| **OTC transactions:** | | | | | |
| OTC securities option transactions | Sold | 10,053 | 4,233 | (1,426) | (1,047) |
| | Bought | 23,171 | 4,233 | 1,137 | 1,029 |
| Swaps on OTC securities index | Receivable index volatility/ Payable interest | 1,000 | – | 8 | 8 |
| | Receivable interest/ Payable index volatility | 1,000 | – | (8) | (8) |
| Total | | – | – | ¥ 777 | ¥ 1,089 |

| | | Millions of Yen | | | |
|---|---|---|---|---|---|
| | | March 31, 2018 | | | |
| | | Contract amount | | | |
| | | Total | Over one year | Fair value | Valuation gain (loss) |
| **Transactions listed on exchange:** | | | | | |
| Stock index futures | Sold | ¥ 2,476 | ¥ – | ¥ 0 | ¥ 0 |
| | Bought | 2,649 | – | 43 | 43 |
| Stock index options | Sold | 35,758 | – | 692 | 34 |
| | Bought | 37,727 | – | 279 | (270) |
| **OTC transactions:** | | | | | |
| OTC securities option transactions | Sold | 68,783 | 11,603 | (15,492) | (13,330) |
| | Bought | 79,910 | 22,730 | 14,878 | 14,576 |
| Swaps on OTC securities index | Receivable index volatility/ Payable interest | 1,000 | 1,000 | 71 | 71 |
| | Receivable interest/ Payable index volatility | 1,000 | 1,000 | (71) | (71) |
| Total | | – | – | ¥ 402 | ¥ 1,054 |

| | | Millions of Yen | | | |
|---|---|---|---|---|---|
| | | March 31, 2017 | | | |
| | | Contract amount | | | |
| | | Total | Over one year | Fair value | Valuation gain (loss) |
| **Transactions listed on exchange:** | | | | | |
| Stock index futures | Sold | ¥ 475 | ¥ – | ¥ 3 | ¥ 3 |
| | Bought | 1,085 | – | (2) | (2) |
| Stock index options | Sold | 7,391 | – | (70) | 31 |
| | Bought | 10,085 | – | 186 | 50 |
| **OTC transactions:** | | | | | |
| OTC securities option transactions | Sold | 133,514 | 74,307 | (19,020) | (16,499) |
| | Bought | 141,532 | 82,325 | 18,370 | 17,750 |
| Swaps on OTC securities index | Receivable index volatility/ Payable interest | 1,000 | 1,000 | 31 | 31 |
| | Receivable interest/ Payable index volatility | 1,000 | 1,000 | (31) | (31) |
| Total | | – | – | ¥ (534) | ¥ 1,332 |

| | | Millions of U.S. Dollars | | | |
|---|---|---|---|---|---|
| | | March 31, 2019 | | | |
| | | Contract amount | | | |
| | | Total | Over one year | Fair value | Valuation gain (loss) |
| **Transactions listed on exchange:** | | | | | |
| Stock index futures | Sold | $ – | $ – | $ – | $ – |
| | Bought | 10 | – | (0) | (0) |
| Stock index options | Sold | 60 | – | (0) | 4 |
| | Bought | 97 | – | 10 | 6 |
| **OTC transactions:** | | | | | |
| OTC securities option transactions | Sold | 91 | 38 | (13) | (9) |
| | Bought | 209 | 38 | 10 | 9 |
| Swaps on OTC securities index | Receivable index volatility/ Payable interest | 9 | – | 0 | 0 |
| | Receivable interest / Payable index volatility | 9 | – | (0) | (0) |
| Total | | – | – | $ 7 | $ 10 |

Notes:

1. The transactions above are stated at fair value and the related valuation gain (loss) is reported in the consolidated statements of income.
2. Fair values of transactions listed on the exchanges are determined using the closing price at Osaka Exchange or other exchanges at the fiscal year end date.
   Fair values of OTC transactions are calculated using option pricing models or other methods.

(4) Bond-related derivatives

| | | Millions of Yen March 31, 2019 Contract amount Total | Over one year | Fair value | Valuation gain (loss) |
|---|---|---|---|---|---|
| **Transactions listed on exchange:** | | | | | |
| Bond futures | Sold | ¥ 361,736 | ¥ – | ¥ (6,217) | ¥ (6,217) |
| | Bought | 300,346 | – | 1,206 | 1,206 |
| Bond futures options | Sold | 1,223,983 | – | (2,389) | (557) |
| | Bought | 1,787,847 | – | 3,730 | (1,612) |
| **OTC transactions:** | | | | | |
| OTC bond options | Sold | 140,455 | – | (936) | (672) |
| | Bought | 140,455 | – | 15 | (272) |
| Bond forward contracts | Sold | 675,357 | – | (6,658) | (6,658) |
| | Bought | 296,802 | – | 1,666 | 1,666 |
| Total return swaps | Sold | 77,693 | – | 620 | 620 |
| | Bought | 112,000 | 112,000 | 1,113 | 1,113 |
| Total | | – | – | ¥ (7,848) | ¥ (11,383) |

| | | Millions of Yen March 31, 2018 Contract amount Total | Over one year | Fair value | Valuation gain (loss) |
|---|---|---|---|---|---|
| **Transactions listed on exchange:** | | | | | |
| Bond futures | Sold | ¥ 634,405 | ¥ – | ¥ 97 | ¥ 97 |
| | Bought | 109,761 | – | 106 | 106 |
| Bond futures options | Sold | 27,622 | – | (152) | (34) |
| | Bought | 735,453 | – | 442 | (5) |
| **OTC transactions:** | | | | | |
| OTC bond options | Sold | 131,200 | – | (179) | 37 |
| | Bought | 131,200 | – | 311 | 70 |
| Bond forward contracts | Sold | 884,655 | – | (132) | (132) |
| | Bought | 429,900 | – | 412 | 412 |
| Total return swaps | Sold | 74,368 | 74,368 | 23 | 23 |
| | Bought | 112,000 | 112,000 | 2,155 | 2,155 |
| Total | | – | – | ¥ 3,086 | ¥ 2,732 |

| | | Millions of Yen March 31, 2017 Contract amount Total | Over one year | Fair value | Valuation gain (loss) |
|---|---|---|---|---|---|
| **Transactions listed on exchange:** | | | | | |
| Bond futures | Sold | ¥ 101,970 | ¥ – | ¥ (63) | ¥ (63) |
| | Bought | 169,194 | – | (37) | (37) |
| Bond futures options | Sold | 312,340 | – | (910) | (93) |
| | Bought | 552,671 | – | 250 | (31) |
| **OTC transactions:** | | | | | |
| OTC bond options | Sold | 222,500 | – | (235) | 15 |
| | Bought | 222,500 | – | 331 | 38 |
| Bond forward contracts | Sold | 1,059,812 | 10,775 | 398 | 398 |
| | Bought | 697,114 | – | 384 | 384 |
| Total return swaps | Sold | 78,533 | 78,533 | (0) | (0) |
| | Bought | 78,400 | 78,400 | 1,267 | 1,267 |
| Total | | – | – | ¥ 1,384 | ¥ 1,877 |

| | | Millions of U.S. Dollars | | | |
|---|---|---|---|---|---|
| | | March 31, 2019 | | | |
| | | Contract amount | | | |
| | | Total | Over one year | Fair value | Valuation gain (loss) |
| **Transactions listed on exchange:** | | | | | |
| Bond futures | Sold | $ 3,259 | $ – | $ (56) | $ (56) |
| | Bought | 2,706 | – | 11 | 11 |
| Bond futures options | Sold | 11,028 | – | (22) | (5) |
| | Bought | 16,108 | – | 34 | (15) |
| **OTC transactions:** | | | | | |
| OTC bond options | Sold | 1,265 | – | (8) | (6) |
| | Bought | 1,265 | – | 0 | (2) |
| Bond forward contracts | Sold | 6,085 | – | (60) | (60) |
| | Bought | 2,674 | – | 15 | 15 |
| Total return swaps | Sold | 700 | – | 6 | 6 |
| | Bought | 1,009 | 1,009 | 10 | 10 |
| Total | | – | – | $ (71) | $ (103) |

Notes:

1. The transactions above are stated at fair value and the related valuation gain (loss) is reported in the consolidated statements of income.
2. Fair values of transactions listed on exchange are determined using the closing price at the Osaka Exchange or other exchanges at the fiscal year end date.
   Fair values of OTC transactions are calculated using the discounted present value, option pricing models or other methods.

