Annual Securities Report

"Yukashoken Hokokusho"

(Excerpt)

for the fiscal year ended March 31, 2020

MUFG Bank, Ltd.

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[Document Submitted]	Annual Securities Report (“Yukashoken Hokokusho”)
[Article of the Applicable Law Requiring Submission of This Document]	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
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[Accounting Period]	The 15th Fiscal Year (from April 1, 2019 to March 31, 2020)
[Company Name]	Kabushiki-Kaisha Mitsubishi UFJ Ginko
[Company Name in English]	MUFG Bank, Ltd.
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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 2015 From April 1, 2015 to March 31, 2016	Fiscal 2016 From April 1, 2016 to March 31, 2017	Fiscal 2017 From April 1, 2017 to March 31, 2018	Fiscal 2018 From April 1, 2018 to March 31, 2019	Fiscal 2019 From April 1, 2019 to March 31, 2020
Consolidated ordinary income	4,033,796	4,237,395	4,277,820	4,863,987	5,338,180
Consolidated ordinary profit	1,083,701	992,055	901,550	851,241	711,942
Net income attributable to the shareholders of MUFG Bank	685,835	689,929	575,260	612,437	97,921
Consolidated comprehensive income	453,557	266,086	859,875	487,183	(29,768)
Consolidated total equity	13,118,288	12,427,078	12,708,722	12,869,567	12,285,505
Consolidated total assets	222,797,387	229,108,371	239,228,925	253,312,157	270,418,512
Total equity per share (yen)	952.16	933.06	964.46	987.52	960.19
Net income per common share (yen)	55.53	55.86	46.57	49.58	7.92
Diluted net income per common share (yen)	55.53	55.86	46.57	49.58	7.92
Capital ratio (%)	5.27	5.02	4.97	4.81	4.38
Consolidated return on equity (%)	5.82	5.92	4.90	5.08	0.81
Net cash provided by operating activities	1,561,471	6,376,655	10,425,832	10,615,956	6,490,423
Net cash provided by (used in) investing activities	2,580,849	6,512,818	(1,324,719)	(7,878,185)	(4,115,796)
Net cash provided by (used in) financing activities	(82,996)	(721,099)	(271,096)	(65,856)	739,323
Cash and cash equivalents at end of period	37,163,259	49,105,070	57,688,651	60,389,520	63,234,971
Number of employees [Besides the above, average number of temporary employees]	80,088 [22,800]	84,025 [22,500]	86,058 [22,100]	87,876 [21,800]	106,895 [25,300]

(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 as temporary employees was 5,500, 5,500, 5,400, 4,800 and 4,500, respectively, for the fiscal years ended 2015, 2016, 2017, 2018 and 2019.
5. During the fiscal year ended 2018, the Bank revised its scope of funds reported on the consolidated statements of cash flows and presents key financial data with retroactively adjusted figures.

(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	11th Term	12th Term	13th Term	14th Term	15th Term
Period of account	March 2016	March 2017	March 2018	March 2019	March 2020
Ordinary income	2,925,593	3,072,712	3,067,560	3,568,249	3,661,200
Ordinary profit	863,736	632,205	637,091	624,464	459,184
Net income (loss)	586,066	481,455	437,710	663,215	(653,072)
Capital stock	1,711,958	1,711,958	1,711,958	1,711,958	1,711,958
Total number of shares issued (thousands of shares)	Common stock 12,350,038 1st series Class 2 preferred stock 100,000 1st series Class 4 preferred stock 79,700 1st series Class 6 preferred stock 1,000 1st series Class 7 preferred stock 177,000	Common stock 12,350,038 1st series Class 2 preferred stock 100,000 1st series Class 4 preferred stock 79,700 1st series Class 6 preferred stock 1,000 1st series Class 7 preferred stock 177,000	Common stock 12,350,038 1st series Class 2 preferred stock 100,000 1st series Class 4 preferred stock 79,700 1st series Class 6 preferred stock 1,000 1st series Class 7 preferred stock 177,000	Common stock 12,350,038 1st series Class 2 preferred stock 100,000 1st series Class 4 preferred stock 79,700 1st series Class 6 preferred stock 1,000 1st series Class 7 preferred stock 177,000	Common stock 12,350,038 1st series Class 2 preferred stock 100,000 1st series Class 4 preferred stock 79,700 1st series Class 6 preferred stock 1,000 1st series Class 7 preferred stock 177,000
Total equity	10,627,781	10,231,499	10,420,190	10,913,954	9,801,968
Total assets	200,261,895	204,190,574	212,246,573	225,596,992	239,788,548
Balance of deposits	131,986,582	139,164,104	145,492,629	152,870,674	158,248,564
Balance of loans and bills discounted	86,691,727	81,394,063	79,213,244	87,877,986	88,258,295
Balance of securities	48,913,432	42,235,515	43,375,328	48,739,675	50,781,265
Total equity per share (yen)	860.54	828.45	843.73	883.71	793.67
Dividends per share (yen) [Of the above, interim dividends per share (yen)]	Common stock 30.00 [7.80]	Common stock 35.66 [8.13]	Common stock 31.92 [12.12]	Common stock 8.51 [–]	Common stock 26.16 [11.45]
Net income (loss) per common share (yen)	47.45	38.98	35.44	53.70	(52.88)
Diluted net income per common share (yen)	–	–	–	–	–
Capital ratio (%)	5.30	5.01	4.90	4.83	4.08
Return on equity (%)	5.55	4.61	4.23	6.21	(6.30)
Dividend payout ratio (%)	63.21	91.47	90.06	15.84	–
Number of employees [Besides the above, average number of temporary employees]	34,865 [12,399]	34,276 [12,407]	34,101 [11,996]	33,524 [11,742]	32,186 [10,783]

(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 11th, 12th, 13th, 14th and 15th Terms include special dividends of ¥13.64, ¥19.87, ¥13.64, ¥4.28 and ¥3.40, respectively.
4. The Bank paid dividends in kind during the 11th, 13th and 14th Terms, but these dividends are excluded from 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, which was 2,814, 2,800, 2,744, 2,263 and 2,178, respectively, for the 11th, 12th, 13th, 14th and 15th Terms.
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.
April 2019	PT Bank Danamon Indonesia, Tbk. became a subsidiary of the Bank

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, 121 consolidated subsidiaries, and 42 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. 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, 2020)

Mitsubishi UFJ Financial Group, Inc. (Parent Company)

*consolidated subsidiaries, ** equity method investees

MUFG Bank, Ltd.	Reportable segments (*1): Retail & Commercial Banking	Japanese Corporate & Investment Banking	Global Corporate & Investment Banking	Global Commercial Banking	Global Markets	Other
**JACCS CO., LTD.	●					
**au 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.		●	●		●	●
* PT Bank Danamon Indonesia, Tbk.				●		
**Vietnam Joint Stock Commercial Bank for Industry and Trade				●		
**Security Bank Corporation				●		

Mitsubishi UFJ Trust and Banking Corporation (*2)

Mitsubishi UFJ Securities Holdings Co., Ltd. (*2)

Mitsubishi UFJ NICOS Co., Ltd. (*2)

Mitsubishi UFJ Lease & Finance Company Limited (*2)

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

*2. Mitsubishi UFJ Trust and Banking Corporation, Mitsubishi UFJ Securities Holdings Co., Ltd., Mitsubishi UFJ NICOS Co., Ltd., and Mitsubishi 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 (9.5)
MU Frontier Servicer Co., Ltd.	Nakano-ku, Tokyo	96.4
Mitsubishi UFJ Personal Financial Advisers Co., Ltd.	Chiyoda-ku, Tokyo	47.3
TOKYO CREDIT SERVICES, LIMITED	Chiyoda-ku, Tokyo	47.5 (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, the United States	95.0
Banco MUFG Brasil S.A.	Sao Paulo, Sao Paulo, Federative Republic of Brazil	99.6
MUFG Bank Mexico, S.A.	Mexico City, United Mexican States	100.0 (0.1)
AO MUFG Bank (Eurasia)	Moscow, the Russian Federation	100.0
MUFG Bank (Europe) N.V.	Amsterdam, Kingdom of the Netherlands	100.0
MUFG Bank Turkey Anonim Sirketi	Istanbul, Republic of Turkey	99.9
Bank of Ayudhya Public Company Limited	Bangkok, Kingdom of Thailand	76.8
MUFG Bank (China), Ltd.	Shanghai, People’s Republic of China	100.0
PT Bank Danamon Indonesia, Tbk.	Jakarta, Republic of Indonesia	94.0 (1.0)
MUFG Bank (Malaysia) Berhad	Kuala Lumpur, Malaysia	100.0
PT U Finance Indonesia	Jakarta, Republic of Indonesia	84.6
MUFG Participation (Thailand) Co., Ltd.	Bangkok, Kingdom of Thailand	12.2 (2.2) [57.3]
101 Other companies		

(Equity method investees)

Company name	Address	Ratio of voting rights holding (held) (%)
JACCS CO., LTD.	Hakodate City, Hokkaido	20.3
au Jibun Bank Corporation	Chuo-ku, Tokyo	36.2
Mitsubishi UFJ Capital Co., Ltd.	Chuo-ku, Tokyo	27.8 (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 (12.5)
The Chukyo Bank, Limited	Naka-ku, Nagoya City	39.5 (0.0)
Nippon Mutual Housing Loan Co., Ltd.	Taito-ku, Tokyo	4.9 [43.7]
Vietnam Joint Stock Commercial Bank for Industry and Trade	Hanoi, the Socialist Republic of Vietnam	19.7
Security Bank Corporation	Makati, Republic of the Philippines	20.0
Bangkok MUFG Limited	Bangkok, Kingdom of Thailand	20.0 (10.0)
MUFG Holding (Thailand) Co., Ltd.	Bangkok, Kingdom of Thailand	11.1 [29.8]
30 Other companies		

(Notes)
1. Of the above affiliates, Bank of Ayudhya Public Company Limited is classified as a Specified Subsidiary.
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 and Bank of Ayudhya Public Company Limited (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 ¥767,730 million, ¥102,963 million, ¥66,845 million, ¥1,636,387 million and ¥19,122,226 million, respectively.
   The ordinary income, ordinary profit, net income, total equity and total assets of Bank of Ayudhya Public Company Limited are ¥552,256 million, ¥103,969 million, ¥107,767 million, ¥1,077,722 million and ¥8,887,019 million, respectively.
   Key information, including profit and loss figures of MUFG Americas Holdings Corporation and Bank of Ayudhya Public Company Limited, are presented above on a consolidated basis and do not represent the performance of the stand-alone entities.
4. ( ) in the “Ratio of voting rights holding (held)” column refers to indirect ownership via subsidiaries, while [ ] indicates the ratio of ownership by “persons who are found to exercise their voting rights in the same manner as the Company due to having a close relationship with the Company in terms of contribution, personnel affairs, funds, technology, transactions or other matters” or “persons who agree to exercise their voting rights in the same manner as the Company.”

5. Employees

(1) Number of employees in consolidated companies

As of March 31, 2020

	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	22,713 [10,000]	4,204 [500]	2,219 [100]	54,595 [7,600]	1,367 [0]	21,797 [7,100]	106,895 [25,300]

(Notes) 1. Number of employees includes locally hired overseas staff members, but excludes 3,596 contract employees and 24,400 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 4,100 at the end of the current fiscal year while 4,500 on average over the year (numbers are rounded to the nearest hundred).
5. Number of employees increased by 19,019 compared to the end of the previous fiscal year. The increase was due to an additional 19,530 employees in the Global Commercial Banking Business Unit, driven by three Group companies including the consolidation of PT Bank Danamon Indonesia, Tbk. (22,999 employees).

(2) Employees of the Bank

As of March 31, 2020

Number of employees	Average age (Years)	Average years of service (Years)	Average annual salary (Thousands of yen)
32,186 [10,783]	39.6	15.2	7,744

	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	19,994 [9,193]	3,437 [486]	1,394 [85]	3 [0]	1,248 [25]	6,110 [994]	32,186 [10,783]

(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 1,501 contract employees and 10,300 temporary employees.

2. Number of employees excludes 106 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 2,006 at the end of the current fiscal year and 2,178 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 30,072.
   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

There have been ongoing changes in social structure which impact our business and such changes have been amplified by the pandemic caused by the spread of the coronavirus disease (COVID-19). Non-face-to-face services and capacities to work remotely have been expanding throughout the world at a faster pace than ever, and we note that people's work styles and values are continually diversifying as a result. In addition, there is an unprecedented and heightened sense of awareness regarding contributing to social issues.

Amid such major structural changes in society, there are various requirements for financial institutions. Simply put, we believe the important themes are "responding to the digital shift of society" and "contributing to solving social issues."

We consider the "digital shift of society" as a significant irreversible and accelerating change, which has partly been driven by the impact of COVID-19. We believe reforms to MUFG's corporate operation itself are required, including customer contact points and employee work styles. Specifically, these include responding to non-face-to-face, paperless, and seal-less services, as well as reforms to the habitual work style of physically going to the office.

Regarding "contributing to solving social issues," in addition to the importance of the "E" (Environment) in "ESG," which is the necessity for financial institutions to further promote responses to climate change risks, we are focused on contributing to social issues as well (the "S" in "ESG"). The key is to further integrate social issues and management strategies within our operations. Consistent with our direction towards the digital shift, as a company responsible for social infrastructure, we believe it is important to synchronize contributions to Japanese society, such as providing digital certifications and efforts to eliminate the use of seals, with our own growth.

Our responses to these themes include the use of these three management policy keywords to connect these changes in social structure to our growth opportunities: "digitalization," "resilience," and "engagement."

The first is "to digitize the way we operate." While we consider the reality of challenges we face in our digitization efforts, we have raised this keyword first to respond to the digital shift of society.

The second is a "focus on our resilience as a business." The recent crisis has reminded us that MUFG must continue to be trusted under any environment. We will emphasize our reliability as a financial institution and place our management resources in focus areas in which we have strengths.

The final keyword is "engagement-focused management." While significant changes are required of the Bank and of each employee, we value a direction of reforms that induces sympathy. We want to create an attractive company where everyone can feel a sense of participation, enabling empathy between employees, organizations, customers, and society.

(2) Business environment

An overview of the financial and economic environment in fiscal year 2019 reveals the global economy followed a trend of deceleration overall due to trade friction between the US and China. Nevertheless, during the latter half of the fiscal year, there were signs that the manufacturing of goods, such as semiconductors, stopped declining worldwide and despite some lingering uncertainty caused by political issues, such as US-China friction, it appears the global economy was starting to improve. However, during the start of the fourth quarter, the economy faced a new crisis: the global spread of a novel coronavirus disease, COVID-19. Cases of infection rose in China at first and then spread rapidly to developed countries like the US and those in Europe towards the end of February 2020. There was also an increasing number of cases in Asia outside China, such as ASEAN (the Association of Southeast Asian Nations) and NIEs (Newly Industrialising Economies). Meanwhile, outbreaks of new cases of infection also began to appear in Japan near the end of March 2020 mainly in large urban areas. Governments throughout the world enacted strict public health measures in order to prevent the spread of infection, but these measures also led to a substantial decrease in economic activities.

Regarding the financial situation, US and Japanese stock prices were generally on an upward trend and the JPY mostly traded between ¥105 and ¥110 per USD from the start of the fiscal year until the third quarter with occasional rises and falls across markets in response to developments in the US-China conflict over trade and other factors. However, since the start of the fourth quarter, there have been large declines in stock prices as a result of the COVID-19 pandemic which also inadvertently lead to significant movements in the JPY/USD exchange rate. Interest rates were generally low in both Japan and other developed countries throughout the fiscal year as central banks enhanced their monetary easing by lowering policy rates, citing uncertainty about the future brought about by the US-China trade friction and low inflation rates. Towards the end of the fiscal year, further powerful monetary easing policies were adopted around the world in response to the rise in COVID-19 cases; in the US, the lower limit for the federal funds rate was set at 0% and some emerging economies also followed suit and carried out interest rate cuts. As a result, interest rates in developed countries overseas and in Japan remained low.

(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 will continue to steadily implement the Group's key measures centered on the Eleven Transformation Initiatives in fiscal year 2020, the third year of our medium-term business plan, while responding with flexibility to changes in the environment. Moreover, by appropriately resolving issues that arise in the process of carrying out these initiatives, we will enhance our practical skills and ability to accomplish our goals, and speed up reform.

With regard to the current COVID-19 situation, it is highly unclear at present to what extent the infections will spread and when conditions will return to normal. This makes it difficult to accurately assess the impact of the situation on economies and on our own business results. However, we are placing the utmost effort to create an economic forecast for fiscal year 2020 and determine the extent of its effects on our business results.

We prioritize the safety of all stakeholders including customers, employees, and shareholders, and will continue implementing measures such as providing financing support to enterprises, as a part of the financial infrastructure that is essential for society to maintain its functions.

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.

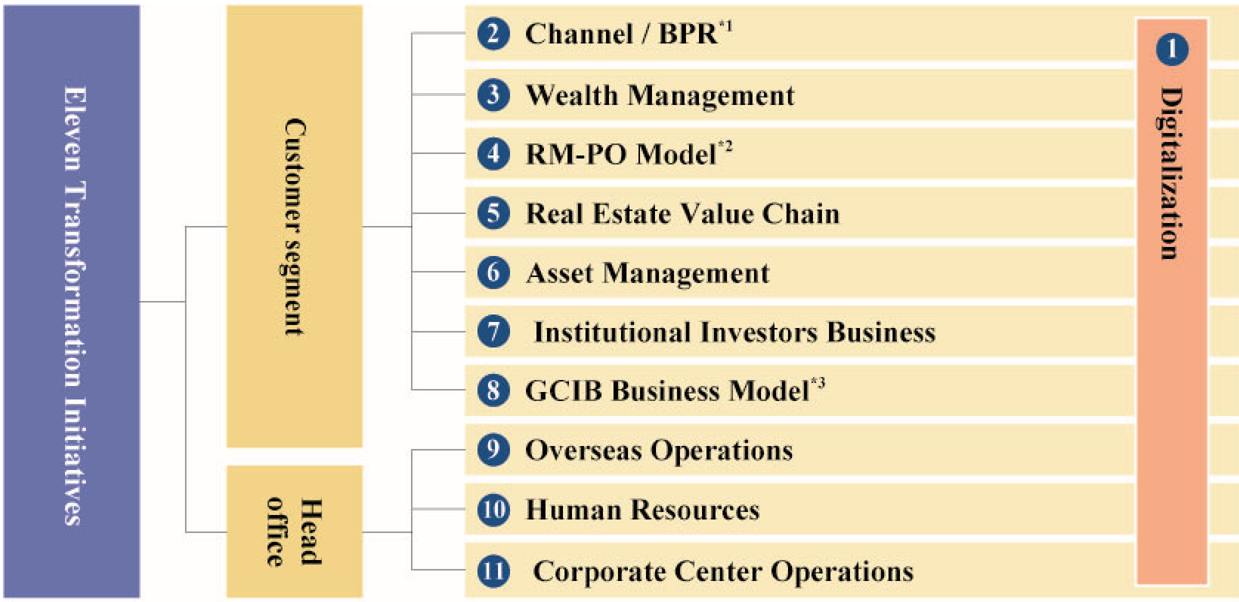
* Transparent: universal, barrier-free open personnel communications between legal entities, and between company branches and the Head Office, regardless of title and position. It also implies an understanding of the Group's corporate vision.

(Group's priority strategies)

Each legal entity of the MUFG Group, business groups and the Corporate Center will promote the Group's priority strategies based on the "Eleven Transformation Initiative" together, with the goal of boosting net operating profits by approximately ¥250 billion.

Taking the impact of the COVID-19 pandemic into consideration, the Group will implement core strategies based on its newly formulated management policy. These core strategies are: the digitalization of the domestic retail business area which aims to digitalize customer contact points, channels, and middle and back office operations so that they become "smart," thereby lowering the break-even point; the restructuring of our global strategy by identifying the growth potential and strengths of each region, optimal allocation of management resources, and collaboration with Grab Holdings Inc. to take on the challenges of next-generation financial services; and further foundation and process reforms that lead to corporate culture reforms, including the streamlining of administrative work by switching to paperless and seal-less methods, and the creation of work environments and preparation of a foundation that reflect the diverse values and work styles of employees. Although progress on some existing measures may be delayed due to the impact of policies taken for the current COVID-19 situation, we will carefully identify the extent of the impact on our measures.