(5) Commodity-related derivatives

| | | Millions of Yen | | | |
|---|---|---|---|---|---|
| | | March 31, 2019 | | | |
| | | Contract amount | | | |
| | | Total | Over one year | Fair value | Valuation gain (loss) |
| **OTC transactions:** | | | | | |
| Commodity swaps | Receivable index volatility/ Payable floating rate | ¥ 12,909 | ¥ 2,839 | ¥ (1,673) | ¥ (1,673) |
| | Receivable floating rate/ Payable index volatility | 15,481 | 3,068 | 2,381 | 2,381 |
| Commodity options | Sold | 4,870 | 480 | (232) | (185) |
| | Bought | 4,870 | 480 | 232 | 192 |
| Total | | – | – | ¥ 708 | ¥ 714 |

| | | Millions of Yen | | | |
|---|---|---|---|---|---|
| | | March 31, 2018 | | | |
| | | Contract amount | | | |
| | | Total | Over one year | Fair value | Valuation gain (loss) |
| **OTC transactions:** | | | | | |
| Commodity swaps | Receivable index volatility/ Payable floating rate | ¥ 34,548 | ¥ 14,739 | ¥ (1,387) | ¥ (1,387) |
| | Receivable floating rate/ Payable index volatility | 38,054 | 16,284 | 3,270 | 3,270 |
| Commodity options | Sold | 35,542 | 4,621 | (428) | (3) |
| | Bought | 35,542 | 4,621 | 428 | 293 |
| Total | | – | – | ¥ 1,882 | ¥ 2,173 |

| | | Millions of Yen | | | |
|---|---|---|---|---|---|
| | | March 31, 2017 | | | |
| | | Contract amount | | | |
| | | Total | Over one year | Fair value | Valuation gain (loss) |
| **OTC transactions:** | | | | | |
| Commodity swaps | Receivable index volatility/ Payable floating rate | ¥ 86,822 | ¥ 46,012 | ¥ 2,547 | ¥ 2,547 |
| | Receivable floating rate/ Payable index volatility | 89,991 | 48,597 | 1,473 | 1,473 |
| Commodity options | Sold | 83,849 | 39,054 | (2,210) | (1,757) |
| | Bought | 83,849 | 39,054 | 2,205 | 2,052 |
| Total | | – | – | ¥ 4,016 | ¥ 4,316 |

| | | Millions of U.S. Dollars | | | |
|---|---|---|---|---|---|
| | | March 31, 2019 | | | |
| | | Contract amount | | | |
| | | Total | Over one year | Fair value | Valuation gain (loss) |
| **OTC transactions:** | | | | | |
| Commodity swaps | Receivable index volatility/ Payable floating rate | $ 116 | $ 26 | $ (15) | $ (15) |
| | Receivable floating rate/ Payable index volatility | 139 | 28 | 21 | 21 |
| Commodity options | Sold | 44 | 4 | (2) | (2) |
| | Bought | 44 | 4 | 2 | 2 |
| Total | | – | – | $ 6 | $ 6 |

Notes:

1. The transactions above are stated at fair value and the related valuation gain (loss) is reported in the consolidated statements of income.
2. Fair values of OTC transactions are calculated using the prices of the underlying transactions, contract periods and other factors composing the transactions.
3. The commodity transactions are mainly oil related.

(6) Credit-related derivatives

| | | Millions of Yen March 31, 2019 | | | |
|---|---|---|---|---|---|
| | | Contract amount | | | |
| | | Total | Over one year | Fair value | Valuation gain (loss) |
| **OTC transactions:** | | | | | |
| Credit default options | Sold | ¥ 1,164,900 | ¥ 1,142,862 | ¥ (34,241) | ¥ (34,241) |
| | Bought | 1,031,513 | 968,013 | 14,078 | 14,078 |
| Total | | – | – | ¥ (20,162) | ¥ (20,162) |

| | | Millions of Yen March 31, 2018 | | | |
|---|---|---|---|---|---|
| | | Contract amount | | | |
| | | Total | Over one year | Fair value | Valuation gain (loss) |
| **OTC transactions:** | | | | | |
| Credit default options | Sold | ¥ 366,239 | ¥ 318,708 | ¥ 6,163 | ¥ 6,163 |
| | Bought | 959,655 | 798,411 | (11,441) | (11,441) |
| Total | | – | – | ¥ (5,277) | ¥ (5,277) |

| | | Millions of Yen March 31, 2017 | | | |
|---|---|---|---|---|---|
| | | Contract amount | | | |
| | | Total | Over one year | Fair value | Valuation gain (loss) |
| **OTC transactions:** | | | | | |
| Credit default options | Sold | ¥ 518,349 | ¥ 441,287 | ¥ 5,956 | ¥ 5,956 |
| | Bought | 834,666 | 687,091 | (10,258) | (10,258) |
| Total | | – | – | ¥ (4,301) | ¥ (4,301) |

| | | Millions of U.S. Dollars March 31, 2019 | | | |
|---|---|---|---|---|---|
| | | Contract amount | | | |
| | | Total | Over one year | Fair value | Valuation gain (loss) |
| **OTC transactions:** | | | | | |
| Credit default options | Sold | $ 10,496 | $ 10,297 | $ (309) | $ (309) |
| | Bought | 9,294 | 8,722 | 127 | 127 |
| Total | | – | – | $ (182) | $ (182) |

Notes:

1. The transactions above are stated at fair value and the related valuation gain (loss) is reported in the consolidated statements of income.
2. Fair values are calculated using the discounted present value, the option pricing models or other methods.
3. “Sold” refers to transactions underwriting credit risk and “Bought” refers to transactions delivering credit risk.

(7) Other derivatives

| | | Millions of Yen | | | |
|---|---|---|---|---|---|
| | | March 31, 2019 | | | |
| | | Contract amount | | | |
| | | Total | Over one year | Fair value | Valuation gain (loss) |
| **OTC transactions:** | | | | | |
| Earthquake derivatives | Sold | ¥ 28,000 | ¥ 17,000 | ¥ (604) | ¥ 784 |
| | Bought | 28,353 | 17,000 | 958 | (837) |
| Other | Sold | – | – | – | – |
| | Bought | 5,241 | 5,241 | 672 | 672 |
| Total | | – | – | ¥ 1,027 | ¥ 619 |

| | | Millions of Yen | | | |
|---|---|---|---|---|---|
| | | March 31, 2018 | | | |
| | | Contract amount | | | |
| | | Total | Over one year | Fair value | Valuation gain (loss) |
| **OTC transactions:** | | | | | |
| Earthquake derivatives | Sold | ¥ 28,000 | ¥ 21,000 | ¥ (1,182) | ¥ 916 |
| | Bought | 28,000 | 21,000 | 1,182 | (899) |
| SVF Wrap Products | Sold | 582,940 | 317,058 | (7) | (7) |
| | Bought | – | – | – | – |
| Other | Sold | – | – | – | – |
| | Bought | 5,017 | 3,157 | 763 | 763 |
| Total | | – | – | ¥ 755 | ¥ 772 |

| | | Millions of Yen | | | |
|---|---|---|---|---|---|
| | | March 31, 2017 | | | |
| | | Contract amount | | | |
| | | Total | Over one year | Fair value | Valuation gain (loss) |
| **OTC transactions:** | | | | | |
| Earthquake derivatives | Sold | ¥ 26,414 | ¥ 18,000 | ¥ (729) | ¥ 2,080 |
| | Bought | 26,776 | 18,000 | 1,093 | (879) |
| SVF Wrap Products | Sold | 2,202,379 | 1,220,063 | (19) | (19) |
| | Bought | – | – | – | – |
| Other | Sold | – | – | – | – |
| | Bought | 5,298 | 1,963 | 657 | 657 |
| Total | | – | – | ¥ 1,002 | ¥ 1,838 |

| | | Millions of U.S. Dollars | | | |
|---|---|---|---|---|---|
| | | March 31, 2019 | | | |
| | | Contract amount | | | |
| | | Total | Over one year | Fair value | Valuation gain (loss) |
| **OTC transactions:** | | | | | |
| Earthquake derivatives | Sold | $ 252 | $ 153 | $ (5) | $ 7 |
| | Bought | 255 | 153 | 9 | (8) |
| Other | Sold | – | – | – | – |
| | Bought | 47 | 47 | 6 | 6 |
| Total | | – | – | $ 9 | $ 6 |

Notes:

1. The transactions above are stated at fair value and the related valuation gain (loss) is reported in the consolidated statements of income.
2. Fair values are calculated using the option pricing models or other methods.
3. SVF Wrap Products are derivative instruments that the Bank guarantees payment of the principal to the 401(k) investors who invest in Stable Value Fund.

**Derivatives to which hedge accounting is applied:**

With respect to derivatives to which hedge accounting is applied, contract amount and fair value at the fiscal year end date by transaction type and hedge accounting method and valuation method of fair value were as follows. Note that contract amounts do not represent the market risk exposure associated with derivatives.

(1) Interest rate-related derivatives

| | | | Millions of Yen | | |
|---|---|---|---|---|---|
| | | | March 31, 2019 | | |
| Hedge accounting method | Transaction type | Major hedged item | Contract amount | Contract amount due after one year | Fair value |
| Deferred hedge accounting | Interest rate swaps: | | | | |
| | Receivable fixed rate/ Payable floating rate | Interest bearing financial assets or liabilities such as loans, deposits | ¥ 13,665,782 | ¥ 12,984,339 | ¥ 203,091 |
| | Receivable floating rate/ Payable fixed rate | | 879,531 | 769,223 | (2,727) |
| | Interest rate futures | | 2,164,164 | 2,164,164 | (9,574) |
| | Other | | 55,500 | 55,500 | 362 |
| Total | | | – | – | ¥ 191,152 |

| | | | Millions of Yen | | |
|---|---|---|---|---|---|
| | | | March 31, 2018 | | |
| Hedge accounting method | Transaction type | Major hedged item | Contract amount | Contract amount due after one year | Fair value |
| Deferred hedge accounting | Interest rate swaps: | | | | |
| | Receivable fixed rate/ Payable floating rate | Interest bearing financial assets or liabilities such as loans, deposits | ¥ 18,854,863 | ¥ 18,222,678 | ¥ 47,299 |
| | Receivable floating rate /Payable fixed rate | | 4,602,352 | 4,587,087 | 1,545 |
| Total | | | – | – | ¥ 48,845 |

| | | | Millions of Yen | | |
|---|---|---|---|---|---|
| | | | March 31, 2017 | | |
| Hedge accounting method | Transaction type | Major hedged item | Contract amount | Contract amount due after one year | Fair value |
| Deferred hedge accounting | Interest rate swaps: | | | | |
| | Receivable fixed rate/ Payable floating rate | Interest bearing financial assets or liabilities such as loans, deposits | ¥ 18,868,492 | ¥ 17,716,814 | ¥ 7,633 |
| | Receivable floating rate /Payable fixed rate | | 5,628,291 | 5,023,429 | (2,911) |
| | Interest rate futures | | 549,601 | 549,601 | (298) |
| Total | | | – | – | ¥ 4,423 |

| | | | Millions of U.S. Dollars | | |
|---|---|---|---|---|---|
| | | | March 31, 2019 | | |
| Hedge accounting method | Transaction type | Major hedged item | Contract amount | Contract amount due after one year | Fair value |
| Deferred hedge accounting | Interest rate swaps: | | | | |
| | Receivable fixed rate/ Payable floating rate | Interest bearing financial assets or liabilities such as loans, deposits | $ 123,126 | $ 116,987 | $ 1,830 |
| | Receivable floating rate/ Payable fixed rate | | 7,924 | 6,931 | (25) |
| | Interest rate futures | | 19,499 | 19,499 | (86) |
| | Other | | 500 | 500 | 3 |
| Total | | | – | – | $ 1,722 |

Notes:

1. These derivatives are mainly accounted for using the deferred hedge accounting in accordance with JICPA Industry Audit Committee Report No. 24 "Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry."
2. Fair values of transactions listed on exchange are determined using the closing price at the Chicago Mercantile Exchange or other exchanges at the annual consolidated balance sheet date.
   Fair values of OTC transactions are calculated using the discounted present value or other methods.

(2) Currency-related derivatives

| Hedge accounting method | Transaction type | Major hedged item | Millions of Yen<br>March 31, 2019<br>Contract amount | | Contract amount due after one year | | Fair value | |
|---|---|---|---|---|---|---|---|---|
| Deferred hedge accounting | Currency swaps | Loans, securities, deposits and others denominated in foreign currencies | ¥ | 16,216,068 | ¥ | 8,823,713 | ¥ | (121,545) |

| Hedge accounting method | Transaction type | Major hedged item | Millions of Yen<br>March 31, 2018<br>Contract amount | | Contract amount due after one year | | Fair value | |
|---|---|---|---|---|---|---|---|---|
| Deferred hedge accounting | Currency swaps | Loans, securities, deposits and others denominated in foreign currencies | ¥ | 18,072,361 | ¥ | 10,526,087 | ¥ | 76,565 |

| Hedge accounting method | Transaction type | Major hedged item | Millions of Yen<br>March 31, 2017<br>Contract amount | | Contract amount due after one year | | Fair value | |
|---|---|---|---|---|---|---|---|---|
| Deferred hedge accounting | Currency swaps | Loans, securities, deposits and others denominated in foreign currencies | ¥ | 16,937,423 | ¥ | 12,240,657 | ¥ | 114,713 |

| Hedge accounting method | Transaction type | Major hedged item | Millions of U.S. Dollars<br>March 31, 2019<br>Contract amount | | Contract amount due after one year | | Fair value | |
|---|---|---|---|---|---|---|---|---|
| Deferred hedge accounting | Currency swaps | Loans, securities, deposits and others denominated in foreign currencies | $ | 146,104 | $ | 79,500 | $ | (1,095) |

Notes:

1. These derivatives are mainly accounted for using the deferred hedge accounting in accordance with JICPA Industry Audit Committee Report No. 25, “Accounting and Auditing Treatments for Foreign Currency Transactions in the Banking Industry.”
2. Fair values are calculated using the discounted present value or other methods.

(3) Equity-related derivatives

| | | | Millions of Yen | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | March 31, 2019 | | | | | |
| Hedge accounting method | Transaction type | Major hedged item | Contract amount | | Contract amount due after one year | | Fair value | |
| Fair value hedge accounting | Total return swaps | Available-for-sale securities (equity securities) | ¥ | 384,230 | ¥ | 384,230 | ¥ | 837 |

| | | | Millions of Yen | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | March 31, 2018 | | | | | |
| Hedge accounting method | Transaction type | Major hedged item | Contract amount | | Contract amount due after one year | | Fair value | |
| Fair value hedge accounting | Total return swaps | Available-for-sale securities (equity securities) | ¥ | 485,799 | ¥ | 485,799 | ¥ | (5,567) |

| | | | Millions of Yen | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | March 31, 2017 | | | | | |
| Hedge accounting method | Transaction type | Major hedged item | Contract amount | | Contract amount due after one year | | Fair value | |
| Fair value hedge accounting | Total return swaps | Available-for-sale securities (equity securities) | ¥ | 571,542 | ¥ | 214,912 | ¥ | 14,485 |

| | | | Millions of U.S. Dollars | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | March 31, 2019 | | | | | |
| Hedge accounting method | Transaction type | Major hedged item | Contract amount | | Contract amount due after one year | | Fair value | |
| Fair value hedge accounting | Total return swaps | Available-for-sale securities (equity securities) | $ | 3,462 | $ | 3,462 | $ | 8 |

Note: Fair values are calculated using the discounted present value or other methods.

(4) Bond-related derivatives

| | | | Millions of Yen | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | March 31, 2019 | | | | | |
| Hedge accounting method | Transaction type | Major hedged item | Contract amount | | Contract amount due after one year | | Fair value | |
| Deferred hedge accounting | OTC bond options | Available-for-sale securities (debt securities) | ¥ | 261,477 | ¥ | – | ¥ | (279) |

| | | | Millions of Yen | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | March 31, 2018 | | | | | |
| Hedge accounting method | Transaction type | Major hedged item | Contract amount | | Contract amount due after one year | | Fair value | |
| Deferred hedge accounting | OTC bond options | Available-for-sale securities (debt securities) | ¥ | 2,656,200 | ¥ | – | ¥ | 1,691 |

| | | | Millions of Yen | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | March 31, 2017 | | | | | |
| Hedge accounting method | Transaction type | Major hedged item | Contract amount | | Contract amount due after one year | | Fair value | |
| Deferred hedge accounting | OTC bond options | Available-for-sale securities (debt securities) | ¥ | 1,499,600 | ¥ | – | ¥ | 2,182 |

| | | | Millions of U.S. Dollars | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | March 31, 2019 | | | | | |
| Hedge accounting method | Transaction type | Major hedged item | Contract amount | | Contract amount due after one year | | Fair value | |
| Deferred hedge accounting | OTC bond options | Available-for-sale securities (debt securities) | $ | 2,356 | $ | – | $ | (3) |

Note: Fair values are calculated using the option pricing models or other methods.

## 28. BUSINESS COMBINATIONS OR DIVESTITURES

Fiscal year ended March 31, 2019

**Transactions under Common Control**

**Transfer of the corporate loan-related businesses of Mitsubishi UFJ Trust and Banking Corporation**

On October 31, 2017, the Bank and the Trust Bank entered into an absorption-type corporate split agreement to transfer the Trust Bank's domestic corporate loan-related businesses to the Bank (the absorption-type corporate split pursuant to such agreement, the "Corporate Split"), and business transfer agreements to transfer the corporate loan-related businesses carried on by the Trust Bank's overseas locations (New York, London, Hong Kong and Singapore) to the Bank (the business transfers pursuant to such agreements, the "Business Transfers," and the Corporate Split and the Business Transfers are collectively referred to as the "Corporate Restructuring") which became effective on April 16, 2018 upon approval from relevant authorities.

(1) Purposes of the Corporate Restructuring:
MUFG and its subsidiaries (together, the "MUFG Group") announced in May 2017 "MUFG Re-Imagining Strategy" aiming to provide customers, officers and employees, shareholders and other stakeholders with the best value through an integrated group-based management approach that is simple, speedy and transparent as well as to achieve sustainable growth and contribute to the betterment of society by developing solutions-oriented businesses. As part of this, the MUFG Group will execute the Corporate Restructuring to establish the most suitable formation to service corporate clients as one group and clarify the mission and responsibility of each group member ("Functional Realignment" of the MUFG Group).