[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.

(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 (announced in May 2018):

	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

We determine the significance of various risk scenarios based on their impact and probability and identify potential risk events that are deemed to require close monitoring and attention for the next one-year period as top risks. The main top risks identified by our Risk Management Committee in March 2020 are listed below. By identifying these top risks, we seek to implement necessary risk management measures designed to minimize such risks to the extent possible and manage them in such a manner that they can be effectively resolved in the event that they materialize. In addition, through management's participation in discussions on such top risks, we strive to take effective measures based on a shared assessment of risks.

Main top risks

Risk events	Risk scenarios
A decline in profitability (including a decline in net interest income)	- Our overall profitability may be adversely affected by, among other things, a decline in our net interest income due to further reductions in interest rates as a result of changes in the monetary policies of central banks in various jurisdictions in light of the COVID-19 pandemic and deterioration in global economic conditions.
Foreign currency liquidity risk	- Deterioration in market conditions may result in a depletion of foreign currency funding liquidity and an increase in our foreign currency funding costs.
An increase in credit costs	- Sudden deterioration in global economic activities may result in an increase in our credit costs. - Deterioration in the credit quality of particular industries or counterparties, to which we have relatively larger exposures, may result in an increase in our credit costs.
IT scenario	- Cyber-attacks may result in customer information leakage, suspension of our services, and reputational damage. - System problems may result in our payment of financial compensation and damage to our reputation.
Risks relating to money laundering, economic sanctions, bribery and corruption	- If we are deemed not complaint with applicable regulations relating to money laundering, economic sanctions, bribery and corruption, we may become subject to issuance of business suspension orders, fines and reputational damage.
Market conduct risk	- If our operations are deemed to be insufficient in addressing regulatory or public concerns, to constitute unfair or inappropriate business practices, or to fail to meet market or industry rules or standards, customer protection requirements or corporate behavior expectations, we may become subject to administrative business suspension orders and fines as well as reputational damage.
Risks relating to external circumstances or events (such as health pandemics, earthquakes, floods, terrorism and other political and social conflicts)	- Health pandemics, natural disasters, conflicts and terrorist attacks may result in disruption to all or part of our operations or an increase in costs and expenses in addressing such circumstances or events.
Risks relating to climate changes	- If our efforts to address climate change-related risks or to make appropriate disclosure are deemed insufficient, our corporate value may be impaired. - Our credit portfolio may be adversely affected by the negative impact of climate change on our borrowers and transaction counterparties.

* These risk events are among the risk events that were reported to the Bank's Board of Directors following the Risk Management Committee's discussion in March 2020. These risk events include risk events of generally applicability.

Based on our analysis of the top risks described above, we have described below major matters relating to risks to our business and other risks that we believe may have a material impact on your investment decision. In addition, to proactively disclose information to investors, we have described matters that do not necessarily correspond to such risk factors, but that we believe are material to you in making an investment decision. We will, with the understanding that these risks may occur, endeavor to avoid the occurrence of such risks and to address such risks if they occur.

This section contains forward-looking statements, which, unless specifically stated otherwise, reflect our understanding as of the date of filing of this annual securities report.

Risks relating to our business environment

(1) Risks relating to deterioration in economic conditions in Japan and globally

Economic conditions in Japan and around the world may deteriorate significantly due to various factors driven by the COVID-19 pandemic and the corresponding measures being implemented in response to the pandemic. Such measures include restrictions on travel, changes to storefront operations and other precautionary activities in Japan as well as other countries and regions globally, and have already driven fluctuations in crude oil prices, as prices have declined and remained at low levels. Uncertainty over the Japanese and global economies still remain not only because of the unpredictability of the timing around the containment of COVID-19, but also because of such other factors as concerns over political developments in the United States, the possible negative impact on international trade resulting from shifts in the trade policies of various countries and regions. Furthermore, uncertainty is driven also by concerns relating to the United Kingdom's withdrawal from the European Union, and the slowing economic growth in China and the economic stagnation in emerging countries and commodity-exporting countries, as well as the political turmoil in various regions around the world. In addition, external events, such as earthquakes, typhoons, floods and other natural disasters, terrorism and other political and social conflicts, abduction, and health pandemics or epidemics, may cause deterioration in economic conditions and market instability in affected areas.

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

In the event of a financial market turmoil or depression resulting from significant volatility in bond and stock markets or foreign currency exchange rates, or a global financial crisis, the market value of financial instruments that we hold may significantly decline, properly quoted market prices of such instruments may become unavailable for valuation purposes, or financial markets may become dysfunctional. As a result, we may incur impairment or valuation losses on financial instruments in our portfolio.

Any of the foregoing factors may materially and adversely affect our business, operating results and financial condition.

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

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

For example, the COVID-19 pandemic has required us to temporarily close some of our business locations, which resulted in reduction in our and our vendors' operational capacity due to restrictions on mobility, among other negative impacts. Although we have taken various measures, including establishing a Crisis Control Headquarter headed by our President and implementing remote work and off-peak commute policies and programs, designed to ensure the safety of our employees and vendors as well as the continuity of our operations, if a large number or concentrated groups of employees of us and our vendors become infected by the virus or if the pandemic continues to expand or is not sufficiently controlled, we may be further adversely affected.

As with other Japanese companies, we are exposed to heightened risks of large-scale natural disasters, particularly earthquakes. In particular, a large-scale earthquake occurring in the Tokyo metropolitan area and other areas where we have our important business functions may have a material adverse effect on our business, operating results and financial condition.

Our risk management policies and procedures may be insufficient to address the consequences of these external events, resulting in our inability to continue to operate a part or the whole of our business. In addition, our redundancy and backup measures may not be sufficient to avoid a material disruption in our operations, and our 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 corresponding electricity power conservation measures.

(3) Risks relating to reforms of London Interbank Offered Rate and other interest rate benchmarks

We have various transactions, including derivatives, loans, bonds, and securitized products, that reference London Interbank Offered Rate (LIBOR), or other interest rate benchmarks. In July 2014, the Financial Stability Board proposed reforms of interest rate benchmarks and development of a risk-free rate as an alternative interest rate benchmark. In July 2017, the Chief Executive of the Financial Conduct Authority, or FCA, of the United Kingdom, which regulates LIBOR, announced that it would not compel panel banks to quote rates in order to continue publishing LIBOR beyond the end of calendar 2021 and, as a result, there are considerable uncertainties regarding the publication of LIBOR after calendar 2021.

In anticipation of the discontinuation of the publication of LIBOR at the end of calendar 2021, we are taking measures to deal with the reform of LIBOR and other interest rate benchmarks and the transition to alternative reference rates. However, such transition is complex and uncertain in many respects and may have various adverse impacts on our business, financial position and operating results. In particular, such transition may, among other things,

- adversely affect the price, liquidity, profitability, and tradability of a wide range of financial instruments, such as loans and derivatives, included in our financial assets and liabilities that reference LIBOR and other interest rate benchmarks;
- require negotiations with our counterparties to modify contracts to replace the reference rate for existing contracts based on or linked to LIBOR and other interest rate benchmarks with alternative reference rates;
- result in disputes with customers and counterparties concerning the interpretation of affected contracts or economic adjustments to the alternative reference rates adopted in connection with the reform of LIBOR and other interest rates and the transition to alternative reference rates, or disputes concerning inappropriate trade practices or abuse of a dominant bargaining position in transactions with customers;
- require us to respond to regulatory authorities in connection with the reform of LIBOR and other interest rates and the transition to alternative reference rates; and
- require us to develop risk management and other operational systems and processes necessary to effectively deal with the reform of LIBOR and other interest rates and the transition to alternative reference rates, which may prove challenging or impossible, or incur significant system investment and other costs in connection with such reform and transition.

(4) Risks relating to climate change

Physical damage caused by extreme weather conditions and natural disasters resulting from climate change, as well as governments’ measures to strengthen climate-related regulations and the transition to a low-carbon society, may adversely affect the business and financial condition of us and our clients, including our credit portfolio.

We recognize the importance of appropriately understanding, evaluating and disclosing climate change-related risks, and we intend to support the recommendations of the Climate Financial Disclosure Task Force, or TCFD, which has been established by the Financial Stability Board. To be in line with the TCFD, we intend to make a continued effort to improve our understanding and evaluation of the relevant risks and to enhance our related disclosure. However, if our effort to address climate change-related risks or to make appropriate disclosure proves or is deemed insufficient and, as a result, we are considered to fail to fulfill our responsibility to society, our corporate value may be impaired and our business, financial condition and results of operations may be adversely affected.

Risks relating to our strategies

(5) Risks relating to competitive pressures and failure to achieve business plans or operating targets

Competition in the financial services industry may further intensify due to the increase in the number of non-financial institutions entering the financial services industry with alternative services such as electronic settlement services as a result of development of new technologies such as artificial intelligence, or AI, and blockchain as well as significant changes in regulatory barriers.

We have been implementing various business strategies on a global basis designed to strengthen our competitive position and profitability. However, competition may further increase as other global financial institutions enhance their competitive strength through mergers, acquisitions, strategic alliances, and profit improvement and other measures.

Under such circumstances, our business, financial condition and results of operations may be adversely affected if our strategies fail to produce the results we expect or if we are required to delay or otherwise change our strategies and our competitiveness declines because of various factors, including:

- the volume of loans made to borrowers does not increase as anticipated;
- our income from interest spreads on the existing loans does not improve as anticipated;
- our loan interest spread further narrows as a result of the "quantitative and qualitative monetary easing with yield curve control" program being maintained in Japan for an extended period or the negative interest rate being lowered from the current level;
- our fee income does not increase as much or quickly as planned;
- our strategy to build a business infrastructure for new services and products through digitalization or otherwise does not proceed as planned;
- clients and business opportunities are lost, costs and expenses significantly exceed our expectations, or our strategies to improve financial and operational efficiency or system integration plans are not achieved as expected, because of delays in the ongoing or planned intra-group integration, reorganization or streamlining of our operations;
- we are unable to hire or retain necessary human resources;
- our foreign currency funding becomes limited or unavailable; and
- we are restricted in agility or flexibility in investing in non-financial institutions under applicable laws and regulations in and outside of Japan.

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

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

Strategic measures implemented in an effort to become the world's most trusted financial group, include acquiring businesses, making investments and entering into capital alliances globally. We may continue to pursue opportunities in accordance with our strategic measures, however, our acquisition, investments and capital alliances may not proceed as planned or may be changed or dissolved. We may not achieve the synergies or other results that we expected, or we may incur impairment or valuation losses on securities acquired or intangible assets, including goodwill, recorded in connection with such business acquisitions, investments or business alliances. Such circumstances may arise because of changes in the strategies or financial condition of our acquirees, investees or alliance partners that are inconsistent with our interests, unanticipated changes in the industry or business environment affecting our acquirees, investees or alliance partners, stagnation of the economy, changes in the laws, regulations or accounting standards applicable to our acquirees, investees or alliance partners, or inability to obtain regulatory approvals. These and other similar circumstances may adversely affect our business strategies, financial condition and results of operations.

We may be unable to achieve the benefits expected from our efforts to expand business operations if our expansion strategy does not proceed as planned.

Risks relating to our major investees

(7) Risks relating to Our Major Overseas Subsidiaries

Our major overseas subsidiaries include MUFG Americas Holdings, a wholly owned subsidiary in the United States, Krungsri, an indirect subsidiary in Thailand, and Bank Danamon, an indirect subsidiary in Indonesia. These subsidiaries engage in retail and commercial banking primarily in their respective local markets. Adverse changes in the business and financial performance of any of these subsidiaries may significantly affect our financial condition and results of operations. Factors that can negatively impact these subsidiaries include deterioration in the local economy or economic prospects or the credit quality of their loan portfolio, fluctuations in the stock, interest rate, foreign currency exchange, commodities or real estate market, political or social instability, changes in the regulatory or competitive environment, natural disasters, pandemics or epidemics of infectious or contagious diseases, geopolitical conflicts, losses from legal proceedings, as well as the business performance of companies investing in or entering into the local market and the condition of economies, financial systems, laws and financial markets in the markets where such companies primarily operate. Costs incurred due to weaknesses in the internal controls or the regulatory compliance systems of the subsidiaries may also adversely affect their business and financial performance. For a discussion on impairment of intangible assets, including goodwill, see “6. Risks accompanying the expansion of our operations and the range of products and services.”

Risks related to our ability to meet regulatory capital requirements

(8) Risks relating to regulatory capital ratio and other related requirements

1) Capital ratio and other regulatory ratio requirements and factors that can adversely affect our ratios

We are subject to capital adequacy ratio and leverage ratio requirements adopted in Japan in accordance with Basel III. In addition, the finalized risk measurement requirements are expected to be phased in from 2023, and the leverage ratio surcharge is expected to be applied from 2023.

If the Banks’ capital ratios or leverage ratios fall below the required levels, including various capital buffers, the FSA may require us to take a variety of corrective actions, including abstention from making capital distributions and suspension of our business operations.

In addition, some of our bank subsidiaries are subject to the local capital adequacy ratio and other capital requirements of various foreign countries, including the United States, and if their ratios fall below the required levels, the local regulators may require them to take a variety of corrective actions.

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

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

2) Regulations applicable to G-SIBs

The Financial Stability Board has identified Mitsubishi UFJ Financial Group, Inc. (“Mitsubishi UFJ Financial Group”) as one of the G-SIBs, which are subject to a capital surcharge. As such, we may be required to meet stricter capital requirements in the future.

3) Capital raising

Although capital instruments issued in or prior to March 2013 may be included as a capital item when calculating capital ratios to the extent permitted by a transition measure, such capital instruments require refinancing that meets the current requirements. In order for newly issued capital instruments to be included as a capital item in the calculation of capital ratios under the current requirements, such instruments must, among other things, have a clause in their terms and conditions that requires them to be written down 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, we 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, our and our banking subsidiaries' capital could be reduced, and our and our bank subsidiaries' capital ratios and leverage ratios could decrease.

4) Total loss absorbing capacity in resolution

The Financial Stability Board issued "Principles on Loss-absorbing and Recapitalisation Capacity of G-SIBs in Resolution" in November 2015 and "Guiding Principles on the Internal Total Loss-Absorbing Capacity of G-SIBs ('Internal TLAC')" in July 2017. These principles are designed to ensure that if a G-SIB fails, it has sufficient total loss-absorbing capacity, or TLAC, available in resolution. Based on these principles, in Japan, G-SIBs, including us, are required to maintain certain minimum levels of capital and liabilities that are deemed to have loss-absorbing and recapitalization capacity, or External TLAC, and allocate a certain minimum level of External TLAC to material subsidiaries within the Group, or Internal TLAC, starting in the fiscal year ended March 31, 2019. The applicable minimum requirements are expected to be raised in the fiscal year ending March 31, 2022. Within the MUFG Group, the Bank, Mitsubishi UFJ Trust and Banking, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. and MUFG Americas Holdings are designated as material subsidiaries. We may become subject to various regulatory actions, including restrictions on capital distributions, if we are unable to maintain our External TLAC ratios or the amount of Internal TLAC allocated to any of our material subsidiaries in Japan above the minimum levels required by the standards imposed by the FSA. Our External TLAC ratios and the amount of our Internal TLAC are affected by various factors described in 1), 2) and 3) above pertaining to the capital adequacy ratio and other related regulations. Although we plan to issue TLAC-eligible debt in an effort to meet the minimum required levels of External TLAC ratios and Internal TLAC amounts, we may fail to do so if we are unable to issue or refinance TLAC-eligible 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.

(9) Risks relating to foreign exchange rate

We operate our business globally and we hold assets and liabilities denominated in foreign currencies. The Japanese yen translation amounts of our assets and liabilities denominated in foreign currencies will fluctuate due to fluctuations in the foreign currency exchange rate. To the extent that our foreign currency-denominated assets and liabilities are not matched in the same currency or appropriately hedged, fluctuations in foreign currency exchange rates against the Japanese yen may adversely affect our capital ratios, financial condition, and results of operations. For information on the status of assets and liabilities held overseas, please refer to "3. Management Analyses of Financial Position, Results of Operations and Cash Flows" in this Annual Securities Report.

Credit risk (risk of loss resulting from deterioration in financial condition of borrowers or transaction counterparties)

(10) Risks relating to our lending business

The lending business is one of our primary businesses. To the extent that our measures designed to mitigate credit risk, including collateral, guarantee and credit derivatives, are insufficient, our credit costs may significantly increase if borrowers fail to meet their interest payment or principal repayment obligations as expected or if we fail to effectively and adequately anticipate and deal with deterioration in the credit quality of our borrowers. Any such failure may adversely affect our financial condition and results of operations and may also result in a decrease in our capital ratios. For information on the status of credit costs and risk-monitored loans, please refer to "3. Management Analyses of Financial Position, Results of Operations and Cash Flows" in this Annual Securities Report, and for information on credit derivatives transactions, please refer to "27. DERIVATIVES" in "Notes to Consolidated Financial Statements" under "Consolidated Financial Statements" of "V. Financial Information." Our credit costs and non-performing loans may increase in the future due to deterioration in economic conditions in Japan and other parts of the world, including emerging countries, fluctuations in oil and other commodity prices, declines in real estate and stock prices, depreciation of currencies of emerging markets, or financial difficulties of our borrowers due to such factors as intensifying competition within their respective industries.

1) Status of our allowance for credit losses

Our allowance for credit losses is based on assumptions and estimates of the condition of borrowers, the value of collateral and the economy as a whole. Because of deterioration in general economic conditions or in the financial performance of specific borrowers, we may be required to increase our provision for credit losses. We may also incur additional credit losses if our actual loan losses exceed our allowance for credit losses. As of March 31, 2020, the balance of our allowance for credit losses was ¥612.5 billion. For information on the recording of allowance for credit losses, please refer to "Estimates of allowance for credit losses" under "(3) Significant Accounting Estimates and the Assumptions Used in Such Estimates" of "3. Management Analyses of Financial Position, Results of Operations and Cash Flows."

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

When we make loans and other extensions of credit, we seek to diversify our portfolio to avoid any concentration of exposure to a particular industry or counterparty. However, our credit exposures to the energy and real estate industries are relatively high in comparison to other industries, and we are consequently susceptible to adverse changes in these particular industries. While we continue to monitor and respond to changes in circumstances and other developments relating to particular industries and individual counterparties as well as each relevant country and region, including emerging countries, their credit quality may deteriorate to an extent greater than expected due to changes in economic conditions in Japan and other countries and regions and fluctuations in oil and other commodity prices, real estate prices and foreign currency exchange rates.

3) Our response to borrowers

Even in the event that a borrower defaults, based on the efficiency and effectiveness of collecting on loans and other factors, we may not exercise all of our legal rights as a creditor against the borrower.

In addition, if we determine that it is reasonable, we may forgive debt or provide additional loans or equity capital to support borrowers. If such support is provided, our outstanding loans may increase significantly, our credit costs may increase and the price of the additional equity purchased may decline.

(11) Transactions with other financial institutions

Declining asset quality and other financial problems may exist at some domestic and foreign financial institutions, including banks, non-bank lenders and credit institutions, securities companies and insurance companies, and these problems may worsen or these problems may arise as new issues. If the financial difficulties of these financial institutions continue, worsen or arise, they may not only lead to liquidity and insolvency problems of such financial institutions but also result in systemic problems adversely affecting the financial market and the wider economy, and may adversely affect us for the following reasons:

- we have credit extended to some financial institutions;
- we are shareholders of some financial institutions;
- financial institutions that face problems may terminate or reduce financial support to borrowers. As a result, these borrowers may become distressed or our problem loans to these borrowers may increase;
- we may be requested to participate in providing support to distressed financial institutions;
- if the government elects to provide regulatory, tax, funding or other benefits to financial institutions controlled by the government to strengthen their capital, increase their profitability or for other purposes, they may adversely affect our competitiveness against them;
- our deposit insurance premiums may rise if deposit insurance funds prove to be inadequate;
- bankruptcies or government control of financial institutions may generally undermine the confidence of depositors in, or adversely affect the overall environment for, financial institutions; and
- negative media coverage of the financial industry or system, regardless of its accuracy and applicability to us, may harm our reputation and market confidence.

Risk relating to our strategic equity portfolio (risk of loss resulting from a decline in the value of equity securities we hold)

(12) Risks relating to our equity portfolio

We hold large amounts of marketable equity securities, including those held for strategic investment purposes. As of March 31, 2020, the market value of such securities was approximately ¥3.3 trillion, and the book value of such securities was approximately ¥1.7 trillion. In view of mitigating the risk of equity price volatility, our basic policy is to reduce the amount of equity securities held for strategic investment purposes. We examine the objective and economic rationale for strategically held equity securities, and if we determine that it no longer makes reasonable sense to continue to hold them, we will seek to dispose of such equity securities. For our strategic equity portfolio, we endeavor to manage the risk of stock price fluctuations by hedging a portion of the portfolio using total return swaps and other hedging instruments.

However, if stock prices decline, we may incur significant impairment losses or valuation losses on our equity investment portfolio. In addition, since unrealized gains and losses on equity securities are reflected in the calculation of regulatory capital amounts, a decline in stock prices may result in a decrease in our capital ratios and other regulatory ratios. As a result, our financial condition and results of operations may be adversely affected.

Market risk (risk of loss resulting from fluctuations in interest rates, prices of securities and foreign currency exchange rates)

(13) Risks relating to our financial markets operations

We undertake extensive financial market operations involving a variety of financial instruments, including derivatives, and hold large volumes of such financial instruments. For example, if market interest rates decline due to such factors as changes in the monetary policies of central banks in various jurisdictions, the yield on the Japanese government bonds and foreign government bonds that we hold may also decline. Furthermore, if short-term interest rates rise to a larger extent than long-term interest rates, or if long-term interest rates decline to a larger extent than short-term interest rates, our interest income may be adversely affected. If interest rates in and outside of Japan rise, we may incur significant losses on sales of, and valuation losses on, our bond portfolio. In addition, an appreciation of the Japanese yen will cause the value of our foreign currency-denominated investments recorded on our financial statements to decline and may cause us to recognize losses on sales or valuation losses. Furthermore, if stock prices decline, the value of marketable equity securities and trading account equity securities that we hold also declines, we may incur significant losses on sales of, and valuation losses on, our marketable equity securities and trading account equity securities portfolios. Although we seek to manage market risk, which is the risk of incurring losses due to various market changes including interest rates, foreign currency exchange rates and stock prices, market risk exposure amounts that we calculate cannot accurately reflect the actual risk that we face in all cases, and we may realize actual losses that are greater than our estimated market risk exposure.

Funding liquidity risk (risk of unavailability of funds)

(14) Risks relating to difficulty in our funding operations following a downgrade of our credit ratings

A downgrade of our credit ratings by one or more of the credit rating agencies may adversely affect our financial market operations and other aspects of our business. Any downgrade could increase the cost, or decrease the availability, of our funding, particularly in U.S. dollars and other foreign currencies, adversely affect our liquidity position or net interest margin, trigger additional collateral or funding obligations, and result in losses of depositors, investors and counterparties willing or permitted to transact with us, thereby reducing our ability to generate income and weakening our financial position. For example, assuming the relevant credit rating agencies downgraded the credit ratings of the Bank as of March 31, 2020 by one-notch on the same date, we estimate that the Bank would have been required to provide approximately ¥57.8 billion of additional collateral under their derivative contracts. Assuming a two-notch downgrade by the same credit rating agencies occurring on the same date, we estimate that the additional collateral requirements for the Bank under their derivative contracts would have been approximately ¥84.5 billion. In April 2020, Fitch downgraded the long-term credit ratings of the Bank by one-notch from A to A-. In addition, in April 2020, Standard and Poor’s changed the credit rating outlook for the Bank from “Positive” to “Stable.”

Rating agencies regularly evaluate the Bank. Their ratings are based on a number of factors, including their assessment of the relative financial strength of the Bank or of the relevant subsidiary, as well as conditions generally affecting the financial services industry in Japan or on a global basis, some of which are not entirely within our control. In addition, changes in their evaluation or rating methodologies are beyond our control. We strive to ensure appropriate funding liquidity by, for example, setting and monitoring certain indicators for funding liquidity risk management purposes. However, as a result of changes in rating agencies' evaluations based on the above factors or the rating methodologies, our ratings or the ratings of our subsidiaries may be downgraded. Such downgrade may adversely affect the profitability of our markets operations and other operations as well as our financial condition and results of operations.

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

(15) Risks of being deemed to have engaged in inappropriate or illegal practices or other conduct and, as a result, becoming subject to regulatory actions

We conduct our business subject to laws, regulations, rules, policies and voluntary codes of practice in Japan and other markets where we operate. We are subject to various regulatory inquiries or investigations from time to time in connection with various aspects of our business and operations. Our compliance risk management systems and programs, which are continually enhanced, may not be fully effective in preventing all violations of laws, regulations and rules.

If we are deemed not compliant with applicable laws, regulations or rules, including those relating to money laundering, economic sanctions, bribery, corruption, financial crimes, or other inappropriate or illegal transactions, or if our conduct is deemed to constitute unfair or inappropriate in light of social norm, business practices or market or industry rules or standards and we are deemed to have failed to meet customer protection requirements, or corporate behavior expectations, we may become subject to penalties, fines, public reprimands, reputational damage, issuance of business improvement, suspension or other administrative orders, or withdrawal of authorization to operate. These consequences may result in loss of customer or market confidence in us or otherwise may adversely affect our financial condition and results of operations. Our ability to obtain regulatory approvals for future strategic initiatives may also be adversely affected.

In November 2017, the Bank agreed to the entry by the U.S. Office of the Comptroller of the Currency, or OCC, of a consent order that includes remedial terms and conditions that are substantively the same as those included in the consent agreements that Bank had reached with the New York Department of Financial Services in 2013 and 2014 pertaining to compliance with OFAC sanctions requirements. The consent order was a condition for the conversion of the Bank's branches and agencies in the United States from state-licensed branches and agencies under the supervision of state regulatory agencies to federally licensed branches and agencies under the supervision of the OCC. In February 2019, the Bank entered into a consent order with the OCC, relating to deficiencies identified by the OCC in the Bank Secrecy Act/Anti-Money Laundering compliance program of the Bank's U.S. branches in New York, Los Angeles, and Chicago. The consent order requires the Bank and its U.S. branches to implement various remedial measures to address the deficiencies found in the OCC examination, including a comprehensive action plan satisfactory to the OCC, implementation of measures to ensure effective compliance management and qualified staffing, the adoption of comprehensive Bank Secrecy Act/Anti-Money Laundering risk assessment policies and procedures, and other remedial actions. The Bank is undertaking necessary actions relating to the consent orders. These developments or other similar matters may result in additional regulatory actions against us or agreements to make significant additional settlement payments.

We have received requests and subpoenas for information from government agencies in some jurisdictions that are conducting investigations into past submissions made by panel members, including us, to the bodies that set various interbank benchmark rates as well as investigations into foreign exchange related practices of global financial institutions. Some of the investigations into foreign exchange related practices resulted in our payment of monetary penalties to the relevant government agencies. We are cooperating with the ongoing investigations and have been conducting an internal investigation, among other things. In connection with these matters, we and other financial institutions are involved as defendants in a number of civil lawsuits, including putative class actions, in the United States. These developments or other similar events may result in significant adverse financial and other consequences to us.

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

We are required to appropriately handle customer information or personal information in accordance with laws and regulations in Japan and other parts of the world. We possess a large amount of customer information and personal data, and we are working to improve our information management system by preparing management policies and procedures concerning the storage and handling of information and implementing information system enhancements. However, due to improper management, unauthorized access from external sources such as cyber-attacks, or computer virus infection, we may not be able to completely prevent the loss or leakage of customer information and personal data. In such event, we may be subject to penalties, administrative sanctions and other direct losses such as compensation paid to customers. In addition, loss of customer and market confidence may adversely affect our business, financial condition and results of operations. We may also incur additional costs to deal with the consequences of these events.

(17) Risks relating to cyber-attacks

Our information, communications and transaction management systems (including third-party systems which are provided for our use or to which our systems are connected) constitute a core infrastructure for our business operations. We are working to prevent system failures through appropriate design and testing and other means and to establish security-conscious systems. However, we may not be able to completely prevent system failures, cyber-attacks, unauthorized access, computer virus infection, human errors, equipment malfunctions, defects in services provided by third parties such as communications service providers, and failure to appropriately deal with technological advances and new systems and tools. In addition, we may be unable to enhance our system functionalities to meet all of the business requirements or increasingly stricter regulatory requirements applicable to financial institutions. Furthermore, our system development or improvement projects, many of which are critical to our ability to operate in accordance with market and regulatory standards, may not be completed as planned due to the complexity and other difficulty relating to such projects. Such failures and inability may lead to errors and delays in transactions, information leakage and other adverse consequences, and, if serious, could lead to the suspension of our business operations and financial losses such as those incurred in connection with compensation for damages caused by such suspension, diminish confidence in us, impair our reputation, subject us to administrative sanctions, or result in our incurring additional costs to deal with the consequences of these events.

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

We enter into limited transactions with entities in or affiliated with Iran and other countries designated by the U.S. Department of State as “state sponsors of terrorism.” In addition, our banking subsidiary 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, we are aware of initiatives by U.S. governmental entities and U.S. institutional investors, such as pension funds, to prohibit or restrict transactions with or investments in entities doing business with Iran and other countries identified as state sponsors of terrorism. It is possible that such initiatives may result in our being unable to gain or retain business with U.S. governmental entities, U.S. institutional investors, such as pension funds, and entities subject to such prohibition or restrictions as customers or as investors in our shares. In addition, depending on socio-political developments, our reputation may suffer because of our associations with these countries. The above circumstances may adversely affect our financial condition, results of operations and the price of our shares.

The U.S. Government sanctions against Iran apply to prohibit, among other things, U.S. persons from conducting transactions relating to Iran, subject to limited exceptions. In addition, in May 2018, the United States withdrew from participation in the Joint Comprehensive Plan of Action. Under subsequently issued executive orders, the United States may impose secondary sanctions against non-U.S. persons who engage in or facilitate a broad range of transactions and activities involving Iran. We will continue to monitor and implement measures to address this heightened risk of U.S. measures, including any possible secondary sanctions.

Companies registered with the U.S. Securities and Exchange Commission (including non-U.S. companies) are subject to the disclosure requirement relating to certain Iran-related transactions. Moreover, certain Japanese sanctions measures are in effect, including freezing the assets of persons involved in Iran’s sensitive nuclear activities and development of nuclear weapon delivery systems. We continue to work to improve our policies and procedures to comply with such regulatory requirements. There remains a risk of potential regulatory action against us, however, if regulators perceive our policies and procedures not to be in compliance with applicable regulations. For more information on the relevant regulatory actions, please refer to “(15) Risks of being deemed to have engaged in inappropriate or illegal practices or other conduct and, as a result, becoming subject to regulatory actions.”

(19) Risks relating to regulatory changes

We conduct our business subject to current laws, regulations, accounting standards, policies, customary business practices and interpretations in Japan and other regions, as well as global financial regulatory standards and risks associated with changes in such regulations. Significant management resources may be required and, in some cases, our management strategy may need to be modified, to respond to regulatory changes and situations arising as a result of such change. If our measures to respond to regulatory changes are not sufficient, we may become subject to regulatory actions, which may adversely affect our financial condition and results of operations.

(20) Risks relating to our consumer lending business

We have affiliates and other entities 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 borrower's claim for reimbursement of previously collected interest payments in excess of the limits stipulated by the Interest Rate Restriction Law easier, and, as a result, there have been a significant number of such claims. In addition to the refund of overpaid interest by our affiliates and other entities engaged in the consumer finance business, we may incur additional credit costs due to deterioration in the financial performance of the consumer finance companies to which we extend credit. Moreover, any adverse changes in judicial decisions or regulatory requirements may result in our incurring additional costs and expenses.

(21) Risks relating to our reputation

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

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

(1) Overview of Results of Operations, etc.

(Financial position and results of operations)

Results for the current fiscal year are as follows:

Assets as of the end of the current fiscal year increased by ¥17,106.3 billion to ¥270,418.5 billion. Major components were loans and bills discounted of ¥105,358.6 billion, cash and due from banks of ¥63,234.9 billion and securities of ¥52,901.4 billion. Liabilities as of the end of the current fiscal year increased by ¥17,690.4 billion to ¥258,133.0 billion. Major components were deposits and negotiable certificates of deposit of ¥183,209.7 billion.

As for profits and losses, ordinary income increased by ¥474.1 billion over the previous fiscal year to ¥5,338.1 billion and ordinary expenses increased by ¥613.4 billion over the previous fiscal year to ¥4,626.2 billion. As a result, the Bank posted ordinary profit of ¥711.9 billion, with a decrease of ¥139.2 billion from the previous fiscal year and net income attributable to the shareholders of MUFG Bank of ¥97.9 billion, with a decrease of ¥514.5 billion from the previous fiscal year.

Results by reportable segment are as follows:

1. Retail & Commercial Banking Business Unit
   Net operating income was ¥77.5 billion, with a decrease of ¥1.8 billion from the previous fiscal year.
2. Japanese Corporate & Investment Business Unit
   Net operating income was ¥189.7 billion, with a decrease of ¥1.7 billion from the previous fiscal year.
3. Global Corporate & Investment Banking Business Unit
   Net operating income was ¥142.7 billion, with an increase of ¥7.1 billion from the previous fiscal year.
4. Global Commercial Banking Business Unit
   Net operating income was ¥232.1 billion, with an increase of ¥25.1 billion from the previous fiscal year.
5. Global Markets Business Unit
   Net operating income was ¥244.1 billion, with an increase of ¥64.0 billion from the previous fiscal year.
6. Other units
   Net operating loss was ¥92.1 billion, with an improvement of ¥38.7 billion from the previous fiscal year.

During the current fiscal year, the Bank aligned the method of calculating profits of reportable segments with changes in the allocation method of income and expenses among internal business units.

Segment information for the previous fiscal year that was prepared in accordance with the calculation method after the change 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 ¥6,490.4 billion, with a decrease of ¥4,125.5 billion in cash inflows from the previous fiscal year. Investing activities resulted in net cash outflow of ¥4,115.7 billion, with a decrease of ¥3,762.3 billion in cash outflows from the previous fiscal year. Financing activities generated net cash of ¥739.3 billion, with a ¥805.1 billion increase in cash inflows from the previous fiscal year.

Cash and cash equivalents at the end of the current fiscal year were ¥63,234.9 billion, with an increase of ¥2,845.4 billion from the end of the previous fiscal year.

The consolidated total risk-adjusted capital ratio based on the uniform international standards as of March 31, 2020 was 14.43%.

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 ¥2,729.0 billion, with an increase of ¥243.6 billion from the previous fiscal year. Of this, domestic operations posted an income of ¥1,267.0 billion, with an increase of ¥48.7 billion from the previous fiscal year, and overseas operations posted an income of ¥1,652.9 billion, with an increase of ¥100.3 billion from the previous fiscal year.

(Millions of yen)

Item	Fiscal year	Domestic	Overseas	Amount of elimination	Total
		Amount	Amount	Amount	Amount
Net interest income	Previous fiscal year	738,222	1,017,518	(149,150)	1,606,590
	Current fiscal year	593,233	1,055,831	(44,035)	1,605,029
Of which, interest income	Previous fiscal year	1,214,523	2,202,728	(235,753)	3,181,497
	Current fiscal year	1,075,033	2,283,550	(112,414)	3,246,169
Of which, interest expenses	Previous fiscal year	476,300	1,185,209	(86,603)	1,574,907
	Current fiscal year	481,800	1,227,719	(68,379)	1,641,140
Net fees and commissions	Previous fiscal year	414,016	420,586	(135,995)	698,607
	Current fiscal year	399,580	447,393	(145,355)	701,617
Of which, fees and commissions income	Previous fiscal year	568,728	510,094	(193,324)	885,498
	Current fiscal year	561,771	541,207	(203,843)	899,136
Of which, fees and commissions expenses	Previous fiscal year	154,712	89,508	(57,329)	186,891
	Current fiscal year	162,191	93,814	(58,487)	197,518
Net trading income	Previous fiscal year	(12,224)	54,556	614	42,946
	Current fiscal year	21,342	23,769	(1,820)	43,290
Of which, trading income	Previous fiscal year	(10,344)	104,501	(49,409)	44,748
	Current fiscal year	21,812	73,781	(51,833)	43,760
Of which, trading expenses	Previous fiscal year	1,880	49,945	(50,023)	1,801
	Current fiscal year	470	50,012	(50,012)	470
Net other operating income	Previous fiscal year	78,279	59,923	(876)	137,326
	Current fiscal year	252,935	125,962	236	379,134
Of which, other operating income	Previous fiscal year	218,752	194,956	(67,624)	346,084
	Current fiscal year	718,998	182,661	(52,838)	848,821
Of which, other operating expenses	Previous fiscal year	140,472	135,033	(66,748)	208,758
	Current fiscal year	466,063	56,698	(53,074)	469,687

(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 ¥135,932.2 billion, with an increase of ¥4,629.4 billion from the previous fiscal year. Yield on interest-earning assets fell by 0.13% to 0.79% and the total interest income stood at ¥1,075.0 billion, with a decrease of ¥139.4 billion from the previous fiscal year. The average balance of interest-bearing liabilities in the current fiscal year was ¥156,211.6 billion, with an increase of ¥4,062.9 billion from the previous fiscal year. Yield on interest-bearing liabilities fell by 0.00% to 0.30% and total interest expenses stood at ¥481.8 billion, with an increase of ¥5.4 billion from the previous fiscal year.

(Millions of yen)

Item	Fiscal year	Average balance	Interest	Yield
		Amount	Amount	(%)
Interest-earning assets	Previous fiscal year	131,302,856	1,214,523	0.92
	Current fiscal year	135,932,299	1,075,033	0.79
Of which, loans and bills discounted	Previous fiscal year	62,703,693	693,267	1.10
	Current fiscal year	62,859,961	646,889	1.02
Of which, securities	Previous fiscal year	38,033,310	448,986	1.18
	Current fiscal year	42,183,547	373,347	0.88
Of which, call loans and bills bought	Previous fiscal year	255,831	421	0.16
	Current fiscal year	100,581	116	0.11
Of which, receivables under resale agreements	Previous fiscal year	2,115,330	(3,872)	(0.18)
	Current fiscal year	3,161,966	(112)	(0.00)
Of which, receivables under securities borrowing transactions	Previous fiscal year	427,421	49	0.01
	Current fiscal year	3,559	0	0.01
Of which, due from banks	Previous fiscal year	24,625,991	24,695	0.10
	Current fiscal year	24,604,206	24,422	0.09
Interest-bearing liabilities	Previous fiscal year	152,148,700	476,300	0.31
	Current fiscal year	156,211,603	481,800	0.30
Of which, deposits	Previous fiscal year	129,288,262	62,415	0.04
	Current fiscal year	132,446,213	90,375	0.06
Of which, negotiable certificates of deposit	Previous fiscal year	1,093,223	274	0.02
	Current fiscal year	1,119,139	214	0.01
Of which, call money and bills sold	Previous fiscal year	54,263	1,125	2.07
	Current fiscal year	213,582	892	0.41
Of which, payables under repurchase agreements	Previous fiscal year	9,729,366	127,032	1.30
	Current fiscal year	8,753,414	71,712	0.81
Of which, payables under securities lending transactions	Previous fiscal year	987,787	114	0.01
	Current fiscal year	402	0	0.01
Of which, commercial paper	Previous fiscal year	–	–	–
	Current fiscal year	–	–	–
Of which, borrowed money	Previous fiscal year	19,500,108	203,413	1.04
	Current fiscal year	20,133,940	221,983	1.10

(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 decreased by ¥128.6 billion compared to the previous fiscal year to ¥69,512.4 billion. Yield on interest-earning assets rose by 0.12% to 3.28% and total interest income stood at ¥2,283.5 billion, with an increase of ¥80.8 billion from the previous fiscal year. The average balance of interest-bearing liabilities in the current fiscal year increased by ¥961.4 billion compared to the previous fiscal year to ¥69,871.1 billion. Yield on interest-bearing liabilities rose by 0.03% to 1.75% and total interest expenses stood at ¥1,227.7 billion, with an increase of ¥42.5 billion from the previous fiscal year.