(2) Outline of accounting treatment applied
The transaction is treated as a transaction under common control in accordance with ASBJ Statement No. 21, "Revised Accounting Standard for Business Combinations" (issued on September 13, 2013) and ASBJ Guidance No. 10, "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (issued on September 13, 2013).

(3) The amounts of assets and liabilities succeeded or transferred through the Corporate Restructuring

1) Business succession through the absorption-type corporate split
Assets: ¥9,124,632 million ($82,211 million), including loans and bills discounted amounting to ¥8,779,977 million ($79,106 million)
Liabilities and equity: ¥9,124,632 million ($82,211 million), including call money amounting to ¥6,302,225 million ($56,782 million)
The Bank does not deliver shares or other cash to the Trust Bank in consideration for the absorption-type corporate split in accordance with the absorption-type corporate split agreement.

2) Business transfers through the business transfer agreement
Assets: ¥1,763,679 million ($15,890 million), including loans and bills discounted amounting to ¥1,746,867 million ($15,739 million)
Liabilities: ¥13,120 million ($118 million)
Transfer value: ¥1,750,558 ($15,772 million)

**Changes in affiliates due to dividends-in-kind**

(1) Purposes of the Corporate Restructuring:
As part of the "Functional Realignment" of the MUFG Group, the Bank and the Securities HD resolved at the Board of Directors' meeting of the Bank held on January 31, 2018 and that of the Securities HD held on February 22, 2018 to deliver all the equity interests in Mitsubishi UFJ Kokusai Asset Management Co., Ltd. ("MUKAM") as dividends-in-kind to MUFG, a wholly-owning parent company, and conducted the delivery on April 2, 2018. In addition, MUFG and the Trust Bank entered into an absorption-type corporate split agreement on February 2, 2018, and MUKAM became a wholly-owned subsidiary of the Trust Bank effective on April 2, 2018. Accordingly, MUKAM no longer met the definition of an affiliate of the Bank or the Securities HD.

(2) Outline of accounting treatment applied
The transaction is treated as a transaction under common control in accordance with ASBJ Statement No. 21, "Revised Accounting Standard for Business Combinations" (issued on September 13, 2013) and ASBJ Guidance No. 10, "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (issued on September 13, 2013).

**Additional Information**

**Acquisition of the Aviation Finance division of DVB Bank SE**

(1) Outline of the acquisition
On March 1, 2019, the Bank, together with BOT Lease Co., Ltd. ("BOT Lease"), which is the Bank's affiliate accounted for using the equity method, entered into an asset purchase agreement (the "Agreement") with DVB Bank SE ("DVB") in Germany to purchase and transfer DVB's Aviation Finance division. Closing of the transaction is subject to the approvals of relevant authorities, as well as other conditions. This transaction is expected to be closed during the second half of 2019.

The Agreement provides for the entire Aviation Finance client lending portfolio of approximately €5.6 billion as at June 30, 2018 (approximately ¥716.3 billion ($6,454 million), if translated at the exchange rate of ¥127.91 per 1 euro), employees and other parts of the operating infrastructure to be transferred to the Bank.

The transaction also includes the acquisition of DVB's Aviation Investment Management and Asset Management businesses which will be transferred to a newly established subsidiary of BOT Lease.

(2) Purpose of the acquisition
This acquisition is expected to enhance MUFG's Global CIB Business platform in terms of higher returns, portfolio diversification and solution offering to clients, as well as to broaden its customer base, acquire experienced professionals and improve its ability to offer bespoke solutions to clients.

As a subsidiary of DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, DVB is part of Germany's second-largest banking group, and specializes in the international Transport Finance business. DVB offers integrated financing solutions and advisory services in respect of Shipping Finance, Aviation Finance and Land Transport Finance. DVB's Aviation Finance division is a leading arranger and provider of financing for aircraft (narrowbody, widebody and other passenger and freighter aircraft). Aviation Finance offers its clients tailor-made financing solutions ranging from bridging loans to complex long-term facilities, as well as advisory services.

Fiscal year ended March 31, 2018

There was no business combination or divestiture to be noted for the year ended March 31, 2018.

Fiscal year ended March 31, 2017

**Transactions under Common Control**

**Change of Bank of Tokyo-Mitsubishi UFJ (Canada) into a branch**

The business of Bank of Tokyo-Mitsubishi UFJ (Canada), the Bank's consolidated subsidiary, was transferred to Canada branch of the Bank, which was newly established, on April 18, 2016. The overview of the transaction is as follows:

1. Overview of the transaction
(1) Name of the business transferred and its detail
Name of the business transferred: Bank of Tokyo-Mitsubishi UFJ (Canada)
Detail of the business: Commercial bank

(2) Date of the business combination
April 18, 2016

(3) Legal form of the business combination
Business transfer in exchange for cash

(4) Name of the company after the business combination
MUFG Bank, Ltd., Canada Branch

(5) Other matters related to the overview of the transaction
This transaction was executed in order to meet the changes in banking regulations and management environment in Canada.

2. Outline of accounting treatment applied
The transaction is treated as a transaction under common control in accordance with ASBJ Statement No. 21, "Revised Accounting Standard for Business Combinations" (issued on September 13, 2013) and ASBJ Guidance No. 10, "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (issued on September 13, 2013).

**Transfer of business of Brussels branch of the Bank to MUFG Bank (Europe)**

The Bank made a contribution-in-kind using the business of the Brussels branch of the Bank ("former Brussels branch") to MUFG Bank (Europe) N.V. ("MUFG Bank (Europe)"), the Bank's consolidated subsidiary, on May 1, 2016 and transferred the former Brussels branch to Brussels branch of MUFG Bank (Europe). The overview of the transaction is as follows:

1. Overview of the transaction

(1) Name of the business transferred and its detail

| | |
|---|---|
| Name of the business transferred: | Former Brussels branch |
| Detail of the business: | Commercial bank |

(2) Date of the business combination

May 1, 2016

(3) Legal form of the business combination

Contribution-in-kind

(4) Name of the company after the business combination

MUFG Bank (Europe) N.V. (changed its name from Bank of Tokyo-Mitsubishi UFJ (Holland) N.V.)

(5) Other matters related to the overview of the transaction

This transaction was executed in order to strengthen the operational management system which enables to respond to needs of customers developing wide businesses in EU through further commitment to European market and society.

2. Outline of accounting treatment applied

The transaction is treated as a transaction under common control in accordance with ASBJ Statement No. 21, "Revised Accounting Standard for Business Combinations" (issued on September 13, 2013) and ASBJ Guidance No. 10, "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (issued on September 13, 2013).

**Transfer of the Ownership of U.S. Subsidiaries and Affiliate in Compliance with U.S. Enhanced Prudential Standards**

MUFG designated MUAH, a U.S. subsidiary of the Bank, as its U.S. intermediate holding company which is required to be established under the U.S. Enhanced Prudential Standards., the Trust Bank and the Securities HD transferred the ownership of their U.S. subsidiaries and an affiliate to MUAH. The overview is as follows:

1. Overview of the transaction

(1) Name of the party to the business combination and its detail

| | | |
|---|---|---|
| Name of the party to the business combination: | Mitsubishi UFJ Securities (USA), Inc. (transferred from the Securities HD) | |
| | MUFG Fund Services (USA) LLC (transferred from the Trust Bank) | |
| Detail of the business: | Mitsubishi UFJ Securities (USA), Inc. | Securities business |
| | MUFG Fund Services (USA) LLC | Fund administration business |

Name of the party to the business combination: Mitsubishi UFJ Securities (USA), Inc. (transferred from the Securities HD)

(2) Date of the business combination
July 1, 2016

(3) Legal form of the business combination
The Securities HD and the Trust Bank executed a distribution-in-kind of the shares and ownership interests in Mitsubishi UFJ Securities (USA), Inc. and MUFG Fund Services (USA) LLC to MUFG. Thereafter, MUFG transferred such shares and ownership interests to MUAH as a contribution-in-kind.

(4) Name of the company after the business combination
Mitsubishi UFJ Securities (USA), Inc. changed its name to MUFG Securities Americas Inc. on the same date as the date of the business combination.

2. Outline of accounting treatment applied
The transaction was treated as a transaction under common control in accordance with the Accounting Standards Codification (ASC 805) “Business Combinations” released by the Financial Accounting Standards Board of the U.S., ASBJ Statement No. 21, “Revised Accounting Standard for Business Combinations” (issued on September 13, 2013) and ASBJ Guidance No. 10, “Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (issued on September 13, 2013).