(Millions of yen)

Item	Fiscal year	Average balance	Interest	Yield
		Amount	Amount	(%)
Interest-earning assets	Previous fiscal year	69,641,130	2,202,728	3.16
	Current fiscal year	69,512,457	2,283,550	3.28
Of which, loans and bills discounted	Previous fiscal year	44,226,547	1,511,721	3.41
	Current fiscal year	43,054,830	1,559,642	3.62
Of which, securities	Previous fiscal year	7,376,331	160,452	2.17
	Current fiscal year	8,159,407	179,539	2.20
Of which, call loans and bills bought	Previous fiscal year	627,064	11,975	1.90
	Current fiscal year	640,890	12,392	1.93
Of which, receivables under resale agreements	Previous fiscal year	2,903,738	93,962	3.23
	Current fiscal year	3,901,608	116,044	2.97
Of which, receivables under securities borrowing transactions	Previous fiscal year	594,720	13,004	2.18
	Current fiscal year	630,546	15,902	2.52
Of which, due from banks	Previous fiscal year	8,436,306	152,396	1.80
	Current fiscal year	7,750,829	124,849	1.61
Interest-bearing liabilities	Previous fiscal year	68,909,737	1,185,209	1.71
	Current fiscal year	69,871,166	1,227,719	1.75
Of which, deposits	Previous fiscal year	40,139,409	514,982	1.28
	Current fiscal year	42,339,976	594,327	1.40
Of which, negotiable certificates of deposit	Previous fiscal year	4,649,624	103,581	2.22
	Current fiscal year	5,254,898	118,743	2.25
Of which, call money and bills sold	Previous fiscal year	425,863	10,350	2.43
	Current fiscal year	260,126	3,331	1.28
Of which, payables under repurchase agreements	Previous fiscal year	3,484,582	92,867	2.66
	Current fiscal year	3,633,039	103,838	2.85
Of which, payables under securities lending transactions	Previous fiscal year	43,737	1,402	3.20
	Current fiscal year	28,436	1,441	5.07
Of which, commercial paper	Previous fiscal year	1,524,840	35,868	2.35
	Current fiscal year	1,828,838	41,445	2.26
Of which, borrowed money	Previous fiscal year	3,521,382	79,126	2.24
	Current fiscal year	3,464,675	89,228	2.57

(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	200,943,987	(8,159,756)	192,784,231	3,417,251	(235,753)	3,181,497	1.65
	Current fiscal year	205,444,756	(7,757,839)	197,686,917	3,358,583	(112,414)	3,246,169	1.64
Of which, loans and bills discounted	Previous fiscal year	106,930,240	(1,916,845)	105,013,395	2,204,988	(60,174)	2,144,813	2.04
	Current fiscal year	105,914,791	(1,918,819)	103,995,972	2,206,532	(53,075)	2,153,456	2.07
Of which, securities	Previous fiscal year	45,409,642	(3,347,453)	42,062,188	609,438	(139,828)	469,610	1.11
	Current fiscal year	50,342,954	(3,610,720)	46,732,234	552,887	(35,741)	517,145	1.10
Of which, call loans and bills bought	Previous fiscal year	882,896	(203,235)	679,661	12,396	(855)	11,540	1.69
	Current fiscal year	741,471	(48,158)	693,313	12,509	(317)	12,191	1.75
Of which, receivables under resale agreements	Previous fiscal year	5,019,069	–	5,019,069	90,090	–	90,090	1.79
	Current fiscal year	7,063,574	–	7,063,574	115,931	–	115,931	1.64
Of which, receivables under securities borrowing transactions	Previous fiscal year	1,022,142	–	1,022,142	13,053	–	13,053	1.27
	Current fiscal year	634,105	–	634,105	15,902	–	15,902	2.50
Of which, due from banks	Previous fiscal year	33,062,297	(2,208,792)	30,853,505	177,092	(22,719)	154,372	0.50
	Current fiscal year	32,355,036	(1,636,137)	30,718,898	149,272	(14,003)	135,269	0.44
Interest-bearing liabilities	Previous fiscal year	221,058,438	(4,818,752)	216,239,685	1,661,510	(86,603)	1,574,907	0.72
	Current fiscal year	226,082,769	(4,146,394)	221,936,375	1,709,519	(68,379)	1,641,140	0.73
Of which, deposits	Previous fiscal year	169,427,672	(1,916,321)	167,511,350	577,398	(13,387)	564,010	0.33
	Current fiscal year	174,786,189	(1,324,785)	173,461,404	684,703	(10,093)	674,609	0.38
Of which, negotiable certificates of deposit	Previous fiscal year	5,742,847	–	5,742,847	103,856	–	103,856	1.80
	Current fiscal year	6,374,038	(446)	6,373,591	118,958	–	118,958	1.86
Of which, call money and bills sold	Previous fiscal year	480,126	(203,922)	276,204	11,476	(2,975)	8,501	3.07
	Current fiscal year	473,708	(160,310)	313,397	4,224	(122)	4,102	1.30
Of which, payables under repurchase agreements	Previous fiscal year	13,213,948	–	13,213,948	219,900	–	219,900	1.66
	Current fiscal year	12,386,453	–	12,386,453	175,551	–	175,551	1.41
Of which, payables under securities lending transactions	Previous fiscal year	1,031,525	–	1,031,525	1,517	–	1,517	0.14
	Current fiscal year	28,839	–	28,839	1,441	–	1,441	4.99
Of which, commercial paper	Previous fiscal year	1,524,840	–	1,524,840	35,868	–	35,868	2.35
	Current fiscal year	1,828,838	–	1,828,838	41,445	–	41,445	2.26
Of which, borrowed money	Previous fiscal year	23,021,490	(1,679,344)	21,342,146	282,540	(67,336)	215,204	1.00
	Current fiscal year	23,598,615	(1,324,319)	22,274,296	311,212	(56,622)	254,590	1.14

(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 ¥561.7 billion, with a decrease of ¥6.9 billion from the previous fiscal year, while fees and commissions expenses were ¥162.1 billion, with an increase of ¥7.4 billion from the previous fiscal year, resulting in a net fees and commissions income of ¥399.5 billion, with a decrease of ¥14.4 billion from the previous fiscal year. Fees and commissions income of overseas offices for the current fiscal year was ¥541.2 billion, with an increase of ¥31.1 billion from the previous fiscal year, while fees and commissions expenses were ¥93.8 billion, with an increase of ¥4.3 billion from the previous fiscal year, resulting in a net fees and commissions income of ¥447.3 billion, with an increase of ¥26.8 billion from the previous fiscal year.

Consequently, total net fees and commissions income for the current fiscal year stood at ¥701.6 billion, with an increase of ¥3.0 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	568,728	510,094	(193,324)	885,498
	Current fiscal year	561,771	541,207	(203,843)	899,136
Of which, domestic and foreign exchange services	Previous fiscal year	151,141	12,487	(353)	163,275
	Current fiscal year	151,221	12,918	(338)	163,801
Of which, other commercial banking services	Previous fiscal year	234,111	258,944	(4,082)	488,973
	Current fiscal year	232,302	277,706	(3,532)	506,476
Of which, guarantee services	Previous fiscal year	45,382	33,800	(15,364)	63,818
	Current fiscal year	43,497	33,829	(14,119)	63,208
Of which, securities-related services	Previous fiscal year	35,502	54,195	(129)	89,568
	Current fiscal year	29,662	60,790	(114)	90,337
Fees and commissions expenses	Previous fiscal year	154,712	89,508	(57,329)	186,891
	Current fiscal year	162,191	93,814	(58,487)	197,518
Of which, domestic and foreign exchange services	Previous fiscal year	32,869	11,721	(315)	44,275
	Current fiscal year	33,476	12,457	(316)	45,616

(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 ¥21.8 billion, with an increase of ¥32.1 billion from the previous fiscal year. Trading expenses of domestic offices were ¥0.4 billion, a decrease of ¥1.4 billion from the previous fiscal year. As a result, net trading income for the current fiscal year was ¥21.3 billion, with an increase of ¥33.5 billion from the previous fiscal year. Trading income of overseas offices for the current fiscal year was ¥73.7 billion, with a decrease of ¥30.7 billion from the previous fiscal year. Trading expenses of overseas offices were ¥50.0 billion, an increase of ¥0.0 billion from the previous fiscal year. As a result, net trading income for the current fiscal year was ¥23.7 billion, with a decrease of ¥30.7 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 ¥43.2 billion, with an increase of ¥0.3 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	(10,344)	104,501	(49,409)	44,748
	Current fiscal year	21,812	73,781	(51,833)	43,760
Of which, income from trading securities	Previous fiscal year	1,456	55,905	(39,824)	17,538
	Current fiscal year	2,119	56,544	(15,466)	43,198
Of which, income from securities related to trading transactions	Previous fiscal year	–	–	–	–
	Current fiscal year	(669)	985	–	316
Of which, income from trading-related financial derivatives	Previous fiscal year	(12,442)	48,595	(9,584)	26,569
	Current fiscal year	20,362	16,250	(36,367)	245
Of which, income from other trading transactions	Previous fiscal year	641	–	–	641
	Current fiscal year	–	0	(0)	–
Trading expenses	Previous fiscal year	1,880	49,945	(50,023)	1,801
	Current fiscal year	470	50,012	(50,012)	470
Of which, expenses on trading securities	Previous fiscal year	–	39,824	(39,824)	–
	Current fiscal year	–	15,466	(15,466)	–
Of which, expenses on securities related to trading transactions	Previous fiscal year	1,880	(78)	–	1,801
	Current fiscal year	–	–	–	–
Of which, expenses on trading-related financial derivatives	Previous fiscal year	–	10,198	(10,198)	–
	Current fiscal year	–	34,546	(34,546)	–
Of which, expenses on other trading transactions	Previous fiscal year	–	–	–	–
	Current fiscal year	470	–	(0)	470

(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	131,070,129	41,035,061	(1,717,171)	170,388,019
	Current fiscal year	136,379,586	42,719,500	(1,485,851)	177,613,234
Of which, liquid deposits	Previous fiscal year	99,493,166	22,984,586	(497,455)	121,980,297
	Current fiscal year	103,937,860	23,697,511	(549,090)	127,086,281
Of which, fixed-term deposits	Previous fiscal year	25,652,543	17,986,436	(1,026,487)	42,612,492
	Current fiscal year	25,414,165	18,970,716	(927,851)	43,457,030
Of which, other deposits	Previous fiscal year	5,924,419	64,038	(193,229)	5,795,228
	Current fiscal year	7,027,560	51,272	(8,910)	7,069,922
Negotiable certificates of deposit	Previous fiscal year	1,225,372	5,875,693	–	7,101,065
	Current fiscal year	914,123	4,683,747	(1,340)	5,596,531
Total	Previous fiscal year	132,295,502	46,910,754	(1,717,171)	177,489,084
	Current fiscal year	137,293,709	47,403,247	(1,487,191)	183,209,766

(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)	60,687,688	100.00	61,060,488	100.00
Manufacturing	9,825,143	16.19	10,231,400	16.76
Construction	684,017	1.13	688,269	1.13
Wholesale and retail	6,343,958	10.45	6,452,675	10.57
Finance and insurance	7,448,795	12.27	6,973,712	11.42
Real estate, goods rental and leasing	10,867,515	17.91	11,175,340	18.30
Services	2,765,136	4.56	2,723,624	4.46
Other industries	22,753,122	37.49	22,815,466	37.36
Overseas and Japan offshore market account	42,975,769	100.00	44,298,140	100.00
Governments and public organizations	560,579	1.30	437,233	0.99
Financial institutions	9,423,760	21.93	9,364,207	21.14
Others	32,991,429	76.77	34,496,698	77.87
Total	103,663,457	–	105,358,628	–

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

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

(Reference information)

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

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

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

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

(Billions of yen, %)

	As of March 31, 2020
1. Consolidated Total Capital Ratio (4/7)	14.43
2. Consolidated Tier 1 Capital Ratio (5/7)	12.29
3. Consolidated Common Equity Tier 1 Capital Ratio (6/7)	10.70
4. Consolidated Total Capital	14,285.6
5. Consolidated Tier 1 Capital	12,170.0
6. Consolidated Common Equity Tier 1 Capital	10,597.1
7. Risk-weighted Assets	98,973.6
8. Consolidated Total Capital Requirements	7,917.8

Consolidated leverage ratio (under uniform international standards)

(%)

	As of March 31, 2020
Consolidated leverage ratio	4.21

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

(Billions of yen, %)

	As of March 31, 2020
1. Non-consolidated Total Capital Ratio (4/7)	14.76
2. Non-consolidated Tier 1 Capital Ratio (5/7)	12.52
3. Non-consolidated Common Equity Tier 1 Capital Ratio (6/7)	10.67
4. Non-consolidated Total Capital	12,092.2
5. Non-consolidated Tier 1 Capital	10,254.6
6. Non-consolidated Common Equity Tier 1 Capital	8,738.9
7. Risk-weighted Assets	81,887.1
8. Non-consolidated Total Capital Requirements	6,550.9

Non-consolidated leverage ratio (under uniform international standards)

(%)

	As of March 31, 2020
Non-consolidated leverage ratio	4.02

(Assessment of asset quality)

(Reference information)

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

1. Claims against bankrupt or de facto bankrupt borrowers

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

2. Doubtful claims

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

3. Claims in need of special attention

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

4. Normal claims

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

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

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

Forward-looking statements in this section reflect the view of the Group (the Bank and its consolidated subsidiaries) as of the end of the current fiscal year. Please note that due to the risks and uncertainties involved, they may differ significantly from actual results in the future.

Consolidated net business profit (before provision for general allowance for credit losses) for the current fiscal year was ¥820.0 billion, with an increase of ¥140.0 billion from the previous fiscal year. This was mainly due to increased income as a result of consolidating Bank Danamon, as well as an increase in net profits associated with global markets business. In the current fiscal year, we have been working to reverse the decline in consolidated net business profit. Accordingly, consolidated net business profit increased for the first time in five years due to an increase in consolidated gross operating income and a lower expense ratio.

However, net income attributable to the shareholders of MUFG Bank decreased by ¥514.5 billion from the previous fiscal year to ¥97.9 billion. This was mainly due to: the recording of extraordinary losses due to full amortization of goodwill of overseas consolidated subsidiaries, an increase in total credit-related expenses such as the lack of gain on reversal of allowance for credit losses recorded in the previous fiscal year as well as the recording of allowance for credit losses that reflect the expanding impact of COVID-19 (please refer to "*(8) Allowance for Credit Losses* (Additional information)" in "2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES" under "Notes to Consolidated Financial Statements" of "V. Financial Information").

In order to demonstrate the strengths of its comprehensive financial group, the Bank's parent company, Mitsubishi UFJ Financial Group has introduced the business group system in which Group companies coordinate closely to formulate group-wide strategies and promote business. Each business group designs strategies that integrate the strengths of Group companies and implements measures to meet a broad range of customer needs. Initiatives taken by each business group for the current fiscal year are as follows:

(Retail & Commercial Banking Business Group)

Despite the decline in investment product sales owing to deteriorating market conditions, profits increased from the previous fiscal year, due to steady performance of consumer finance business and fund settlement business including credit cards, group-wide business and asset succession resulting from the expansion of wealth management, and progress in cost reductions.

For retail customers, the Group worked to optimize customer interface and improve productivity. The improvement of internet banking and smartphone app functions led to significantly more users of the services.

For small and medium enterprise (SME) customers, the Group established Growing Industries Support Office, and further bolstered its public listing support and its financing for venture companies to contribute to the development of new industries.

(Japanese Corporate & Investment Banking Business Group)

In addition to improving lending margins, profit growth was derived by underwriting of large-scale bond issues and securities-related income such as M&A advisory.

The Business Group has placed the highest priority on one-stop, rapid provision of high value-added information and solutions. This is being achieved through measures such as shifting to a structure that integrates the Bank and the Trust Bank's sales functions and unifying operations with overseas offices, as well as establishing the Research & Advisory Unit that brings together the Group's research and advisory functions. The Bank, Mitsubishi UFJ Trust and Banking Corporation and Mitsubishi UFJ Securities Holdings, Co., Ltd. continued to work together to hold seminars for CFOs of large corporations on topics such as climate change risk.

(Global Corporate & Investment Banking Business Group)

We made steady progress in promoting origination and distribution business to enhance our capital velocity, such as the successful collaboration with Morgan Stanley to arrange one of the largest M&A finance deals in the U.S.

We continued to optimize our non-Yen loan-deposit balance and improve portfolio returns, and accelerated the reduction of existing low-profitability loans and strengthened the deal screening framework.

In addition, in November 2019, we completed the acquisition of aviation finance lending portfolio and employees from DVB Bank in Germany.

(Global Commercial Banking Business Group)

MUFG Union Bank is reconstructing its loan portfolio and aiming to reduce costs through cost structure reforms in order to increase its profitability.

The Bank of Ayudhya achieved record-high profits, due to the steady increase of individual loans led by auto loans.

Bank Danamon is expanding business through collaborations with MUFG in a wide range of fields, from the large corporate market to the SME, and individual market. We have completed our establishment of an ASEAN-centered commercial banking platform, with the subsidiarization of Bank Danamon.

We formed a capital and business alliance with Grab Holdings Inc., in February 2020 with the goal to provide next generation bespoke financial services in Southeast Asia.

(Asset Management & Investor Services Business Group)

In the asset management field, we completed the acquisition of a global asset management company based in Australia, in August 2019 and renamed its global brand to “First Sentier Investors.” Sales of investment products for domestic corporate customers and the Group’s investment management balance have also increased, through flexible supply of products attuned to customer needs and provision of information with high added value.

In the investor services (custody) business field, we steadily expanded business overseas such as lending services to funds, while expanding compound services such as agency services in Japan.

In the pension business field, we were ranked first place in an external evaluation for the ninth consecutive year for our defined benefit pensions, and increased the number of enrollees in defined contribution pensions. Furthermore, we focused on comprehensive consulting on welfare and benefits through unified consulting on human resource systems and retirement benefit systems in addition to pensions, thereby increasing the number of new customers.

(Global Markets Business Group)

In the customer business segment, we continued securing stable business volume and contributing to profits by continued investments in digitalization, in order to increase customer convenience and price competitiveness in foreign exchange transactions for business corporations. In addition to reviewing and revising our operation strategies of securities subsidiaries located overseas, we also cut expenses through streamlining the sales & trading operation functions of each site.

In treasury operations, we diversified market funding methods and funding sources by expanding our secured procurement utilizing Japanese government bonds, in order to support sustainable and sound foreign currency denominated business. We are conducting stable foreign currency funding management amid the recent market turmoil.

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

Consolidated gross operating income for the current fiscal year increased by ¥243.3 billion from the previous fiscal year, primarily driven by an increase in other operating income. Meanwhile, general and administrative expenses increased by ¥103.2 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 ¥820.0 billion, which represents an increase of ¥140.0 billion from the previous fiscal year.

Meanwhile, net income attributable to the shareholders of MUFG Bank was ¥97.9 billion, with a decrease of ¥514.5 billion from the previous fiscal year, primarily due to full amortization of goodwill for PT Bank Danamon Indonesia, Tbk. and the Bank of Ayudhya.