3. Matters concerning changes in the Bank’s equity interest related to the transactions with the noncontrolling shareholder (MUFG)

(1) Major factor of changes in capital surplus: Capital increase via a private placement of newly issued shares

(2) Amount of increase of capital surplus via the transactions with the noncontrolling shareholder:
¥10,425 million

## 29. RELATED-PARTY TRANSACTIONS

***Related-party transactions:***

Related-party transactions for the fiscal years ended March 31, 2019, 2018 and 2017 were as follows:

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

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

Fiscal year ended March 31, 2019

| Type | Name | Location | Capital (Millions of Yen) | Business | Ownerships | Relationship | Transactions | Transaction amount (Millions of Yen) | Account | Outstanding balance (Millions of Yen) |
|---|---|---|---|---|---|---|---|---|---|---|
| Parent | Mitsubishi UFJ Financial Group, Inc. | Chiyoda-ku, Tokyo | ¥ 2,141,513 | Bank holding company | Direct 100.00% | Loans or others, Directors or others | Borrowings (Note 1)<br>Payment of interest (Note 1) | ¥ 1,850,569<br>111,995 | Borrowed money<br>Other liabilities | ¥ 6,213,339 (Note 2)<br>19,824 |

Terms and conditions on transactions and transaction policy:

Notes:

1. The interest rate on borrowings is reasonably determined considering the market rate. Repayment term is the lump-sum payment method at maturity. No pledged assets are received.
2. Borrowed money represents subordinated loans.

Fiscal year ended March 31, 2018

| Type | Name | Location | Capital (Millions of Yen) | Business | Ownerships | Relationship | Transactions | Transaction amount (Millions of Yen) | Account | Outstanding balance (Millions of Yen) |
|---|---|---|---|---|---|---|---|---|---|---|
| Parent | Mitsubishi UFJ Financial Group, Inc. | Chiyoda-ku, Tokyo | ¥ 2,141,513 | Bank holding company | Direct 100.00% | Loans or others, Directors or others | Borrowings (Note 1)<br>Payment of interest (Note 1) | ¥ 1,560,406<br>69,922 | Borrowed money<br>Other liabilities | ¥ 4,299,110 (Note 2)<br>11,899 |

Terms and conditions on transactions and transaction policy:

Notes:

1. The interest rate on borrowings is reasonably determined considering the market rate. Repayment term is the lump-sum payment method at maturity. No pledged assets are received.
2. Borrowed money includes subordinated loans in an amount of ¥2,204,000 million.

Fiscal year ended March 31, 2017

| Type | Name | Location | Capital (Millions of Yen) | Business | Ownerships | Relationship | Transactions | Transaction amount (Millions of Yen) | Account | Outstanding balance (Millions of Yen) |
|---|---|---|---|---|---|---|---|---|---|---|
| Parent | Mitsubishi UFJ Financial Group, Inc. | Chiyoda-ku, Tokyo | ¥ 2,141,513 | Bank holding company | Direct 100.00% | Loans or others, Directors or others | Borrowings (Note 1)<br>Payment of interest (Note 1) | ¥ 1,524,226<br>44,180 | Borrowed money<br>Other liabilities | ¥ 2,933,676 (Note 2)<br>7,389 |

Terms and conditions on transactions and transaction policy:

Notes:

1. The interest rate on borrowings is reasonably determined considering the market rate. Repayment term is the lump-sum payment method at maturity. No pledged assets are received.
2. Borrowed money includes subordinated loans in an amount of ¥1,541,000 million.

Fiscal year ended March 31, 2019

| Type | Name | Location | Capital (Millions of U.S. Dollars) | Business | Ownerships | Relationship | Transactions | Transaction amount (Millions of U.S. Dollars) | Account | Outstanding balance (Millions of U.S. Dollars) |
|---|---|---|---|---|---|---|---|---|---|---|
| Parent | Mitsubishi UFJ Financial Group, Inc. | Chiyoda-ku, Tokyo | $ 19,295 | Bank holding company | Direct 100.00% | Loans or others, Directors or others | Borrowings (Note 1)<br>Payment of interest (Note 1) | $ 16,673<br>1,009 | Borrowed money<br>Other liabilities | $ 55,981 (Note 2)<br>179 |

Terms and conditions on transactions and transaction policy:

Notes:

1. The interest rate on borrowings is reasonably determined considering the market rate. Repayment term is the lump-sum payment method at maturity. No pledged assets are received.
2. Borrowed money represents subordinated loans.

b. Unconsolidated subsidiaries and affiliates

There was no applicable transaction to be reported for the fiscal years ended March 31, 2019, 2018 and 2017.

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

Fiscal year ended March 31, 2019

| Type | Name | Location | Capital (Millions of Yen) | Business | Ownerships | Relationship | Transactions | Transaction amount (Millions of Yen) | Account | Outstanding balance (Millions of Yen) |
|---|---|---|---|---|---|---|---|---|---|---|
| Subsid-iary of the parent | Mitsubishi UFJ Trust and Banking Corporation | Chiyoda-ku, Tokyo | ¥ 324,279 | Trust and banking | None | Business transfers or others | Succession by absorption-type corporate split (Notes 1 and 2)<br>Assets<br>Liabilities and net assets<br>Consideration for corporate split (Note 3) | <br>¥ 9,124,632<br>9,124,632<br>— | <br>—<br>—<br>— | <br>—<br>—<br>— |
| | | | | | | | Acquisition of business (Notes 1 and 4)<br>Assets<br>Liabilities<br>Acquisition value | <br>¥ 1,763,679<br>13,120<br>1,750,558 | <br>—<br>—<br>— | <br>—<br>—<br>— |
| | | | | | | | Loans (Note 5)<br>Receipt of interest (Note 5) | ¥ 7,011,873<br>379 | —<br>— | —<br>— |
| | | | | | | | Borrowings (Note 6)<br>Payment of interest (Note 6) | ¥ 2,810,587<br>34,747 | Borrowed money<br>Other liabilities | ¥ 1,051,075<br>2,036 |

Terms and conditions on transactions and transaction policy:

Notes:

1. Pursuant to the absorption-type corporate split agreement and business transfer agreements concluded on October 31, 2017, the Bank succeeded the Trust Bank's domestic corporate loan-related businesses by an absorption-type corporate split and acquired the corporate loan-related businesses carried on by the Trust Bank's overseas locations (New York, London, Hong Kong and Singapore) on April 16, 2018.
2. The amounts of assets, liabilities and others succeeded through the absorption-type corporate split are determined based on the carrying amounts of those held by the Trust Bank.
3. With respect to the consideration for assets, liabilities and others succeeded through the absorption-type corporate split, no shares or other cash were delivered.
4. The transaction amount of the business transfer was determined after consultation, with reference to the price computed by an independent appraiser.
5. The interest rate on loans is reasonably determined considering the market rate.
6. The interest rate on borrowings is reasonably determined considering the market rate.

Fiscal year ended March 31, 2019

| Type | Name | Location | Capital (Millions of U.S. Dollars) | Business | Ownerships | Relationship | Transactions | Transaction amount (Millions of U.S. Dollars) | Account | Outstanding balance (Millions of U.S. Dollars) |
|---|---|---|---|---|---|---|---|---|---|---|
| Subsid-iary of the parent | Mitsubishi UFJ Trust and Banking Corporation | Chiyoda-ku, Tokyo | $ 2,922 | Trust and banking | None | Business transfers or others | Succession by absorption-type corporate split (Notes 1 and 2) | | | |
| | | | | | | | Assets | $ 82,211 | – | – |
| | | | | | | | Liabilities and net assets | 82,211 | – | – |
| | | | | | | | Consideration for corporate split (Note 3) | – | – | – |
| | | | | | | | Acquisition of business (Notes 1 and 4) | | | |
| | | | | | | | Assets | $ 15,890 | – | – |
| | | | | | | | Liabilities | 118 | – | – |
| | | | | | | | Acquisition value | 15,772 | – | – |
| | | | | | | | Loans (Note 5) | $ 63,176 | – | – |
| | | | | | | | Receipt of interest (Note 5) | 3 | – | – |
| | | | | | | | Borrowings (Note 6) | $ 25,323 | Borrowed money | $ 9,470 |
| | | | | | | | Payment of interest (Note 6) | 313 | Other liabilities | 18 |

Terms and conditions on transactions and transaction policy:

Notes:

1. Pursuant to the absorption-type corporate split agreement and business transfer agreements concluded on October 31, 2017, the Bank succeeded the Trust Bank's domestic corporate loan-related businesses by an absorption-type corporate split and acquired the corporate loan-related businesses carried on by the Trust Bank's overseas locations (New York, London, Hong Kong and Singapore) on April 16, 2018.
2. The amounts of assets, liabilities and others succeeded through the absorption-type corporate split are determined based on the carrying amounts of those held by the Trust Bank.
3. With respect to the consideration for assets, liabilities and others succeeded through the absorption-type corporate split, no shares or other cash were delivered.
4. The transaction amount of the business transfer was determined after consultation, with reference to the price computed by an independent appraiser.
5. The interest rate on loans is reasonably determined considering the market rate.
6. The interest rate on borrowings is reasonably determined considering the market rate.

There was no applicable transaction to be reported for the fiscal years ended March 31, 2018 and 2017.

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

Fiscal year ended March 31, 2019

| Type | Name | Occupation | Ownerships | Relationship | Transactions | Transaction amount (Millions of Yen) | Account | Outstanding balance (Millions of Yen) |
|---|---|---|---|---|---|---|---|---|
| Director's relative | Hisayuki Tatsumi | — | None | Relative of director of the Bank | Loans (Note 1)<br>Receipt of interest (Note 1) | ¥ —<br>0 | Loans and bills discounted<br>Other asset | ¥ 46<br>0 |
| Director | Shinichi Koide | — | None | Director of the Bank | Loans (Note 2)<br>Receipt of interest (Note 2) | ¥ —<br>0 | Loans and bills discounted<br>Other assets | ¥ 86<br>0 |

Terms and conditions on transactions and transaction policy:

Notes:

1. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 30 years.
2. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 22 years.

Fiscal year ended March 31, 2018

| Type | Name | Occupation | Ownerships | Relationship | Transactions | Transaction amount (Millions of Yen) | Account | Outstanding balance (Millions of Yen) |
|---|---|---|---|---|---|---|---|---|
| Director's relative | Hisayuki Tatsumi | — | None | Relative of director of the Bank | Loans (Note 1)<br>Receipt of interest (Note 1) | ¥ —<br>0 | Loans and bills discounted<br>Other assets | ¥ 48<br>0 |

Terms and conditions on transactions and transaction policy:

Note:

1. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 30 years.

Fiscal year ended March 31, 2017

| Type | Name | Occupation | Ownerships | Relationship | Transactions | Transaction amount (Millions of Yen) | Account | Outstanding balance (Millions of Yen) |
|---|---|---|---|---|---|---|---|---|
| Director's relative | Akira Koyama | — | None | Relative of representative director of the Bank | Loans (Note 1)<br>Receipt of interest (Note 1) | ¥ —<br>0 | Loans and bills discounted<br>Other assets | ¥ 10<br>0 |
| Director's relative | Yoshiki Murabayashi | — | None | Relative of representative director of the Bank | Loans (Note 2)<br>Receipt of interest (Note 2) | ¥ —<br>0 | Loans and bills discounted<br>Other assets | ¥ 31<br>0 |
| Director's relative | Hisayuki Tatsumi | — | None | Relative of director of the Bank | Loans (Note 3)<br>Receipt of interest (Note 3) | ¥ —<br>0 | Loans and bills discounted<br>Other assets | ¥ 49<br>0 |

Terms and conditions on transactions and transaction policy:

Notes:

1. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 15 years.
2. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 35 years.
3. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 30 years.

Fiscal year ended March 31, 2019

| Type | Name | Occupation | Ownerships | Relationship | Transactions | Transaction amount (Millions of U.S. Dollars) | Account | Outstanding balance (Millions of U.S. Dollars) |
|---|---|---|---|---|---|---|---|---|
| Director's relative | Hisayuki Tatsumi | ― | None | Relative of director of the Bank | Loans (Note 1)<br>Receipt of interest (Note 1) | $ –<br>0 | Loans and bills discounted<br>Other assets | $ 0<br>0 |
| Director | Shinichi Koide | ― | None | Director of the Bank | Loan (Note 2)<br>Receipt of interest (Note 2) | $ –<br>0 | Loans and bills discounted<br>Other assets | $ 1<br>0 |

Terms and conditions on transactions and transaction policy:

Notes:

1. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 30 years.
2. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 22 years.

**(2) Transactions between the Bank' s subsidiaries and its related parties**

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

There was no applicable transaction to be reported for the fiscal years ended March 31, 2019, 2018 and 2017.

b. Unconsolidated subsidiaries and affiliates

There was no applicable transaction to be reported for the fiscal years ended March 31, 2019, 2018 and 2017.

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

Fiscal year ended March 31, 2019

| Type | Name | Location | Capital | Business | Ownerships | Relationship | Transactions | Transaction amount (Millions of Yen) | Account | Outstanding balance (Millions of Yen) |
|---|---|---|---|---|---|---|---|---|---|---|
| Subsidiary of the parent | MUFG Securities EMEA plc | London, UK | GBP 1,335,379 thousand | Securities | None | Securities transactions or others | Purchase and sales of trading securities (Notes 1 and 2) | ¥ ― | ― | ¥ ― |

Terms and conditions on transactions and transaction policy:

Notes:

1. Terms and conditions are determined considering the market trends.
2. Transaction amounts are omitted as they are repetitive transactions.

Fiscal year ended March 31, 2018

| Type | Name | Location | Capital | Business | Ownerships | Relationship | Transactions | Transaction amount (Millions of Yen) | Account | Outstanding balance (Millions of Yen) |
|---|---|---|---|---|---|---|---|---|---|---|
| Subsidiary of the parent | MUFG Securities EMEA plc | London, UK | GBP 1,317,589 thousand | Securities | None | Securities transactions or others | Purchase and sales of trading securities (Notes 1 and 2) | ¥ ― | ― | ¥ ― |

Terms and conditions on transactions and transaction policy:

Notes:

1. Terms and conditions are determined considering the market trends.
2. Transaction amounts are omitted as they are repetitive transactions.

Fiscal year ended March 31, 2017

| Type | Name | Location | Capital | Business | Ownerships | Relationship | Transactions | Transaction amount (Millions of Yen) | Account | Outstanding balance (Millions of Yen) |
|---|---|---|---|---|---|---|---|---|---|---|
| Subsidiary of the parent | MUFG Securities EMEA plc | London, UK | GBP 1,317,589 thousand | Securities | None | Securities transactions or others | Purchase and sales of trading securities (Notes 1 and 2) | ¥ ― | ― | ¥ ― |

Terms and conditions on transactions and transaction policy:

Notes:

1. Terms and conditions are determined considering the market trends.
2. Transaction amounts are omitted as they are repetitive transactions.

d. Directors or major individual shareholders (limited to individual shareholders)
There was no applicable transaction to be reported for the fiscal years ended March 31, 2019, 2018 and 2017.

***Information about the parent company or significant affiliates:***

(1) Information about the parent company:
Mitsubishi UFJ Financial Group, Inc. (listed on Tokyo Stock Exchange, Nagoya Stock Exchange and New York Stock Exchange)

(2) Condensed financial information of significant affiliates:
There was no applicable information to be reported for the fiscal years ended March 31, 2019, 2018 and 2017.

## 30. SEGMENT INFORMATION

Notes:

(1) "Ordinary income (expenses)" and "Ordinary profit" are defined as follows:

1) "Ordinary profit" means "Ordinary income" less "Ordinary expenses."

2) "Ordinary income" means total income less certain special income included in "Other income" in the consolidated statements of income.

3) "Ordinary expenses" means total expenses less certain special expenses included in "Other expenses" in the consolidated statements of income.

(2) A reconciliation of the ordinary profit under the internal management reporting system for the fiscal years ended March 31, 2019, 2018 and 2017 to income before income taxes shown in the consolidated statements of income was as follows:

| | Millions of Yen | | | Millions of U.S. Dollars |
|---|---|---|---|---|
| | 2019 | 2018 | 2017 | 2019 |
| Ordinary profit: | ¥ 851,241 | ¥ 901,550 | ¥ 992,055 | $ 7,670 |
| Gain on disposal of fixed assets | 4,707 | 4,915 | 16,853 | 42 |
| Gain on liquidation of affiliates | 563 | – | – | 5 |
| Loss on disposal of fixed assets | (6,653) | (9,320) | (6,118) | (60) |
| Impairment loss on long-lived assets | (30,756) | (53,493) | (5,778) | (277) |
| Loss on exchange of shares of affiliates | – | – | (4,007) | – |
| Loss on sales of shares of affiliates | (6,682) | – | – | (60) |
| Loss on liquidation of subsidiaries | – | – | (3,236) | – |
| Loss on sales of shares of subsidiaries | – | – | (226) | – |
| Income before income taxes | ¥ 812,419 | ¥ 843,651 | ¥ 989,540 | $ 7,320 |

For the fiscal years ended March 31, 2019, 2018 and 2017:

(1) Reportable segments

The Group's reporting segments are business units of the Group whose Executive Committee, the decision-making body for the execution of its business operations, regularly reviews to make decisions regarding allocation of management resources and evaluate performance.