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)	3,181.4	3,246.1	64.6
Interest expenses (after deduction of expenses related to money held in trust)	(2)	1,574.9	1,641.1	66.2
Trust fees	(3)	13.0	12.8	(0.2)
Of which, credit costs for trust accounts	(4)	–	–	–
Fees and commissions income	(5)	885.4	899.1	13.6
Fees and commissions expenses	(6)	186.8	197.5	10.6
Trading income	(7)	44.7	43.7	(0.9)
Trading expenses	(8)	1.8	0.4	(1.3)
Other operating income	(9)	346.0	848.8	502.7
Other operating expenses	(10)	208.7	469.6	260.9
Consolidated gross operating income (= (1) - (2) + (3) + (5) - (6) + (7) - (8) + (9) - (10))	(11)	2,498.5	2,741.8	243.3
General and administrative expenses (after deduction of non-recurring expenses)	(12)	1,818.5	1,921.8	103.2
Consolidated net business profit (loss) (before provision for general allowance for credit losses = (11) + (4) - (12))		679.9	820.0	140.0
Other ordinary expenses (Provision for general allowance for credit losses)	(13)	–	107.8	107.8
Consolidated net business profit (loss) (= (11) - (12) - (13))		679.9	712.1	32.1
Other ordinary income	(14)	393.0	287.4	(105.6)
Of which, reversal of allowance for credit losses		32.9	–	(32.9)
Of which, gains on collection of bad debts		46.7	73.7	26.9
Of which, gains on sales of equity securities and other securities		165.4	123.5	(41.8)
Interest expenses (expenses related to money held in trust)	(15)	0.0	0.0	0.0
General and administrative expenses (non-recurring expenses)	(16)	29.7	(8.9)	(38.6)
Other ordinary expenses (after deduction of provision for general allowance for credit losses)	(17)	192.0	296.6	104.5
Of which, credit costs		56.4	109.5	53.1
Of which, losses on sales of equity securities and other securities		23.8	53.2	29.3
Of which, losses on write-down of equity securities and other securities		12.7	55.3	42.5
Net non-recurring gains (losses) (= (14) - (15) - (16) - (17))		171.2	(0.2)	(171.4)
Ordinary profit		851.2	711.9	(139.2)
Net extraordinary gains (losses)		(38.8)	(371.5)	(332.7)
Of which, impairment loss of long-lived assets		(30.7)	(58.8)	(28.0)
Income before income taxes		812.4	340.3	(472.0)
Total income taxes		157.0	200.8	43.7
Net income before attribution of noncontrolling interests		655.3	139.5	(515.8)
Net income attributable to noncontrolling interests		42.9	41.6	(1.3)
Net income attributable to the shareholders of MUFG Bank		612.4	97.9	(514.5)

1) Analysis of Results of Operations

(i) Credit costs

Total credit costs for the current fiscal year increased by ¥214.0 billion compared to the previous fiscal year to ¥135.5 billion, primarily due to increases in provision for general allowance for credit losses and credit costs and a decrease in reversal of reserve for contingent losses.

(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)	32.9	–	(32.9)
Of other ordinary income, reversal of reserve for contingent losses	(3)	55.2	8.1	(47.0)
Of other ordinary income, gains on collection of bad debts	(4)	46.7	73.7	26.9
Of other ordinary expenses, provision for general allowance for credit losses	(5)	–	107.8	107.8
Of other ordinary expenses, credit costs	(6)	56.4	109.5	53.1
Write-offs of loans		68.3	92.4	24.0
Provision for specific allowance for credit losses		–	(0.3)	(0.3)
Other credit costs		(11.9)	17.5	29.4
Total credit costs (= (1) - (2) - (3) - (4) + (5) + (6))		(78.4)	135.5	214.0
Consolidated net business profit (loss) (before credit costs for trust accounts and provision for general allowance for credit losses)		679.9	820.0	140.0
Consolidated net business profit (loss) (after deduction of total credit costs)		758.4	684.4	(73.9)

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

The Bank posted ¥15.0 billion gains on equity securities and other securities for the current fiscal year with a decrease of ¥113.7 billion from the previous fiscal year.

Gains on sales of equity securities and other securities decreased by ¥41.8 billion compared to the previous fiscal year to ¥123.5 billion while losses on sales of equity securities and other securities increased by ¥29.3 billion compared to the previous fiscal year to ¥53.2 billion. Losses on write-down of equity securities and other securities increased by ¥42.5 billion compared to the previous fiscal year to ¥55.3 billion.

(Billions of yen)

	Previous fiscal year (A)	Current fiscal year (B)	Change (B - A)
Net gains (losses) on equity securities and other securities	128.7	15.0	(113.7)
Of other ordinary income, gains on sales of equity securities and other securities	165.4	123.5	(41.8)
Of other ordinary expenses, losses on sales of equity securities and other securities	23.8	53.2	29.3
Of other ordinary expenses, losses on write-down of equity securities and other securities	12.7	55.3	42.5

2) Analysis of Financial Position

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

Claims disclosed under the Financial Reconstruction Act increased by ¥18.8 billion from the end of the previous fiscal year to ¥651.9 billion.

The percentage of disclosed claims to total claims increased by 0.02 percentage points from the end of the previous fiscal year to 0.67%.

Claims by borrowers' classification show claims against bankrupt or de facto bankrupt borrowers increased by ¥15.9 billion, doubtful claims decreased by ¥39.4 billion, and claims in need of special attention increased by ¥42.4 billion.

With regard to the status of coverage at the end of the current fiscal year for these disclosed claims totaling ¥651.9 billion, the amount secured by allowance for credit losses was ¥140.5 billion and the amount secured by collaterals, guarantees and others was ¥372.4 billion, representing a percentage of covered claims to total disclosed claims (coverage ratio) of 78.68%.

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	121.9 (106.0)	2.7 (4.3)	119.1 (101.6)	100.00% (100.00%)	100.00% (100.00%)
Doubtful claims	308.6 (348.1)	72.6 (148.2)	168.1 (138.2)	51.66% (70.58%)	77.99% (82.26%)
Claims in need of special attention	221.2 (178.8)	65.1 (50.3)	85.1 (86.6)	47.83% (54.67%)	67.90% (76.64%)
Subtotal	651.9 (633.0)	140.5 (202.9)	372.4 (326.5)	50.27% (66.21%)	78.68% (83.64%)
Normal claims	95,754.9 (96,714.3)	–	–	–	–
Total	96,406.8 (97,347.4)	–	–	–	–
Percentage of disclosed claims to total claims	0.67% (0.65%)	–	–	–	–

(Note) The upper figures are as of March 31, 2020. The lower figures with parentheses are as of March 31, 2019.

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	708.8	438.5	375.5	804.5	2,327.5	342.2	(2.0)	2,667.7
Non-consolidated	647.1	371.4	270.4	0.1	1,289.2	277.6	(26.1)	1,540.7
Net interest income	425.6	161.7	115.2	0.9	703.5	58.8	49.9	812.3
Net non-interest income	221.5	209.7	155.2	(0.7)	585.6	218.8	(76.0)	728.4
Subsidiaries	61.6	67.0	105.0	804.4	1,038.2	64.6	24.1	1,127.0
Expenses	631.2	248.7	232.7	572.4	1,685.2	98.1	90.1	1,873.4
Net operating income (Note 1)	77.5	189.7	142.7	232.1	642.2	244.1	(92.1)	794.3

(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

Net interest income decreased due to a decline in the interest spread of yen deposits and loans, and income from commissions decreased for investment products, etc. 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 due to the increase in net interest income as a result of the improved margin on loans in Japan and overseas, despite the decrease in income from commissions in Japan.

(iii) Global Corporate & Investment Banking Business Unit

Gross operating income exceeded that of the previous fiscal year, driven by the increase in income from loans and the increase in income from commissions, mainly in the Americas.

(iv) Global Commercial Banking Business Unit

Gross operating income exceeded that of the previous fiscal year due to the increase in interest income at the Bank of Ayudhya and the effects of the consolidation of Bank Danamon.

(v) Global Markets Business Unit

Gross operating income exceeded that of the previous fiscal year through agile operation and decision making amid declining interest rates in Japan and overseas.

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

The consolidated financial statements of the Bank have been prepared in accordance with accounting standards generally accepted in Japan. Estimates and assumptions were used in preparing these consolidated financial statements. These estimates and assumptions may affect the reported amounts of assets, liabilities, revenues and expenses, and the amounts that rely on them may differ from actual results.

Significant accounting estimates and assumptions used in the preparation of the consolidated financial statements are as follows:

Estimates of allowance for credit losses

The Bank records an allowance for credit losses to provide for the risk of incurring losses when the asset value of loans is diminished or lost due to the deterioration of the financial condition of the counterparty (the Bank defines this risk as "credit risk").

The allowance for credit losses recorded in the consolidated balance sheets as of March 31, 2020 was ¥612.5 billion, and the recording criteria for allowance for credit losses are stated under "*(8) Allowance for Credit Losses*" in "2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES" under "Notes to Consolidated Financial Statements" of "V. Financial Information."

The self-assessment of assets described in "*(8) Allowance for Credit Losses*" refers to the process of individually examining each loan and other assets held, and categorizing them according to the probability of collectability or impairment, after taking into account the borrower category and financial support including collateral and guarantees. As the results of the self-assessment serve as the basis for recording an allowance for credit losses, "specific criteria for borrower categories" are stipulated in the self-assessment procedures.

To ensure that borrower categories are determined appropriately, the Bank has adopted a credit-rating system as a uniform standard for the evaluation of credit risk that is consistent with the borrower categories, and has assigned credit ratings, in principle, to all credited counterparties and their transactions. In the credit-rating system, the borrower rating for general corporations and other counterparties classifies borrowers into 15 grades based on the evaluation of their expected debt-servicing capability over the next three to five years. In addition to quantitative financial evaluations based on counterparty financial information, the Bank reflects qualitative factors such as the current and future climate of the industry to which the party belongs, business risks, financing risks, etc. in the borrower rating. Credit rating is reviewed at least once a year. The borrower's creditworthiness is reviewed without delay upon any changes recognized due to factors including changes in the borrower's business conditions. In addition, the Bank ensures transparency by having the operating branches and divisions in charge of assessment assign the credit rating, while having the Internal Audit & Credit Examination Division, which is independent from the operating branches and assessment divisions, conduct audits and provide instructions for any necessary change.

When a future increase is expected in credit risk that may not be identified through the credit rating system or calculation methods based on historical credit losses or historical defaults over a certain period, an allowance for credit losses is recorded based on certain assumptions upon necessary adjustments.

While uncertainty is inherent in these assumptions and estimates used in calculating the allowance for credit losses, the Bank makes its best estimates by ensuring objectivity and reasonableness in accordance with effective internal controls.

Evaluation of goodwill associated with mergers and investments and other intangible fixed assets

1) Allocation of acquisition cost to intangible assets in business combinations

With a goal to become the world's most trusted financial group, the MUFG Group has been engaged in mergers, investments, capital alliances, etc. on a global basis, as part of its strategic measures. The Group has recognized intangible assets acquired as a result of these business combinations on the consolidated balance sheets.

As stated in "28. BUSINESS COMBINATIONS OR DIVESTITURES" in the Notes, Bank Danamon became a consolidated subsidiary of the Bank in the fiscal year under review.

As a result of this business combination, fair value of intangible assets recorded in the consolidated balance sheets includes relationships with agents (¥79.5 billion) and core ordinary deposits (¥29.8 billion) resulting from the acquisition of Bank Danamon.

Fair value of intangible assets on the business combination date is calculated as the present value of future cash flows generated from these assets. Assumptions used in the calculation of these cash flows are based on our formally-approved Medium-term Business Plan. Significant estimates applied in measuring fair values and major assumptions used in these estimates are as follows:

(Major estimates and assumptions used in the recording of intangible assets upon acquiring Bank Danamon)

The assumptions used in future cash flows are based on the Medium-term Business Plan determined by the decision-making body, and fair value is determined using the income approach.

The value of “Relationships with agents” is calculated by discounting cash flows to the present value based on the excess earnings expected for the duration of recurring transactions with existing agents. These cash flows use estimates and assumptions such as the growth rate of loan origination amounts, which reflects market growth forecasts related to the automobile and motorcycle sales market in Indonesia, as well as the attrition rate of existing agents based on historical records.

The value of “Core ordinary deposits” is calculated by discounting cash flows to the present value based on the effect of reduced funding cost through the period for which the deposit balance was expected to be kept. The estimates and assumptions such as the attrition rate of depositors are used in determination of these cash flows.

Shareholders’ equity cost is used as the basis for the discount rate applied to intangible assets. This discount rate reflects estimates and assumptions such as risk premiums that take into account the risks associated with future business continuity related to each intangible asset, the risk of changes in transaction size and profitability, and the risk associated with business scale.

Management asserts that the estimates and assumptions used in the fair value of intangible assets at the time of the business combination and the amount of goodwill are reasonable. However, as uncertainty is inherent in these estimates and assumptions, when changes and fluctuations arise due to factors including unpredictable changes in prerequisites, there is a possibility that the allocation of acquisition cost and goodwill to intangible assets at the time of the business combination will not be appropriately measured.

2) Rationality of writing down goodwill

With a goal to become the world’s most trusted financial group, the MUFG Group has been engaged in mergers, investments, capital alliances, etc. on a global basis, as part of its strategic measures. The Group has recognized goodwill generated as a result of these business combinations in the consolidated balance sheets.

Some mergers, investments, capital alliances, etc., may not produce the expected synergy and other benefits for the MUFG Group mainly due to unpredictable changes in the counterparty’s industry, and the Group’s business strategies, financial position and results of operations may be adversely affected due to the impairment of the goodwill recorded.

Goodwill recorded in the consolidated balance sheets as of March 31, 2020 was ¥87.4 billion.

Identification of signs of impairment of goodwill, the decision to recognize an impairment loss and the measurement of impairment losses are assessed on a larger unit, being the sum of the goodwill and the asset group related to the business to which the goodwill belongs.

(Identification of the signs of impairment)

An asset group that includes goodwill is identified as showing signs of impairment if it falls under any of the following:

- If the profit and loss or cash flows generated from operating activities are continuously negative, or are expected to be continuously negative;
- If changes have occurred that significantly diminish the business value, or such changes are expected to occur;
- If the business environment of operations has significantly deteriorated, or is expected to deteriorate;
- If the market price of the asset or asset group has significantly declined; and
- Other possibilities of events that indicate the asset group including goodwill may be impaired.

(Recognition of impairment loss)

If indicators of impairment are identified, a comparison is conducted of (i) the sum of the carrying amount before deducting impairment losses of the asset group related to the business to which the goodwill belongs and the carrying amount of goodwill (hereinafter referred to as the "carrying amount"), and (ii) the total undiscounted future cash flows generated from a larger unit including goodwill (hereinafter referred to as the "undiscounted cash flows"). If the latter exceeds the former, impairment losses are not recognized. If the former exceeds the latter, the amount in excess is recognized as an impairment loss to the extent that it does not exceed the total amount of goodwill.

The calculation of undiscounted future cash flows, by nature, entails judgments, and in many cases, significant estimates and assumptions are used. The assumptions used in the calculation of these undiscounted future cash flows are based on the future expectations of each asset group and the Medium-term Business Plan, and take into account the future growth rate of the market and the economy overall, as well as the current and expected economic conditions.

Management asserts that the assumptions of the estimates used in the impairment test on goodwill are reasonable. However, there is a possibility that changes in estimates that cause declines in undiscounted future cash flows and fair values due to unpredictable future changes in business prerequisites could adversely affect these valuations and significantly impact the impairment test results and the amount of impairment losses to be recognized.

As stated in "28. BUSINESS COMBINATIONS OR DIVESTITURES" in the Notes, goodwill (¥234.7 billion) was recorded related to Bank Danamon, which became a consolidated subsidiary in April 2019.

After the business combination, the market price of shares of Bank Danamon, which is a listed company, have continued to fall considerably below the acquisition cost, and the fall in this market price was identified as a sign of impairment of goodwill related to Bank Danamon. However, as the undiscounted cash flows from the asset group including goodwill related to Bank Danamon exceeded the carrying amount at the impairment test of goodwill conducted in fiscal 2019, impairment losses were not recognized.

Nevertheless, as stated in "21. OTHER EXPENSES" in the Notes, goodwill was fully amortized as of March 31, 2020 due to recognition of impairment resulting from the decline of the market price of Bank Danamon held by the Bank, in accordance with the provisions of Paragraph 32 of the Japanese Institute of Certified Public Accountants ("JICPA") Accounting Committee Report No. 7 "Practical Guidelines for the Capital Consolidation Procedure in Consolidated Financial Statements" (May 12, 1998).

Fair values of derivative transactions

The Bank and its consolidated subsidiaries engage in a variety of derivative transactions in 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, which are important from the standpoint of accounting estimates.

These derivative transactions are recorded as assets and liabilities measured at fair value. The fair values are determined based on various factors including market data such as market prices and valuation models based on financial engineering theories.

Specifically, the market price is deemed as the fair value when market prices are available. When market prices are not directly available, fair values are calculated using prescribed procedures based on pre-approved valuation models. While the valuation models have been verified from the perspective of market compatibility, such valuation models, by nature, contain accounting estimates.

In addition to directly or indirectly observable market inputs, including exchange rates, yield curves, volatility, credit curves, stock prices, etc., valuation models may use unobservable market inputs, including significant estimates such as correlations and probability of default. The fair value adopted when unobservable market inputs constitute a major component of the fair value obtained are stated in "(2) Matters concerning Fair Value of Financial Instruments and Breakdown by Fair Value Hierarchy" of "26. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES" under "Notes to Consolidated Financial Statements" of "V. Financial Information."

The fair values calculated using these valuation models undergo adjustments, as necessary, to reflect market trading costs, and exit prices, including credit valuation adjustments (CVA) relating to the credit risk of the counterparty.

Management has determined that, after conducting appropriate verification, the fair values related to derivative transactions are reasonable. However, as uncertainty is inherent in estimates and assumptions used in the calculation of these fair values, when changes occur to these various estimates related to fair values of derivative transactions due to factors including unpredictable changes in prerequisites, there is a possibility that fair values determined by the Bank and its consolidated subsidiaries could change.

The assumptions we have used in making our accounting estimates in relation to the spread of COVID-19 are provided in "*(8) Allowance for Credit Losses*" in "2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES" under "Notes to Consolidated Financial Statements" of "V. Financial Information." We have determined that other significant accounting estimates and the assumptions used in such estimates will not be materially affected.

4. Critical Contracts for Operation

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

On April 29, 2019, the Bank acquired an additional 54.0% 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 existing shareholders, as the third step of its strategic investments in Bank Danamon. Consequently, the Bank increased its investment in Bank Danamon to 94.0% and made it a consolidated subsidiary. 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. was the absorbed bank.

The Bank has strengthened its commercial banking business across Southeast Asia through strategic investments and other measures to establish business platforms in the area. In line with the completion of the strategic investments in Bank Danamon, the Bank will pursue further collaboration and synergies with Bank Danamon and other partner banks.

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 ¥289.0 billion, including investment for intangible fixed assets such as software.

During the current fiscal year, the Bank has sold a major facility as follows:

Company name	Branch name and other	Location	Facility details	Sale period	Carrying amount at the end of the previous fiscal year (Millions of yen)
The Bank	Osaka Mitsubishi BLDG.	Kita-ku, Osaka City, Osaka	Head office building	February 2020	11,425

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, 2020)	Number of shares issued as of the date of submission (June 29, 2020)	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, 2020

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, 2020

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, 2020

<table>
<tr><th>Class</th><th colspan="2">Number of shares</th><th>Number of voting rights</th><th>Description</th></tr>
<tr><td rowspan="4">Shares with no voting rights</td><td>1st series of Class 2 preferred stock</td><td>100,000,000</td><td>–</td><td rowspan="4">As stated in “1. Information on the Company’s Shares, (1) Total number of shares, etc.”</td></tr>
<tr><td>1st series of Class 4 preferred stock</td><td>79,700,000</td><td>–</td></tr>
<tr><td>1st series of Class 6 preferred stock</td><td>1,000,000</td><td>–</td></tr>
<tr><td>1st series of Class 7 preferred stock</td><td>177,000,000</td><td>–</td></tr>
<tr><td>Shares with restricted voting rights (treasury stock, etc.)</td><td colspan="2">–</td><td>–</td><td>–</td></tr>
<tr><td>Shares with restricted voting rights (others)</td><td colspan="2">–</td><td>–</td><td>–</td></tr>
<tr><td>Shares with full voting rights (treasury stock, etc.)</td><td colspan="2">–</td><td>–</td><td>–</td></tr>
<tr><td>Shares with full voting rights (others)</td><td>Common stock</td><td>12,350,038,000</td><td>12,350,038</td><td>Standard stock involving no restriction on shareholders’ rights</td></tr>
<tr><td>Shares of less than one unit</td><td>Common stock</td><td>122</td><td>–</td><td>–</td></tr>
<tr><td>Total number of shares issued</td><td colspan="2">12,707,738,122</td><td>–</td><td>–</td></tr>
<tr><td>Total number of shareholders’ voting rights</td><td colspan="2">–</td><td>12,350,038</td><td>–</td></tr>
</table>

2) Treasury stock, etc.