The Group makes and executes unified group-wide strategies based on customer characteristics and the nature of business. Accordingly, the Group has adopted customer-based and business-based segmentation, which consists of the following reporting segments: Retail & Commercial Banking Business Unit, Japanese Corporate & Investment Banking Business Unit, Global Corporate & Investment Banking Business Unit, Global Commercial Banking Business Unit, Global Markets Business Unit and Other units.

| | |
|---|---|
| Retail & Commercial Banking Business Unit | : Providing financial services to Japanese individual and small to medium sized corporate customers |
| Japanese Corporate & Investment Banking Business Unit | : Providing financial services to major Japanese corporate customers |
| Global Corporate & Investment Banking Business Unit | : Providing financial services to major non-Japanese corporations |
| Global Commercial Banking Business Unit | : Providing financial services to individual and small to medium sized corporate customers of overseas commercial bank investees of the Group |
| Global Markets Business Unit | : Providing services relating to foreign currency exchange, funds and investment securities to customers, as well as conducting market transactions and managing liquidity and cash for the Group |
| Other units | : Other than the businesses mentioned above |

**Changes in reportable segments**

MUFG, the Bank's parent company, reorganized its previous business groups to realize the MUFG group's collective strengths more effectively through integrated group-wide business operations under the medium-term business plan that was commenced in the fiscal year ended March 31, 2019, and changed its reporting segments to the current segmentation based on the reorganized business groups. Accordingly, the Group has also restructured its former business units (Retail Banking Business Unit, Corporate Banking Business Unit, Global Business Unit and Global Markets Unit)in line with MUFG's policy and reportable segments presented reflect the restructuring.

The business segment information for the years ended March 31, 2018 and 2017 has been restated to reflect the foregoing changes in the reporting segments.

(2) Calculation method of gross operating income and net operating income

Accounting policies adopted by the reportable segments are almost the same as those described in Note 2 "SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES," except for the scope of consolidation. The scope of consolidation is limited to the major subsidiaries. The figures used are in principle based on the internal administration basis before consolidation adjustments including elimination of internal profits. The accounting methods for income and expenses over the multiple segments are in principle based on the internal management accounting standards which are based on the market values.

(3) Reportable segment information for the fiscal years ended March 31, 2019, 2018 and 2017

| Fiscal year ended March 31, 2019 | Millions of Yen | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Retail & Commercial Banking | Japanese Corporate & Investment Banking | Global Corporate & Investment Banking | Global Commercial Banking | Customer business units subtotal | Global Markets | Other units | Total |
| Gross operating income | ¥ 728,413 | ¥ 425,862 | ¥ 372,994 | ¥ 706,898 | ¥ 2,234,168 | ¥ 275,378 | ¥ (69,535) | ¥ 2,440,011 |
| Non-consolidated | 664,348 | 370,904 | 266,575 | (1,373) | 1,300,455 | 219,615 | 9,019 | 1,529,091 |
| Net interest income | 443,471 | 147,936 | 113,566 | (1,366) | 703,608 | 89,469 | 211,712 | 1,004,790 |
| Net non-interest income | 220,877 | 222,967 | 153,009 | (7) | 596,847 | 130,145 | (202,693) | 524,300 |
| Subsidiaries | 64,064 | 54,957 | 106,418 | 708,271 | 933,712 | 55,763 | (78,555) | 910,920 |
| Expenses | 648,259 | 223,043 | 232,424 | 486,459 | 1,590,186 | 94,938 | 92,119 | 1,777,244 |
| Net operating income | ¥ 80,154 | ¥ 202,819 | ¥ 140,570 | ¥ 220,438 | ¥ 643,982 | ¥ 180,440 | ¥ (161,655) | ¥ 662,766 |

| Fiscal year ended March 31, 2018 | Millions of Yen | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Retail & Commercial Banking | Japanese Corporate & Investment Banking | Global Corporate & Investment Banking | Global Commercial Banking | Customer business units subtotal | Global Markets | Other units | Total |
| Gross operating income | ¥ 761,714 | ¥ 396,441 | ¥ 347,421 | ¥ 666,282 | ¥ 2,171,859 | ¥ 337,173 | ¥ 46,551 | ¥ 2,555,585 |
| Non-consolidated | 697,424 | 347,550 | 246,331 | (3,468) | 1,287,837 | 284,517 | 94,133 | 1,666,487 |
| Net interest income | 445,816 | 113,704 | 95,168 | (3,434) | 651,254 | 114,651 | 192,764 | 958,670 |
| Net non-interest income | 251,608 | 233,846 | 151,162 | (34) | 636,582 | 169,865 | (98,631) | 707,816 |
| Subsidiaries | 64,290 | 48,890 | 101,090 | 669,751 | 884,022 | 52,656 | (47,581) | 889,097 |
| Expenses | 646,820 | 219,772 | 228,311 | 463,565 | 1,558,470 | 95,053 | 88,722 | 1,742,246 |
| Net operating income | ¥ 114,893 | ¥ 176,668 | ¥ 119,109 | ¥ 202,717 | ¥ 613,389 | ¥ 242,120 | ¥ (42,170) | ¥ 813,339 |

| Fiscal year ended March 31, 2017 | Millions of Yen | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Retail & Commercial Banking | Japanese Corporate & Investment Banking | Global Corporate & Investment Banking | Global Commercial Banking | Customer business units subtotal | Global Markets | Other units | Total |
| Gross operating income | ¥ 790,458 | ¥ 395,919 | ¥ 383,361 | ¥ 628,626 | ¥ 2,198,366 | ¥ 452,720 | ¥ 69,632 | ¥ 2,720,719 |
| Non-consolidated | 724,334 | 352,047 | 275,556 | (1,760) | 1,350,178 | 407,245 | 44,562 | 1,801,986 |
| Net interest income | 460,137 | 106,937 | 107,260 | (1,741) | 672,594 | 225,947 | 158,157 | 1,056,699 |
| Net non-interest income | 264,196 | 245,109 | 168,295 | (18) | 677,583 | 181,297 | (113,594) | 745,286 |
| Subsidiaries | 66,124 | 43,871 | 107,805 | 630,387 | 848,187 | 45,475 | 25,070 | 918,732 |
| Expenses | 659,642 | 215,395 | 222,741 | 435,856 | 1,533,636 | 92,494 | 101,226 | 1,727,357 |
| Net operating income | ¥ 130,815 | ¥ 180,523 | ¥ 160,620 | ¥ 192,770 | ¥ 664,730 | ¥ 360,225 | ¥ (31,594) | ¥ 993,361 |

| Fiscal year ended March 31, 2019 | Millions of U.S. Dollars | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Retail & Commercial Banking | Japanese Corporate & Investment Banking | Global Corporate & Investment Banking | Global Commercial Banking | Customer business units subtotal | Global Markets | Other units | Total |
| Gross operating income | $ 6,563 | $ 3,837 | $ 3,361 | $ 6,369 | $ 20,129 | $ 2,481 | $ (626) | $ 21,984 |
| Non-consolidated | 5,986 | 3,342 | 2,402 | (12) | 11,717 | 1,979 | 81 | 13,777 |
| Net interest income | 3,996 | 1,333 | 1,023 | (12) | 6,339 | 806 | 1,907 | 9,053 |
| Net non-interest income | 1,990 | 2,009 | 1,379 | (0) | 5,377 | 1,173 | (1,826) | 4,724 |
| Subsidiaries | 577 | 495 | 959 | 6,381 | 8,413 | 502 | (708) | 8,207 |
| Expenses | 5,841 | 2,010 | 2,094 | 4,383 | 14,327 | 855 | 830 | 16,013 |
| Net operating income | $ 722 | $ 1,827 | $ 1,267 | $ 1,986 | $ 5,802 | $ 1,626 | $ (1,456) | $ 5,971 |

Notes:

1. "Gross operating income" corresponds to net sales of non-banking industries.
2. "Gross operating income" includes net interest income, net fees and commission, net trading income and net other operating income.
3. "Expenses" includes personnel expenses and premise expenses.
4. Assets and liabilities by reportable segment are not shown since the Bank does not allocate assets and liabilities to segments for the purpose of internal control.

(4) A reconciliation of the ordinary profit under the internal management reporting system and "Net operating income (expense)" in the table above was as follows:

| | Millions of Yen | | | Millions of U.S. Dollars |
|---|---|---|---|---|
| Fiscal year ended March 31 | 2019 | 2018 | 2017 | 2019 |
| Net operating income per reportable segment information | ¥ 662,766 | ¥ 813,339 | ¥ 993,361 | $ 5,971 |
| Net business profit of subsidiaries excluded from the reportable segment information | 27,338 | 40,884 | 51,305 | 246 |
| Credit-related expenses | (56,424) | (103,268) | (126,921) | (508) |
| Gain on reversal of allowance for credit losses | 32,918 | 59,568 | 11,034 | 297 |
| Gain on reversal of reserve for contingent losses (credit-related) | 55,206 | – | – | 497 |
| Gain on collection of bad debts | 46,773 | 58,357 | 44,186 | 421 |
| Gains on equity securities and other securities | 128,793 | 92,093 | 96,094 | 1,160 |
| Equity in earnings of the equity method investees | 14,401 | 25,456 | 21,891 | 130 |
| Amortization of net unrecognized actuarial gain or loss | (26,195) | (57,473) | (51,798) | (236) |
| Gain on cancellation of sleeping deposit accounts | 15,896 | 15,571 | 15,251 | 143 |
| Other | (50,232) | (42,978) | (62,348) | (453) |
| Ordinary profit under the internal management reporting system | ¥ 851,241 | ¥ 901,550 | ¥ 992,055 | $ 7,670 |

Notes:

1. "Credit-related expenses" includes write-offs of loans and provision of specific allowance for credit losses.
2. "Gains on equity securities and other securities" includes gains or losses on sales of equity securities and losses on write-down of equity securities.