As of March 31, 2020

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 ¥22.76 per share for common stock (comprising an interim dividend of ¥11.45 and a year-end dividend of ¥11.31). In line with the capital policy of Mitsubishi UFJ Financial Group, Inc., the Bank distributed a special dividend of ¥3.40 per share for common stock as of February 4, 2020.

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	
November 13, 2019 Resolution by the Board of Directors' meeting	¥141,407 million	Common stock	¥11.45

Date of resolution	Aggregate amount of dividend	Dividend per share	
May 15, 2020 Resolution by the Board of Directors' meeting	¥139,678 million	Common stock	¥11.31

Date of resolution	Aggregate amount of dividend	Dividend per share	
January 30, 2020 Resolution by the Board of Directors' meeting	¥41,990 million	Common stock	¥3.40

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 26 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.

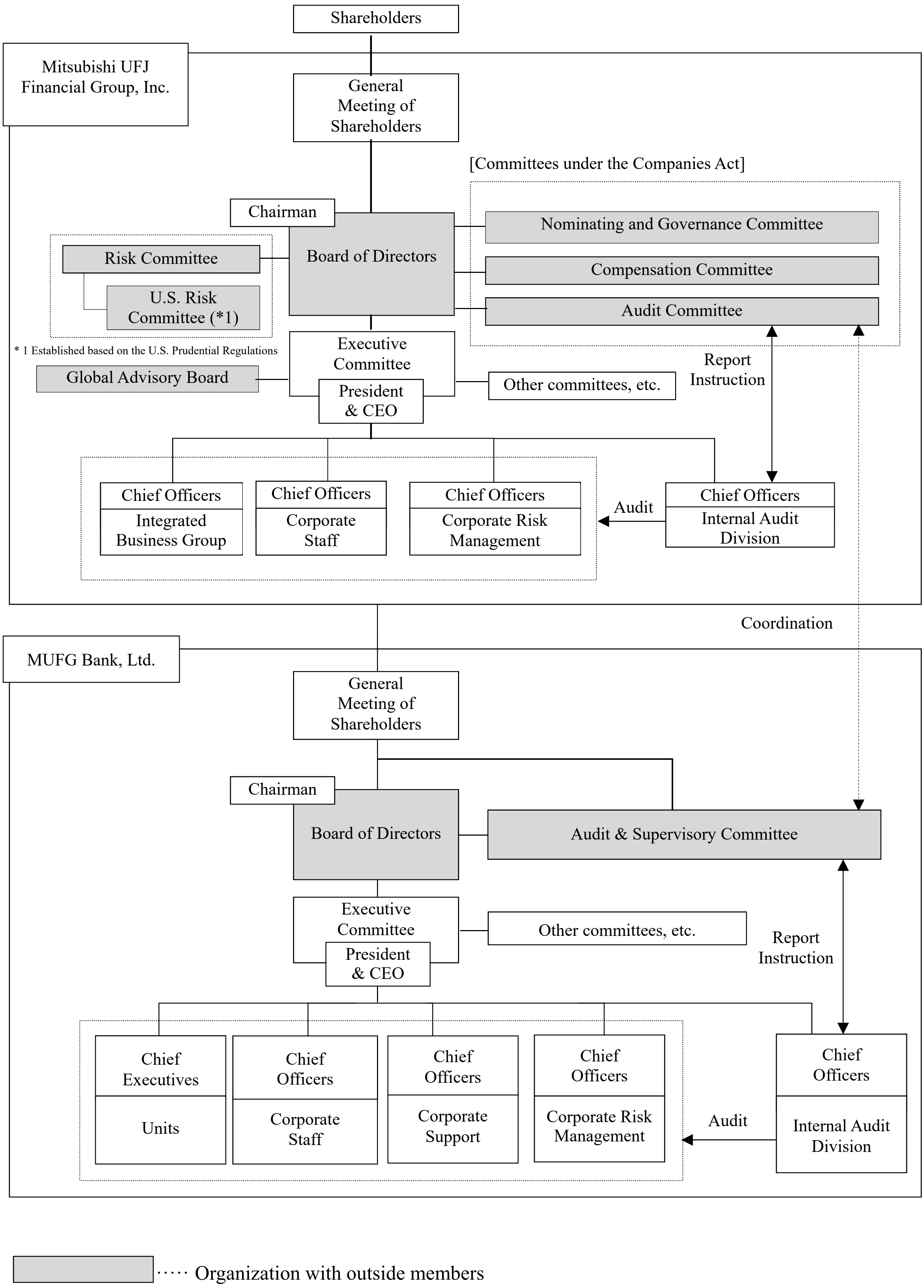
c) Executive Committee

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. Examples of such Committees include: Risk Management Committee, Compliance Committee, Customer Protection Promotion Committee, Credit Committee, Asset-Liability Management ("ALM") Committee, Disclosure Committee, Sustainability Committee, Fiduciary Duty Promotion Committee and Competitiveness Committee.

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


Shareholders
Mitsubishi UFJ Financial Group, Inc.
General Meeting of Shareholders
[Committees under the Companies Act]
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. established the Global Compliance Division as a division to administer matters related to compliance, and also established the Group Compliance Committee and the Group CCO (Chief Compliance Officer) Committee. Such initiatives were taken to promote sharing of compliance-related information among the Group companies and to strengthen the Group's incident prevention controls which realize the proactive response to problematic matters, while further enhancing compliance structure of the Group as a whole. A whistleblowing system has been established, in addition to the ordinary reporting channel aligned with business activities, and made available for officers and employees of the Group companies, in order to identify issues early and proactively rectify such issues through timely and proper reporting to the Group CCO Committee and other committees.

The Bank also established the Global Compliance Division as a division to administer compliance as well as the Compliance Committee chaired by the CCO to deliberate important matters for the development and strengthening of compliance structure and to ensure the effectiveness of compliance. Furthermore, against a backdrop of the growing expectations of supervisory authorities across the world in relation to the prevention of money laundering, compliance with economic sanctions, and bribery/corruption prevention, the Group established the Global Financial Crimes Division as part of head office functions in New York in the U.S., where expertise in the aforementioned areas is concentrated, to ensure an enhanced framework 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: 29 Women: 0 (Proportion of female Directors and Corporate Auditors is 0%)

Title and position	Name	Date of birth	Major concurrent positions	Term	Number of shares of the Company held
Member of the Board of Directors Audit & Supervisory Committee Member	Masahito Monguchi	January 1, 1946	Of Counsel of Anderson Mori & Tomotsune LPC Auditor of NEW KANSAI INTERNATIONAL AIRPORT COMPANY, LTD. Board of trustees of Showa Women’s University	Two years from June 2020	-
Member of the Board of Directors Audit & Supervisory Committee Member	Toshifumi Kitazawa	November 18, 1953	-	Two years from June 2019	-
Member of the Board of Directors Audit & Supervisory Committee Member	Shinichi Koide	October 1, 1958	Chairman, President and CEO of salesforce.com Co., Ltd.	Two years from June 2019	-
Member of the Board of Directors Audit & Supervisory Committee Member	Kenji Matsuo	June 22, 1949	Senior Advisor of Meiji Yasuda Life Insurance Company	Two years from June 2020	-
Member of the Board of Directors Audit & Supervisory Committee Member	Tadayuki Matsushige	June 5, 1956	-	Two years from June 2019	-
Member of the Board of Directors Audit & Supervisory Committee Member	Shigeo Ohyagi	May 17, 1947	Senior Advisor of TEIJIN LIMITED	Two years from June 2020	-
Member of the Board of Directors Full-time Audit & Supervisory Committee Member	Naoto Hirota	June 4, 1958	-	Two years from June 2019	-
Member of the Board of Directors Full-time Audit & Supervisory Committee Member	Akira Hamamoto	May 19, 1960	-	Two years from June 2019	-
Member of the Board of Directors Full-time Audit & Supervisory Committee Member	Takeshi Suzuki	September 5, 1965	-	Two years from June 2020	-
Member of the Board of Directors Full-time Audit & Supervisory Committee Member	Fumikazu Tatsumi	July 16, 1964	-	Two years from June 2020	-
Member of the Board of Directors	Hironori Kamezawa	November 18, 1961	Member of the Board of Directors, President & Group CEO (Representative Corporate Executive) of Mitsubishi UFJ Financial Group, Inc.	One year from June 2020	-
Chairman of the Board of Directors (Representative of the Board of Directors) CAO (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 2020	-
Member of the Board of Directors President & CEO (Representative of the Board of Directors)	Kanetsugu Mike	November 4, 1956	Member of the Board of Directors, and Deputy Chairman (Representative Corporate Executive) of Mitsubishi UFJ Financial Group, Inc.	One year from June 2020	-

Title and position	Name	Date of birth	Major concurrent positions	Term	Number of shares of the Company held
Member of the Board of Directors Deputy President (Representative of the Board of Directors) In charge of Central Region of Japan	Akihiko Nakamura	November 21, 1959	-	One year from June 2020	-
Member of the Board of Directors Deputy President (Representative of the Board of Directors) Chief Executive, Japanese Corporate & Investment Banking Business Unit Group Head, Research & Advisory Group	Kenji Yabuta	April 27, 1960	Senior Managing Corporate Executive and Group Head, Japanese Corporate & Investment Banking Business Group, and Head of Unit, Research & Advisory Unit of Mitsubishi UFJ Financial Group, Inc.	One year from June 2020	-
Member of the Board of Directors Deputy President (Representative of the Board of Directors) 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 2020	-
Member of the Board of Directors Deputy President (Representative of the Board of Directors) Chief Executive, Global Corporate & Investment Banking Business Unit	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 2020	-
Member of the Board of Directors Senior Managing Executive Officer (Representative of the Board of Directors) Chief Executive, Global Commercial Banking Business Unit COO-I (In charge of Corporate Planning Division (Global Business) and Global Operations Planning Division)	Takayoshi Futae	January 16, 1961	Senior Managing Corporate Executive and Group Head, Global Commercial Banking Business Group of Mitsubishi UFJ Financial Group, Inc. Senior Managing Executive Officer of Mitsubishi UFJ Securities Holdings Co., Ltd.	One year from June 2020	-
Member of the Board of Directors Senior Managing Executive Officer (Representative of the Board of Directors) In charge of Western Region of Japan	Muneya Taniguchi	June 6, 1962	-	One year from June 2020	-
Member of the Board of Directors Senior Managing Executive Officer (Representative of the Board of Directors) CHRO (In charge of Human Resources Division)	Masakazu Ikeda	October 17, 1961	Managing Executive Officer of Mitsubishi UFJ Financial Group, Inc.	One year from June 2020	-

Title and position	Name	Date of birth	Major concurrent positions	Term	Number of shares of the Company held
Member of the Board of Directors Senior Managing Executive Officer (Representative of the Board of Directors) CRO (In charge of Corporate Risk Management Division) Principal Officer for credit management	Masahiro Kuwahara	November 11, 1962	Senior Managing Corporate Executive of Mitsubishi UFJ Financial Group, Inc.	One year from June 2020	-
Member of the Board of Directors Senior Managing Executive Officer (Representative of the Board of Directors) CFO (In charge of Corporate Planning Division (Budget & Resource Management Department) and Financial Planning Division)	Tetsuya Yonehana	February 10, 1964	Senior Managing Corporate Executive of Mitsubishi UFJ Financial Group, Inc.	One year from June 2020	-
Member of the Board of Directors Senior Managing Executive Officer (Representative of the Board of Directors) 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 2020	-
Member of the Board of Directors Managing Executive Officer (Representative of the Board of Directors) In charge of Office of Chairman of Japanese Bankers Association	Naomi Hayashi	March 16, 1965	Managing Corporate Executive of Mitsubishi UFJ Financial Group, Inc.	One year from June 2020	-
Member of the Board of Directors Managing Executive Officer (Representative of the Board of Directors) CCO (In charge of Global Compliance Division and Global Financial Crimes Division)	Junichi Hanzawa	January 19, 1965	Managing Corporate Executive of Mitsubishi UFJ Financial Group, Inc.	One year from June 2020	-
Member of the Board of Directors Managing Executive Officer (Representative of the Board of Directors) CIO (In charge of Information Systems Group)	Hiroki Kameda	May 17, 1965	Managing Corporate Executive of Mitsubishi UFJ Financial Group, Inc. President & CEO (Representative Director) of Mitsubishi UFJ Information Technology, Ltd.	One year from June 2020	-
Member of the Board of Directors Managing Executive Officer (Representative of the Board of Directors) CLO (In charge of Legal Division)	Hiroshi Mori	February 21, 1965	Managing Corporate Executive of Mitsubishi UFJ Financial Group, Inc.	One year from June 2020	-

Title and position	Name	Date of birth	Major concurrent positions	Term	Number of shares of the Company held
Member of the Board of Directors Managing Executive Officer (Representative of the Board of Directors) CSO (In charge of Corporate Planning Division (excluding Budget & Resource Management Department, Global Business and Office of Chairman of Japanese Bankers Association)) In charge of CPM and Corporate Administration Division, Managing Director, Head of Corporate Planning Division, and Managing Director, Head of Government & Regulatory Affairs Office, Corporate Planning Division	Yutaka Miyashita	October 11, 1967	Managing Executive Officer, Managing Director, Head of Corporate Planning Division, and Managing Director, Head of Government & Regulatory Affairs Office, Corporate Planning Division of Mitsubishi UFJ Financial Group, Inc.	One year from June 2020	-
Member of the Board of Directors Managing Executive Officer (Representative of the Board of Directors) CDTO (In charge of Digital Transformation Division) Managing Director, Head of Digital Transformation Division	Masakazu Osawa	June 20, 1968	Managing Corporate Executive, Managing Director, Head of Digital Transformation Division of Mitsubishi UFJ Financial Group, Inc. Representative of the Board of Directors & CEO of Global Open Network, Inc. Representative of the Board of Directors & Chairman of Global Open Network Japan, Inc.	One year from June 2020	-
Total	29 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 117 Executive Officers as of the submission date of the Annual Securities Report. All the Members of the Board of Directors listed above, except for Hironori Kamezawa, Kiyoshi Sono, Masahito Monguchi, Toshifumi Kitazawa, Shinichi Koide, Kenji Matsuo, Tadayuki Matsushige, Shigeo Ohyagi, Naoto Hirota, Akira Hamamoto, Takeshi Suzuki 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, Akira Hamamoto, Takeshi Suzuki 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 audit by the Audit & Supervisory Committee

A) Organizational structure, personnel

Ten Audit & Supervisory Committee Members (Of which, four are Full-time Audit & Supervisory Committee Members)

In order to support the duties of the Audit & Supervisory Committee, the Audit & Supervisory Committee Secretariat has been established as a dedicated staff organization.

B) Procedures related to audits

In accordance with the audit policies and division of duties formulated by the Audit & Supervisory Committee, each Audit & Supervisory Committee Member attends important meetings and interviews Directors, etc. on the execution status of their duties, inspects important approval documents, etc., investigates the status of operations and assets, and requests subsidiaries to report on their businesses, as necessary. Furthermore, when studying the financial statements and supplementary schedules, the Audit & Supervisory Committee Members receive reports and explanations from the Accounting Auditor, as well as endeavor to maintain close cooperation with the Accounting Auditor by regularly sharing information. Moreover, the Members endeavor to maintain close cooperation with the Internal Audit Division by regularly receiving explanations of the status and results of audits from the Internal Audit Division, and strive to carry out efficient audits.

C) Activities of the Audit & Supervisory Committee Members and Audit & Supervisory Committee

In the current fiscal year, the Bank held the Audit & Supervisory Committee meeting at least once a month. The attendance status of each Audit & Supervisory Committee Member is as follows:

Name	Position	No. of meetings	Times attended
Masato Monguchi (Chairperson)	Audit & Supervisory Committee Member (Outside)	15	15
Toshifumi Kitazawa (Note 1)	Audit & Supervisory Committee Member (Outside)	11	11
Shinichi Koide (Note 1)	Audit & Supervisory Committee Member (Outside)	11	11
Kenji Matsuo	Audit & Supervisory Committee Member (Outside)	15	14
Tadayuki Matsushige (Note 2)	Audit & Supervisory Committee Member (Outside)	15	15
Shigeo Ohyagi	Audit & Supervisory Committee Member (Outside)	15	15
Naoto Hirota	Full-time Audit & Supervisory Committee Member	15	15
Hiroaki Fujisue	Full-time Audit & Supervisory Committee Member	15	15
Akira Hamamoto (Note 1)	Full-time Audit & Supervisory Committee Member	11	11
Fumikazu Tatsumi	Full-time Audit & Supervisory Committee Member	15	15

(Notes) 1. Information above on Toshifumi Kitazawa, Shinichi Koide and Akira Hamamoto relate to the Audit & Supervisory Committee after they took office as Audit & Supervisory Committee Members of the Bank on

June 26, 2019.

2. Tadayuki Matsushige is a certified public accountant and has considerable knowledge of finance and accounting.

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

- Status of initiatives regarding important management strategies, measures and issues
- Compliance risks
- Global financial crime countermeasures
- Responses to customer-oriented business operations
- IT/Cyber
- Operational risks
- Internal controls over financial reporting
- Responses to stricter international financial regulations and overseas laws and regulations
- Responses to foreign currency liquidity risks
- Management systems of credit risk and other risks
- Ensuring effectiveness of audits by the Accounting Auditor

Audit & Supervisory Committee Members are mainly engaged in the following activities listed below, which are based on the audit and supervisory plan discussed above. For matters such as onsite visits to domestic and overseas sites, which are activities centered on Full-time Audit & Supervisory Committee Members, information is shared and opinions are exchanged with the Part-time Audit & Supervisory Committee Members through reporting at meetings of the Audit & Supervisory Committee.

- Attending management meetings and other important meetings and inspecting the minutes of such meetings
- Dialogue with presidents and corporate auditors (audit committee members) of domestic and overseas subsidiaries
- Dialogue with related divisions (business execution divisions, compliance risk management division, financial reporting control division, etc.)
- Dialogue with internal audit divisions and external auditor (Deloitte Touche Tohmatsu LLC)
- Dialogue with the President & CEO, etc.
- Dialogue with the parent company's members of the Audit Committee
- Visits to domestic and overseas sites and head office divisions, etc.
- Investigation of whistleblowing cases, etc.

2) Status of internal audit

The Bank defines the mission of internal audit to "provide an objective assurance, advice and opinion on a risk-focused basis, thereby contributing to enhancement of MUFG Group's value and to achievement of the 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 347 staff members (including those of overseas locations, but excluding those belonging to local companies) as of the end of March 2020. 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 the division in charge of internal audit, 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

The certified public accountants who have conducted accounting audit of the Bank for the fiscal year ended March 2020 (the 15th term) are Mr. Hidehito Goda, Mr. Hiroyuki Hamahara and Mr. Daisuke Konishi, who belong to Deloitte Touche Tohmatsu LLC. In addition, 67 certified public accountants, 59 persons who passed the certified public accountant examination, etc. and 56 other staff members have assisted the accounting audit of the Bank.

(Note) The Mitsubishi Bank, Limited signed an audit agreement in 1976 with Deloitte Touche Tohmatsu LLC (at that time, Nishikata Audit Corporation). The Bank of Tokyo-Mitsubishi, Ltd., which was established through a merger of The Mitsubishi Bank, Limited and The Bank of Tokyo, Ltd., and the Bank, which was established through a merger of The Bank of Tokyo-Mitsubishi, Ltd. and UFJ Bank Limited, have continued to enter into audit agreements with Deloitte Touche Tohmatsu LLC.

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

If an Accounting Auditor is deemed to fall under each item of Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Committee will consider the termination of the Accounting Auditor.

If it is deemed to be difficult for the Accounting Auditor to properly carry out its duties, the independence and qualification of the Accounting Auditor required by laws and regulations cannot be secured, or otherwise it is deemed to be necessary, the Audit & Supervisory Committee will consider submitting an agenda concerning termination and non-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 16th Term (from April 1, 2020 to March 31, 2021).

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	2,265	15	2,552	22
Consolidated subsidiaries	128	5	129	5
Total	2,393	21	2,681	28

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	968	26	997	129
Consolidated subsidiaries	1,498	190	1,400	222
Total	2,467	216	2,397	352

The non-audit services at the Bank are mainly verifying internal control and assurance services based on requests by local authorities, performed by Deloitte Touche Tohmatsu and Deloitte LLP.

In addition, the non-audit services at consolidated subsidiaries are mainly assessments of digital-related operations and data governance, performed by PT DC Solutions 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 motivate executives to contribute to the improvement in the Bank's performance, not only on a short-term basis but also from a medium-to-long-term perspective. Our policies are intended to further drive measures aimed at taking on the challenges of transformation initiatives while discouraging excessive risk-taking, with the aim of materializing the aforementioned management policies, strengthening competitiveness, and supporting sustainable growth as well as medium-to-long-term enhancement of our corporate value. In determining the amount of executive remuneration for executives at home and abroad, our process is highly objective and transparent and we take into consideration the business performance and financial soundness at the Bank as well as regulatory constraints, etc.

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 compensation mainly based on performance (proportion of stock compensation plus executive bonuses: approximately 67%) followed by the Chairman and the Deputy Chairman (both approximately 60%), Deputy President (approximately 50%), Senior Managing Executive Officer, Managing Executive Officer and other officers.
- Outside Directors who take on the role of supervising and monitoring management and Directors who serve as Audit & Supervisory Committee Members are excluded from the scope of stock compensation and executive bonuses in light of the nature of their duties.

<Overview of the Bank’s executive compensation system>

Type of compensation	Performance-based compensation	Performance-based compensation range	Standards for payment		Evaluation weight	Time of payment	Method of payment	Proportion of President's compensation
Annual base salary	fixed	—	- Paid based on position - Includes “Director Allowance,” “Committee Member (Committee Chairperson) Allowance,” “Overseas Representative Allowance,” etc.			Monthly	Cash	1
Stock compensation	non-performance based	—	Base amount by position			At the time of retirement of Executives	Shares 50% Cash 50% * Subject to malus and clawback	1
	medium- to long-term performance-based	0-150%	Base amount by position ×	Performance factor (medium- to long-term evaluation) Target attainment rate of indices below in MUFG medium-term business plan (1) MUFG’s consolidated ROE (2) MUFG’s onsolidated expense ratio Performance factor (single-year evaluation) Comparison of year-on-year growth rate of indices below with competitors (1) MUFG’s consolidated net business profits (2) MUFG’s profits attributable to owners of parent	<50%> 25% 25% <50%> 25% 25%	At the end of MUFG medium-term business plan		
Cash bonus	short-term performance-based	0-150%	Base amount by position ×	Performance factor (quantitative evaluation factor) *example of President & CEO Rate of year-on-year change and target attainment rate of indices below (1) The Bank’s consolidated net operating profits (2) Net income attributable to the shareholders of MUFG Bank (3) The Bank’s consolidated ROE (4) The Bank’s consolidated expense ratio Status of individual execution of duties (qualitative evaluation) *example of President & CEO - Enhancement of profitability of customer departments - Risk handling, etc.	<60%> 20% 10% 20% 10% <40%>	Annually	Cash	1

(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%)

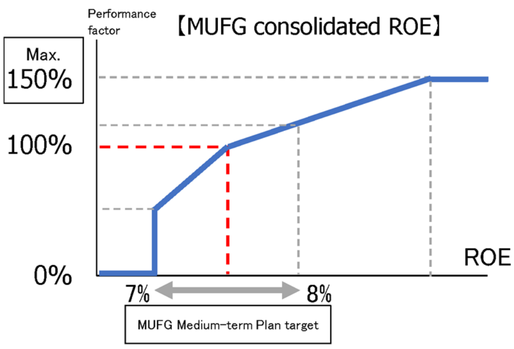
The growth rate of the Bank's "Consolidated net business profit," an indicator of profitability of the Group's primary line of business, as well as "Net income attributable to the shareholders of MUFG," the ultimate indicator of management performance, are compared on a relative scale with those of its 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.

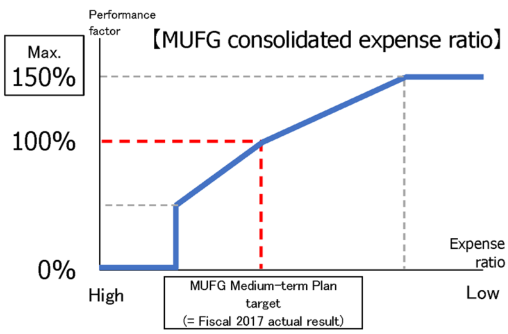
B) Medium-to-long-term evaluation portion (Evaluation weight: 50%)

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 evaluation criteria and evaluation approach are as follows.
    - The Bank's consolidated net operating profits (Evaluation weight: 20%)
    - Net income attributable to the shareholders of MUFG Bank (Evaluation weight: 10%)
    - The Bank's consolidated ROE (Evaluation weight: 20%)
    - The Bank's consolidated expense ratio (Evaluation weight: 10%)

With a view to further enhancing profitability and capital efficiency of the primary line of business, along with the improvement of the earnings structure, the most important management objectives of the Group, the rate of year-on-year change and target attainment rate (with the weighting balance of 1:1) of the four indicators above are used as evaluation criteria for annual business performance.

- The qualitative evaluation of the President, etc. involves selecting around five items such as "strengthening of profitability at customer business units," "progress of structural reform and strengthening of management foundation" and "management of various risks," evaluation per item reflecting the Key Performance Indicators (KPIs) for each item, and an eight-grade overall qualitative evaluation.
- Overall evaluation combining quantitative and qualitative evaluations for the President, etc. is based on a nine-grade method.
- Individual evaluation of the President, etc. is determined only by independent Outside Directors at MUFG's Compensation Committee.

(3) Other

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

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

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)	22	1,014	537	269	189	18
Directors who are Audit & Supervisory Committee Members (excluding Outside Directors)	5	261	254	6	-	-
Outside Officers	7	116	116	-	-	-

(Notes) 1. When the same person receives compensation as both a Director other than Audit & Supervisory Committee Member and Director who is an Audit & Supervisory Committee Member, the number of recipients is recorded in proportion to each category.

2. In addition to the above, the Bank paid retirement pension of ¥120 million and ¥6 million to the Inside Directors and Inside Corporate Auditors, respectively, who retired prior to June 2007.

3. 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, 2020.

4. 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		Target	Results			
				Fiscal 2018		Fiscal 2019	
				By indicator	Total	By indicator	Total
Single-year evaluation	・ Consolidated net business profit of MUFG	25%	Relative comparison with competitors	100%	120%	0%	0%
	・ Net income attributable to the shareholders of MUFG	25%		140%		0%	
Medium-to-long-term evaluation	・ Consolidated ROE of MUFG (MUFG standard)	25%	[fiscal 2020] 7-8%	–			
	・ Consolidated expense ratio of MUFG	25%	[fiscal 2020] below fiscal 2017 results (68%)				

5. Evaluation details of the executive bonus of the President & CEO for fiscal 2017 paid during fiscal 2018 as well as those for fiscal 2018 paid during fiscal 2019 are as follows. The same evaluation method is applied for fiscal 2019, in principle.

Performance-based indicator	Evaluation weight	Paid in fiscal 2018		Paid in fiscal 2019	
		Attainment rate	Payment rate	Attainment rate	Payment rate
<Overall evaluation>	100%	84.9%	75.0%	90.2%	75.0%
・ Quantitative evaluation (Combination of four indicators including the Bank's consolidated ROE)	60%	91.5%	–	100.4%	–
・ Qualitative evaluation	40%	75.0%	–	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 2019.

> ・ 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.:

Opinion

We have audited the consolidated financial statements of MUFG Bank, Ltd. and its subsidiaries (the "Bank"), which comprise the consolidated balance sheets as of March 31, 2020 and 2019, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended March 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Bank as of March 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended March 31, 2020 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Bank in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Calculation of Allowance for Credit Losses in Lending Business

2. Valuation of Goodwill and Other Intangible Fixed Assets Associated with Acquisition and Investment

1. Calculation of Allowance for Credit Losses in Lending Business

The Bank is engaged in lending business as one of its core businesses. There is a risk of not collecting all or part of the loan amount due to credit events such as borrower's bankruptcy in the lending business. The Bank maintains an allowance for credit losses to absorb probable losses inherent in the loan portfolio. The amount of allowance for credit losses on the consolidated balance sheet was ¥612.5 billion as of March 31, 2020. For details of the Bank's accounting policy for allowance for credit losses, refer to "Note 2.(8) to the consolidated financial statements, Summary of Significant Accounting Policies—Allowance for Credit Losses."

The description of the key audit matter and why the matter was determined to be a key audit matter

The allowance for credit losses is determined in accordance with the predetermined self-assessment standards and internal standards for write-offs and provisions. However, the calculation process includes various estimates, such as the determination of borrower's internal credit ratings which is based on an evaluation and classification of the borrowers' debt service capacity, assessment of the collateral secured from borrowers, and adjustments for future loss projections and other factors onto the loss rate calculated based on the historical credit loss experiences.

In particular, the borrowers' internal credit ratings, which are a significant factor in the determination of allowance for credit losses, are highly dependent on the estimation of the borrowers' future performance and business sustainability in case the borrower faces poor business performance and financial difficulties. As such estimation of the particular borrowers' future performance and business sustainability is affected by changes in the borrowers' external and internal business environment, there is a high degree of uncertainty and subjective judgment made by management.

In addition, the amount of allowance recorded in response to the COVID-19 outbreak described in "Additional information" (hereinafter referred to as "the amount of additional allowance") is calculated by estimating the increase in credit risk, which has not yet been reflected onto the borrowers' financial information, taking into consideration the impact of the COVID-19 outbreak on the borrowers. The calculation process includes assumptions regarding which borrowers (certain industries and regions) are expected to have a significant impact on their future performance by the outbreak of COVID-19, and a collective estimate on downward transition of borrowers' internal credit ratings in those certain industries and regions due to deteriorating borrowers' future performance. These significant assumptions and estimates reflect the assumptions made by management relating to the severity and duration of COVID-19. There is a high degree of uncertainty and subjective judgment made by the management due to the difficulty in obtaining objective information and the lack of consensus relating to the severity and duration of the COVID-19.

There is a potential risk that the allowance for credit losses will not be appropriately determined, if borrowers' credit risks are not appropriately reflected in the significant estimation made by management and the assumptions used in such estimation of the determination of particular borrowers' internal credit ratings and the amount of additional allowance. Therefore, we identified the appropriateness of particular borrowers' internal credit ratings and the amount of additional allowance including these significant estimates and the related assumptions as our key audit matter.

How the key audit matter was addressed in the audit

For the key audit matter, we tested the effectiveness of the controls over the determination of particular borrowers' internal credit ratings and the amount of additional allowance. We also obtained data used in determining particular borrowers' internal credit ratings and the amount of additional allowance and tested the appropriateness of such data.

For particular borrowers' internal credit ratings, we tested the effectiveness of controls, including the review and approval over borrowers' internal credit ratings in accordance with the internal standards. In addition, we tested the effectiveness of the controls over the completeness and accuracy of the key data associated with borrowers' underlying information used in performing the aforementioned controls.

In addition, for particular borrowers whose internal credit ratings are highly dependent on the estimation of the borrowers' future performance, we tested the appropriateness of the borrowers' underlying information for determining the borrowers' internal credit ratings. We also identified significant assumptions applied by management to the estimation of the borrowers' future performance, and with the assistance of our or our network firm's credit specialists, we evaluated the reasonableness of the particular borrower's internal credit ratings by comparing those significant assumptions with available external information.

For the amount of additional allowance, we tested the effectiveness of the controls such as review and approval over the determination of the amount of additional allowance in accordance with internal policies. In addition, we tested the effectiveness of the controls over the accuracy and completeness of key underlying data associated with borrowers' information used in performing the aforementioned controls.

For the selection of borrowers (certain industries and regions) expected to be affected significantly by the outbreak of COVID-19 and the extent of downward transition of borrowers' internal credit ratings within these industries and regions, we evaluated the reasonableness of these assumptions with the assistance of our or our network firm's credit specialists by comparing with available external information.

2. Valuation of Goodwill and Other Intangible Fixed Assets Associated with Acquisition and Investment

As part of the global strategies, the Bank has executed multiple large-scale acquisitions, investments, and capital alliances. The Bank acquired an additional equity interest of PT Bank Danamon Indonesia, Tbk. ("Bank Danamon") and PT Bank Nusantara Parahyangan, Tbk. ("Bank BNP") which is a consolidated subsidiary of Mitsubishi UFJ Financial Group, Inc., the wholly-owning parent company of the Bank. Consequently, Bank Danamon and Bank BNP became the consolidated subsidiaries of MUFG Bank, Ltd. Furthermore, the absorption-type merger, in which Bank Danamon is the surviving bank and Bank BNP is the absorbed bank, was completed. (Becoming a subsidiary through a series of additional stock acquisitions or merger of two companies is referred to as "business combination transactions.") The Bank recorded large amounts of goodwill and other intangible fixed assets on the consolidated balance sheet through the business combination transactions. As the fair value measurement of intangible fixed assets includes complex estimates that require specialized knowledge, there is a risk that fair value of intangible fixed assets is not properly estimated. Also, there is a risk of a large amount of losses by the goodwill impairment as the Bank does not obtain expected synergies and other effects initially assumed due to various reasons such as unexpected changes in the region and industry of the investees. For the details of goodwill and other intangible fixed assets recognized as assets in the fiscal year ended March 31, 2020, refer to "Note 28 to the consolidated financial statements, Business Combination or Divestitures."

(1) Valuation of intangible fixed assets recorded due to business combination transaction

<u>The description of the key audit matter and why the matter was determined to be a key audit matter</u>

Intangible fixed assets recorded as a result of business combination transactions include "Relationships with Agents" (fair value of ¥79.5 billion on the business combination date). The fair value of these intangible fixed assets on the business combination date is estimated as the present value of the future cash flows generated from the asset, and various estimates and assumptions are taken into account for the estimation process.

Specifically, the growth rate of loan origination amounts reflecting market growth forecasts and the attrition rate of existing agents based on the historical actual results are taken into consideration as important factors for estimating future cash flows. In addition, the risk in which the future cash flows differ from the estimate is taken into consideration in the discount rate. Determination of these significant estimates and assumptions require specialized knowledge of corporate valuation. Furthermore, these factors fluctuate mainly due to external factors such as market and customer conditions, and therefore, there is a high degree of uncertainty and subjective judgment made by management.

There is a potential risk that the acquisition cost of intangible fixed assets at the time of business combination was not properly measured, in the case significant estimates or assumptions used in making the estimate of the fair value of the intangible fixed assets described above are not appropriate. Therefore, we identified appropriateness of fair value of the intangible fixed assets, which includes significant estimates and relevant assumptions, as our key audit matter.

How the key audit matter was addressed in the audit

For the key audit matter, we tested the effectiveness of internal controls related to the valuation of intangible fixed assets. We additionally obtained the results of the fair value estimated by management and examined the appropriateness of it.

We tested the effectiveness of internal controls, including review and approval, over the growth rate of loan origination amounts reflecting market growth forecast, the attrition rate of existing agents estimated based on historical actual results, and the discount rate applied to estimation of future cash flows. In addition, we tested the effectiveness of internal controls over the completeness and accuracy of key underlying data used in performing the aforementioned controls. Moreover, with the assistance of our or our network firm's fair value specialists, we evaluated the reasonableness of the growth rate of loan origination amounts, the attrition rate of existing agents estimated based on historical actual results, and the discount rate applied to estimation of future cash flows by evaluating whether they were appropriately estimated to reflect the circumstances inherent to the entity, which includes comparison them with available external information.

(2) Whether impairment of goodwill recognized at the acquisition of Bank Danamon is necessary or not

The description of the key audit matter and why the matter was determined to be a key audit matter

The Bank recognized a goodwill of ¥234.7 billion on the business combination date, for Bank Danamon, which became a consolidated subsidiary in April 2019. After the business combination, the market price of shares of Bank Danamon, a listed subsidiary, has continued to decline significantly compared to the acquisition cost, and management identified the decline as an indicator for impairment of Bank Danamon's goodwill in accordance with "Accounting Standards for Impairment of Fixed Assets" (Business Accounting Council, August 9, 2002). In determining whether or not to recognize impairment of goodwill, in other words, determining whether the profitability expected at initial investment in Bank Danamon has declined and whether the collection for the full amount of investment is no longer likely, the management estimated undiscounted future cash flows that are likely to be obtained from its investments in Bank Danamon. The total amount of undiscounted future cash flows is estimated based on Bank Danamon's business plan, reflecting assumptions about growth rates of future market and the Indonesian economy. The estimation of future cash flows reflecting these assumptions is performed over a long period of time, and fluctuates mainly due to external factors such as market conditions. Therefore, there is a high degree of uncertainty and subjective judgment made by management.

There is a potential risk that the impairment loss on the goodwill was not appropriately recognized, in the case the significant estimates or assumptions used in determining whether or not to recognize the impairment of the goodwill described above are not appropriate. Therefore, we identified whether or not to recognize the impairment of the goodwill for Bank Danamon with these significant estimates and assumptions as our key audit matter.

As a result of determining whether or not to recognize impairment of goodwill of Bank Danamon based on the accounting standard described above, the management determined that such recognition is not necessary. However, as described in "Note 21 to the consolidated financial statements, Other Expenses," goodwill of Bank Danamon was fully amortized at the end of the current consolidated fiscal year in accordance with Paragraph 32 of the "Practical Guidelines for Capital Consolidation Procedures in Consolidated Financial Statements" (the Japan Institution of Certified Public Accountant Accounting Committee report No. 7, in May 12, 1998, final revision in February 16, 2018).

How the key audit matter was addressed in the audit

For the key audit matter, we understood goodwill impairment indicators identified by management, including a decline of the market price of Bank Danamon's shares. We tested the effectiveness of the internal controls over the estimation of undiscounted future cash flows. We additionally obtained the results of the estimation of undiscounted future cash flows, and examined the appropriateness of it.

We tested the effectiveness of internal controls, including review and approval, over Bank Danamon's business plan and the growth rate of future markets and the Indonesian economy that were applied to estimation of undiscounted future cash flows. In addition, we tested the effectiveness of internal controls over the completeness and accuracy of key underlying data used in performing the aforementioned controls.

With the assistance of our or our network firm's fair value specialists, we evaluated the reasonableness of the assumptions related to the growth rate of the future markets and the Indonesian economy that were applied to estimation of undiscounted future cash flows by comparing them with available external information. Moreover, we compared Bank Danamon's business plan with the available historical actual performance results, and evaluated retrospectively the achievement of the past business plans.