(5) Other segment related information

1) Information by service
Information by service is omitted since it is similar with (3) Reportable segment information.

2) Information by geographic region

a) Ordinary income

| Millions of Yen | | | | | | |
|---|---|---|---|---|---|---|
| Fiscal year ended March 31, 2019 | | | | | | |
| Japan | USA | North America (except for USA) | Latin America | Europe/Middle East | Asia/Oceania | Total |
| ¥ 2,083,604 | ¥ 1,253,740 | ¥ 35,759 | ¥ 55,421 | ¥ 324,500 | ¥ 1,110,960 | ¥ 4,863,987 |

| Millions of Yen | | | | | | |
|---|---|---|---|---|---|---|
| Fiscal year ended March 31, 2018 | | | | | | |
| Japan | USA | North America (except for USA) | Latin America | Europe/Middle East | Asia/Oceania | Total |
| ¥ 2,062,107 | ¥ 952,250 | ¥ 28,785 | ¥ 49,820 | ¥ 260,153 | ¥ 924,703 | ¥ 4,277,820 |

| Millions of Yen | | | | | | |
|---|---|---|---|---|---|---|
| Fiscal year ended March 31, 2017 | | | | | | |
| Japan | USA | North America (except for USA) | Latin America | Europe/Middle East | Asia/Oceania | Total |
| ¥ 2,192,969 | ¥ 872,389 | ¥ 28,297 | ¥ 70,680 | ¥ 234,078 | ¥ 838,979 | ¥ 4,237,395 |

| Millions of U.S. Dollars | | | | | | |
|---|---|---|---|---|---|---|
| Fiscal year ended March 31, 2019 | | | | | | |
| Japan | USA | North America (except for USA) | Latin America | Europe/Middle East | Asia/Oceania | Total |
| $ 18,773 | $ 11,296 | $ 322 | $ 499 | $ 2,924 | $ 10,010 | $ 43,824 |

Notes:

1. "Ordinary income" corresponds to net sales of non-banking industries.
2. "Ordinary income" is classified into countries or geographic regions based on the locations of the head office or branches of the Bank and subsidiaries.

b) Tangible fixed assets

| Millions of Yen | | | | | | |
|---|---|---|---|---|---|---|
| As of March 31, 2019 | | | | | | |
| Japan | USA | North America (except for USA) | Latin America | Europe/Middle East | Asia/Oceania | Total |
| ¥ 837,863 | ¥ 126,047 | ¥ 276 | ¥ 1,117 | ¥ 4,071 | ¥ 90,169 | ¥ 1,059,546 |

| Millions of Yen | | | | | | |
|---|---|---|---|---|---|---|
| As of March 31, 2018 | | | | | | |
| Japan | USA | North America (except for USA) | Latin America | Europe/Middle East | Asia/Oceania | Total |
| ¥ 852,807 | ¥ 140,535 | ¥ 251 | ¥ 1,352 | ¥ 5,169 | ¥ 92,163 | ¥ 1,092,280 |

| Millions of Yen | | | | | | |
|---|---|---|---|---|---|---|
| As of March 31, 2017 | | | | | | |
| Japan | USA | North America (except for USA) | Latin America | Europe/Middle East | Asia/Oceania | Total |
| ¥ 842,306 | ¥ 142,704 | ¥ 211 | ¥ 1,861 | ¥ 5,338 | ¥ 84,318 | ¥ 1,076,740 |

| Millions of U.S. Dollars | | | | | | |
|---|---|---|---|---|---|---|
| As of March 31, 2019 | | | | | | |
| Japan | USA | North America (except for USA) | Latin America | Europe/Middle East | Asia/Oceania | Total |
| $ 7,549 | $ 1,136 | $ 2 | $ 10 | $ 37 | $ 812 | $ 9,546 |

3) Information by major customer

There was no applicable information to be reported for the fiscal years ended March 31, 2019, 2018 and 2017.

4) Information on impairment loss on long-lived assets by reportable segment

Impairment loss on long-lived assets is not allocated to the reportable segments. The impairment loss was ¥30,756 million ($277 million), ¥53,493 million and ¥5,778 million for the fiscal years ended March 31, 2019, 2018 and 2017, respectively.

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

| | Millions of Yen | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Fiscal year ended March 31, 2019 | Retail & Commercial Banking | Japanese Corporate & Investment Banking | Global Corporate & Investment Banking | Global Commercial Banking | Customer business units subtotal | Global Markets | Other units | Total |
| Amortization | ¥ – | ¥ – | ¥ – | ¥ 16,284 | ¥ 16,284 | ¥ – | ¥ 59 | ¥ 16,344 |
| Unamortized balance | – | – | – | 221,786 | 221,786 | – | 775 | 222,562 |

| | Millions of Yen | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Fiscal year ended March 31, 2018 | Retail & Commercial Banking | Japanese Corporate & Investment Banking | Global Corporate & Investment Banking | Global Commercial Banking | Customer business units subtotal | Global Markets | Other units | Total |
| Amortization | ¥ – | ¥ – | ¥ – | ¥ 16,309 | ¥ 16,309 | ¥ – | ¥ 59 | ¥ 16,368 |
| Unamortized balance | – | – | – | 241,498 | 241,498 | – | 835 | 242,333 |

| | Millions of Yen | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Fiscal year ended March 31, 2017 | Retail & Commercial Banking | Japanese Corporate & Investment Banking | Global Corporate & Investment Banking | Global Commercial Banking | Customer business units subtotal | Global Markets | Other units | Total |
| Amortization | ¥ – | ¥ – | ¥ – | ¥ – | ¥ – | ¥ – | ¥ – | ¥ 15,498 |
| Unamortized balance | – | – | – | – | – | – | – | 244,348 |

| | Millions of U.S. Dollars | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Fiscal year ended March 31, 2019 | Retail & Commercial Banking | Japanese Corporate & Investment Banking | Global Corporate & Investment Banking | Global Commercial Banking | Customer business units subtotal | Global Markets | Other units | Total |
| Amortization | $ – | $ – | $ – | $ 147 | $ 147 | $ – | $ 1 | $ 147 |
| Unamortized balance | – | – | – | 1,998 | 1,998 | – | 7 | 2,005 |

6) Information on gain on negative goodwill by reportable segment

There was no applicable information to be reported for the fiscal years ended March 31, 2019, 2018 and 2017.

## 31. SUBSEQUENT EVENTS

**Consolidation of Bank Danamon through an increase in shareholdings**

On April 29, 2019, the Bank acquired an additional equity interest of 54.0% (5,174,089,400 shares) of the total outstanding shares of Bank Danamon at IDR 9,590 (approx. US$ 0.68, or ¥77) per share in a total amount of IDR 49,620 billion (approx. $3,510 million, or ¥397.0 billion) from Asia Financial (Indonesia) Pte. Ltd. and other shareholders.

In addition, on the same day, the Bank acquired an equity interest of 92.1% (736,578,439 shares) of the total outstanding shares of PT Bank Nusantara Parahyangan, Tbk. ("Bank BNP") at IDR 4,088 (approx. US$0.29, or ¥33) per share in a total amount of IDR 3,011 billion (approx. US$210 million, or ¥24.1 billion) from MUFG's consolidated subsidiary ACOM CO., LTD. and other shareholders. Consequently, the Bank holds 94.0% of the total outstanding shares of Bank Danamon and 99.9% of the total outstanding shares of Bank BNP, and Bank Danamon and Bank BNP became the consolidated subsidiaries of the Bank.

Furthermore, on May 1, 2019, the absorption-type merger, in which Bank Danamon is the surviving bank and Bank BNP is the absorbed bank, was completed. As the Bank received 188,908,055 ordinary shares of Bank Danamon in exchange for Bank BNP shares, the Bank holds 9,196,854,792 ordinary shares of Bank Danamon, which is equivalent to a 94.1% stake.

The purpose and outline of the investments are described in "(Additional information) Application of the equity method due to additional acquisition of shares in PT Bank Danamon Indonesia, Tbk." of (1) Consolidation under Note 2 "SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES."

Financial summary of Bank Danamon for the fiscal year ended December 31, 2018:

(Millions of IDR)

| | |
|---|---|
| Operating income: | 23,868,444 |
| Net operating income: | 5,158,037 |
| Net income attributable to shareholders: | 3,922,172 |
| Total assets: | 186,762,189 |
| Net equity: | 41,939,821 |

Notes:

1. "Operating income" refers to the total of "Interest income" and "Other operating income."
2. The above figures are presented based on Regulation of Financial Service Authority ("POJK") No. 6/POJK.03/2015 dated March 31, 2015 regarding "Transparency and Publication of Bank Reports" and its amendment of POJK No. 32/POJK.03/2016 dated August 8, 2016, and the Copy of Circular Letter of Financial Service Authority ("SEOJK") No. 43/SEOJK.03/2016 dated September 28, 2016.