Furthermore, we reviewed the disclosures of the consolidated financial statements related to the acquisition of Bank Danamon and the amortization of goodwill and tested whether significant accounting events which occurred during the current consolidated fiscal year were completely and accurately disclosed in the consolidated financial statements.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Bank to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit and Supervisory Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Bank which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Deloitte Touche Tohmatsu LLC

June 24, 2020

Consolidated Financial Statements

MUFG Bank, Ltd. and Subsidiaries

Consolidated Balance Sheets
As of March 31, 2020 and 2019

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2020	2019	2020
ASSETS:			
Cash and due from banks (Notes 3, 4, 11 and 26)	¥ 63,234,971	¥ 60,389,520	$ 581,044
Call loans and bills bought (Note 26)	872,194	469,960	8,014
Receivables under resale agreements (Note 26)	12,947,807	4,521,292	118,973
Receivables under securities borrowing transactions (Note 26)	731,916	606,900	6,725
Monetary claims bought (Notes 4 and 26)	4,329,234	5,103,617	39,780
Trading assets (Notes 4, 11 and 26)	8,060,606	5,969,639	74,066
Money held in trust (Notes 5 and 26)	54,821	29,558	504
Securities (Notes 4, 6, 10, 11 and 26)	52,901,496	50,189,861	486,093
Loans and bills discounted (Notes 7, 11, 12, 26 and 29)	105,358,628	103,663,457	968,103
Foreign exchange (Note 26)	1,654,276	2,073,541	15,201
Tangible fixed assets (Note 8):	1,024,423	1,059,546	9,413
Buildings	281,998	298,335	2,591
Land (Note 9)	578,396	567,714	5,315
Lease assets (Note 23)	9,604	9,911	88
Construction in progress	34,323	33,253	315
Other tangible fixed assets	120,101	150,330	1,104
Intangible fixed assets:	916,047	869,120	8,417
Software	377,451	344,066	3,468
Goodwill	87,424	222,562	803
Lease assets (Note 23)	1	63	0
Other intangible fixed assets	451,170	302,427	4,146
Asset for retirement benefits (Note 15)	419,248	492,978	3,852
Deferred tax assets (Note 22)	77,332	58,920	711
Customers' liabilities for acceptances and guarantees (Note 10)	7,528,402	8,201,459	69,176
Other assets (Note 29)	10,919,638	10,202,294	100,337
Allowance for credit losses (Note 26)	(612,535)	(589,512)	(5,628)
Total assets	¥ 270,418,512	¥ 253,312,157	$ 2,484,779

MUFG Bank, Ltd. and Subsidiaries

Consolidated Balance Sheets
As of March 31, 2020 and 2019

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2020	2019	2020
LIABILITIES:			
Deposits (Notes 11 and 26)	¥ 177,613,234	¥ 170,388,019	$ 1,632,025
Negotiable certificates of deposit (Note 26)	5,596,531	7,101,065	51,425
Call money and bills sold (Note 26)	1,223,100	127,123	11,239
Payables under repurchase agreements (Notes 11 and 26)	17,120,945	15,189,082	157,318
Payables under securities lending transactions (Notes 11 and 26)	73,620	10,907	676
Commercial paper (Notes 13 and 26)	1,530,833	1,383,962	14,066
Trading liabilities (Notes 11 and 26)	3,376,204	3,153,086	31,023
Borrowed money (Notes 11, 13, 26 and 29)	30,521,462	22,307,529	280,451
Foreign exchange (Note 26)	2,437,007	2,442,792	22,393
Bonds payable (Notes 11, 14 and 26)	2,998,345	2,888,748	27,551
Reserve for employee bonuses	57,244	46,384	526
Reserve for bonuses to directors	789	115	7
Reserve for stocks payment	5,014	4,931	46
Liability for retirement benefits (Note 15)	76,186	49,973	700
Reserve for retirement benefits to directors	407	397	4
Reserve for loyalty award credits	12,449	10,698	114
Reserve for contingent losses (Note 16)	69,771	118,335	641
Deferred tax liabilities (Notes 6 and 22)	533,908	603,395	4,906
Deferred tax liabilities for land revaluation (Note 9)	103,409	110,060	950
Acceptances and guarantees (Note 10)	7,528,402	8,201,459	69,176
Other liabilities (Notes 13 and 29)	7,254,136	6,304,519	66,656
Total liabilities	¥ 258,133,007	¥ 240,442,589	$ 2,371,892
EQUITY (Notes 17, 18 and 25):			
Capital Stock			
Common stock:			
Authorized, 33,000,000 thousand shares;			
issued, 12,350,038 thousand shares in 2020 and 2019, with no stated value	¥ 1,586,958	¥ 1,586,958	$ 14,582
Preferred stock:			
Authorized, 1,157,700 thousand shares;			
issued, 357,700 thousand shares in 2020 and 2019, with no stated value	125,000	125,000	1,149
Capital surplus	3,674,512	3,670,720	33,764
Retained earnings	5,076,746	5,223,343	46,648
Treasury stock—at cost, 357,700 thousand shares in 2020 and 2019	(645,700)	(645,700)	(5,933)
Total shareholders' equity	9,817,517	9,960,322	90,210
Accumulated other comprehensive income:			
Net unrealized gain on available-for-sale securities (Notes 4 and 6)	1,485,339	1,690,999	13,648
Net deferred gain on derivatives under hedge accounting	313,523	165,125	2,881
Land revaluation surplus (Note 9)	202,845	212,725	1,864
Foreign currency translation adjustments	127,868	151,092	1,175
Defined retirement benefit plans (Note 15)	(88,678)	15,745	(815)
Total accumulated other comprehensive income	2,040,899	2,235,688	18,753
Noncontrolling interests	427,088	673,557	3,924
Total equity	12,285,505	12,869,567	112,887
Total liabilities and equity	¥ 270,418,512	¥ 253,312,157	$ 2,484,779

See the accompanying notes to consolidated financial statements.

MUFG Bank, Ltd. and Subsidiaries

Consolidated Statements of Income
For the Fiscal Years Ended March 31, 2020, 2019 and 2018

	Millions of Yen			Millions of U.S. Dollars (Note 1)
	2020	2019	2018	2020
INCOME:				
Interest income:				
Interest on loans and bills discounted	¥ 2,153,456	¥ 2,144,813	¥ 1,733,712	$ 19,787
Interest and dividends on securities	517,145	469,610	423,454	4,752
Interest on call loans and bills bought	12,191	11,540	11,120	112
Interest on receivables under resale agreements	115,931	90,090	66,457	1,065
Interest on receivables under securities borrowing transactions	15,902	13,053	7,023	146
Interest on due from banks	135,269	154,372	109,694	1,243
Other interest income	296,272	298,015	243,747	2,722
Trust fees	12,810	13,071	13,652	118
Fees and commissions	899,136	885,498	903,457	8,262
Trading income	43,760	44,748	83,974	402
Other operating income	848,821	346,084	344,701	7,800
Other income (Note 20)	347,502	398,355	341,740	3,193
Total income	5,398,200	4,869,257	4,282,736	49,602
EXPENSES:				
Interest expenses:				
Interest on deposits	674,609	564,010	384,639	6,199
Interest on negotiable certificates of deposit	118,958	103,856	67,016	1,093
Interest on call money and bills sold	4,102	8,501	5,794	38
Interest on payables under repurchase agreements	175,551	219,900	118,458	1,613
Interest on payables under securities lending transactions	1,441	1,517	1,524	13
Interest on commercial paper	41,445	35,868	20,570	381
Interest on borrowed money	254,590	215,204	99,897	2,339
Interest on bonds payable	107,580	100,505	93,067	989
Other interest expenses	262,868	325,548	218,019	2,415
Fees and commissions	197,518	186,891	180,294	1,815
Trading expenses	470	1,801	986	4
Other operating expenses	469,687	208,758	124,762	4,316
General and administrative expenses	1,912,939	1,848,282	1,840,713	17,577
Provision for allowance for credit losses	107,966	–	–	992
Other expenses (Note 21)	728,079	236,190	283,339	6,690
Total expenses	5,057,809	4,056,838	3,439,084	46,474
Income before income taxes	340,391	812,419	843,651	3,128
Income taxes (Note 22):				
Current	196,788	155,166	205,415	1,808
Deferred	4,047	1,875	20,280	37
Total income taxes	200,836	157,041	225,695	1,845
Net income before attribution of noncontrolling interests	139,555	655,377	617,956	1,282
Net income attributable to noncontrolling interests	41,634	42,940	42,695	383
Net income attributable to the shareholders of MUFG Bank	¥ 97,921	¥ 612,437	¥ 575,260	$ 900

	Yen			U.S. Dollars
	2020	2019	2018	2020
Per share of common stock (Notes 18 and 25):				
Basic earnings per common share	¥ 7.92	¥ 49.58	¥ 46.57	$ 0.07
Diluted earnings per common share	7.92	49.58	46.57	0.07
Cash dividends applicable to the year per common share	26.16	8.51	31.92	0.24

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, 2020, 2019 and 2018

	Millions of Yen			Millions of U.S. Dollars (Note 1)
	2020	2019	2018	2020
Net income before attribution of noncontrolling interests	¥ 139,555	¥ 655,377	¥ 617,956	$ 1,282
Other comprehensive (loss) income (Note 24):				
Net unrealized (loss) gain on available-for-sale securities	(212,609)	(131,894)	225,347	(1,954)
Net deferred gain (loss) on derivatives under hedge accounting	148,575	109,216	(83,500)	1,365
Land revaluation surplus	–	–	(57)	–
Foreign currency translation adjustments	(21,876)	(61,088)	(33,900)	(201)
Defined retirement benefit plans	(103,827)	(57,107)	137,958	(954)
Share of other comprehensive income (loss) in affiliates accounted for using the equity method	20,414	(27,320)	(3,928)	188
Total other comprehensive (loss) income	(169,323)	(168,194)	241,919	(1,556)
Comprehensive (loss) income	¥ (29,768)	¥ 487,183	¥ 859,875	$ (274)
Total comprehensive (loss) income attributable to:				
The shareholders of MUFG Bank	¥ (86,988)	¥ 449,773	¥ 804,273	$ (799)
Noncontrolling interests	57,219	37,410	55,602	526

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, 2020, 2019 and 2018

	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, 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
Accumulated effects of changes in accounting policies	–	–	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 of changes in accounting policies	–	–	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, APRIL 1, 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
Accumulated effects of changes in accounting policies	–	–	(18,759)	–	(18,759)	–	–	–	–	–	–	–	(18,759)
BALANCE, APRIL 1, 2019 (as restated)	1,711,958	3,670,720	5,204,583	(645,700)	9,941,562	1,690,999	165,125	212,725	151,092	15,745	2,235,688	673,557	12,850,807
Dividends paid	–	–	(235,638)	–	(235,638)	–	–	–	–	–	–	–	(235,638)
Net income attributable to the shareholders of MUFG Bank	–	–	97,921	–	97,921	–	–	–	–	–	–	–	97,921
Reversal of land revaluation surplus	–	–	9,879	–	9,879	–	–	–	–	–	–	–	9,879
Changes in equity of consolidated subsidiaries	–	3,792	–	–	3,792	–	–	–	–	–	–	–	3,792
Other changes in the year	–	–	–	–	–	(205,660)	148,398	(9,879)	(23,224)	(104,423)	(194,789)	(246,468)	(441,257)
BALANCE, MARCH 31, 2020	¥ 1,711,958	¥ 3,674,512	¥ 5,076,746	¥ (645,700)	¥ 9,817,517	¥ 1,485,339	¥ 313,523	¥ 202,845	¥ 127,868	¥ (88,678)	¥ 2,040,899	¥ 427,088	¥ 12,285,505

	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, 2019	$ 15,731	$ 33,729	$ 47,995	$ (5,933)	$ 91,522	$ 15,538	$ 1,517	$ 1,955	$ 1,388	$ 145	$ 20,543	$ 6,189	$ 118,254
Accumulated effects of changes in accounting policies	–	–	(172)	–	(172)	–	–	–	–	–	–	–	(172)
BALANCE, APRIL 1, 2019 (as restated)	15,731	33,729	47,823	(5,933)	91,349	15,538	1,517	1,955	1,388	145	20,543	6,189	118,081
Dividends paid	–	–	(2,165)	–	(2,165)	–	–	–	–	–	–	–	(2,165)
Net income attributable to the shareholders of MUFG Bank	–	–	900	–	900	–	–	–	–	–	–	–	900
Reversal of land revaluation surplus	–	–	91	–	91	–	–	–	–	–	–	–	91
Changes in equity of consolidated subsidiaries	–	35	–	–	35	–	–	–	–	–	–	–	35
Other changes in the year	–	–	–	–	–	(1,890)	1,364	(91)	(213)	(960)	(1,790)	(2,265)	(4,055)
BALANCE, MARCH 31, 2020	$ 15,731	$ 33,764	$ 46,648	$ (5,933)	$ 90,210	$ 13,648	$ 2,881	$ 1,864	$ 1,175	$ (815)	$ 18,753	$ 3,924	$ 112,887

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, 2020, 2019 and 2018

	Millions of Yen			Millions of U.S. Dollars (Note 1)
	2020	2019	2018	2020
OPERATING ACTIVITIES:				
Income before income taxes	¥ 340,391	¥ 812,419	¥ 843,651	$ 3,128
Adjustments for:				
Income taxes paid	(179,352)	(228,358)	(167,655)	(1,648)
Income taxes refunds	55,381	18,107	28,885	509
Depreciation and amortization	237,942	219,370	220,839	2,186
Impairment loss on fixed assets	58,849	30,756	53,493	541
Amortization of goodwill	384,542	16,344	16,368	3,533
Equity in losses (earnings) of the equity method investees	2,468	(14,401)	(25,456)	23
Increase (decrease) in allowance for credit losses	11,873	(85,474)	(142,118)	109
Increase in reserve for employee bonuses	6,867	3,373	4,527	63
(Decrease) increase in reserve for bonuses to directors	(77)	18	(17)	(1)
Increase (decrease) in reserve for stocks payment	83	(364)	293	1
Decrease (increase) in asset for retirement benefits	83,126	(40,922)	(74,172)	764
Increase in liability for retirement benefits	3,661	1,051	424	34
Increase (decrease) in reserve for retirement benefits to directors	10	(15)	(50)	0
Increase in reserve for loyalty award credits	628	267	77	6
(Decrease) increase in reserve for contingent losses	(48,269)	(53,852)	5,824	(444)
Interest income (accrual basis)	(3,246,169)	(3,181,497)	(2,595,210)	(29,828)
Interest expenses (accrual basis)	1,641,147	1,574,913	1,008,988	15,080
Gains on securities	(539,562)	(155,040)	(105,819)	(4,958)
(Gains) losses on money held in trust	(7,779)	563	1,193	(71)
Foreign exchange losses (gains)	517,568	(197,258)	433,701	4,756
(Gains) losses on disposition of fixed assets	(3,770)	1,946	4,404	(35)
(Increase) decrease in trading assets	(2,097,488)	78,318	651,876	(19,273)
Increase (decrease) in trading liabilities	227,705	(53,808)	(1,114,905)	2,092
Adjustment of unsettled trading accounts	143,119	278,408	(49,526)	1,315
Net (increase) decrease in loans and bills discounted	(46,714)	119,166	1,353,447	(429)
Net increase in deposits	6,222,769	8,573,538	7,527,916	57,179
Net (decrease) increase in negotiable certificates of deposit	(1,502,486)	1,631,891	(1,165,347)	(13,806)
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	6,919,368	3,219,469	(516,173)	63,580
Net increase in call loans, bills bought and receivables under resale agreements	(8,198,975)	(7,366,008)	(1,516,866)	(75,337)
Net (increase) decrease in receivables under securities borrowing transactions	(132,863)	4,441,508	1,147,703	(1,221)
Net increase in call money, bills sold and payables under repurchase agreements	3,053,539	4,750,817	2,924,116	28,058
Net increase (decrease) in commercial paper	147,421	(56,403)	(250,111)	1,355
Net increase (decrease) in payables under securities lending transactions	62,399	(5,727,786)	2,621,767	573
Net decrease (increase) in foreign exchange assets	503,700	771,379	(828,866)	4,628
Net (decrease) increase in foreign exchange liabilities	(6,218)	255,482	28,151	(57)
Net decrease in straight bonds due to issuance and redemption	(52,807)	(563,731)	(650,441)	(485)
Interest and dividends received (cash basis)	3,337,921	3,201,491	2,632,706	30,671
Interest paid (cash basis)	(1,647,616)	(1,528,609)	(994,204)	(15,139)
Other-net	238,087	(131,112)	(887,583)	2,188
Total adjustments	6,150,032	9,803,537	9,582,180	56,510
Net cash provided by operating activities	¥ 6,490,423	¥ 10,615,956	¥ 10,425,832	$ 59,638

MUFG Bank, Ltd. and Subsidiaries

Consolidated Statements of Cash Flows
For the Fiscal Years Ended March 31, 2020, 2019 and 2018

	Millions of Yen			Millions of U.S. Dollars (Note1)
	2020	2019	2018	2020
INVESTING ACTIVITIES:				
Purchases of securities	¥ (82,209,850)	¥ (57,560,831)	¥ (64,624,666)	$ (755,397)
Proceeds from sales of securities	59,148,419	28,835,551	27,565,799	543,494
Proceeds from redemption of securities	19,971,291	22,864,738	36,004,827	183,509
Payments for increase in money held in trust	(23,413)	(20,830)	(25,290)	(215)
Proceeds from decrease in money held in trust	5,368	20,091	19,097	49
Purchases of tangible fixed assets	(72,409)	(96,440)	(133,308)	(665)
Purchases of intangible fixed assets	(224,726)	(177,850)	(138,122)	(2,065)
Proceeds from sales of tangible fixed assets	42,221	9,025	8,041	388
Proceeds from sales of intangible fixed assets	4,229	622	697	39
Payments for business transfers (Note 3)	(559,561)	(1,750,558)	–	(5,142)
Payments for purchases of stocks of subsidiaries resulting in change in the scope of consolidation (Note 3)	(255,077)	(1,106)	–	(2,344)
Proceeds from sales of stocks of subsidiaries resulting in change in the scope of consolidation	58,701	–	–	539
Payments for sales of stocks of subsidiaries resulting in change in the scope of consolidation	–	–	(1,329)	–
Other-net	(990)	(596)	(464)	(9)
Net cash used in investing activities	(4,115,796)	(7,878,185)	(1,324,719)	(37,819)
FINANCING ACTIVITIES:				
Proceeds from subordinated borrowings	1,465,611	330,000	663,000	13,467
Repayments of subordinated borrowings	(173,369)	(95,328)	(209,186)	(1,593)
Proceeds from issuance of subordinated bonds and bonds with subscription rights to shares	68,337	–	110,434	628
Payments for redemption of subordinated bonds and bonds with subscription rights to shares	(33,241)	(10,220)	(242,296)	(305)
Proceeds from issuance of common stock to noncontrolling interests	6,021	4,070	3,363	55
Repayments to noncontrolling interests	–	–	(16)	–
Payments for redemption of preferred stocks	(330,000)	(122,000)	(150,000)	(3,032)
Cash dividends paid	(235,638)	(128,934)	(412,738)	(2,165)
Cash dividends paid to noncontrolling interests	(28,397)	(29,552)	(33,657)	(261)
Payments for purchases of stocks of subsidiaries not resulting in change in the scope of consolidation	–	(13,889)	–	–
Net cash provided by (used in) financing activities	739,323	(65,856)	(271,096)	6,793
Effect of foreign exchange rate changes on cash and cash equivalents	(270,868)	28,954	(248,035)	(2,489)
Net increase in cash and cash equivalents	2,843,083	2,700,869	8,581,980	26,124
Cash and cash equivalents, beginning of year	60,389,520	57,688,651	49,105,070	554,898
Increase in cash and cash equivalents due to new consolidation (Note 3)	2,368	–	1,600	22
Cash and cash equivalents, end of year (Note 3)	¥ 63,234,971	¥ 60,389,520	¥ 57,688,651	$ 581,044

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 2019 and 2018 consolidated financial statements to conform to the classifications used in 2020.

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 ¥108.83 to U.S. $1, the approximate rate of exchange as of March 31, 2020. 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 121 and 127 subsidiaries as of March 31, 2020 and 2019, respectively.

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

Investments in 42 and 44 affiliates were accounted for using the equity method as of March 31, 2020 and 2019, 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, 2020 and 2019 were as follows:

As of March 31, 2020 and 2019:
MUFG Americas Holdings Corporation ("MUAH")
Bank of Ayudhya Public Company Limited ("Krungsri")

Changes in the subsidiaries in the fiscal year ended March 31, 2020 were as follows:
PT Bank Danamon Indonesia, Tbk. and eight other companies were newly included in the scope of consolidation due to the transfer from the scope of application of the equity method or other reasons. In addition, Mitsubishi UFJ Capital II Limited Partnership and 14 other companies were excluded from the scope of consolidation due to liquidation or other reasons.

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

b) There were no unconsolidated subsidiaries as of March 31, 2020 and 2019.

c) The companies that were not regarded as subsidiaries, although the majority of voting rights were owned by the Bank as of March 31, 2020 and 2019 were as follows:

A&M Medical Development Limited Liability Company and ARM Medical Development Limited Liability Company were not regarded as subsidiaries, 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, 2020 and 2019.

2) Application of the equity method
a) There were no unconsolidated subsidiaries accounted for using the equity method as of March 31, 2020 and 2019.

b) Major affiliates accounted for using the equity method as of March 31, 2020 and 2019 were as follows:

As of March 31, 2020:
Vietnam Joint Stock Commercial Bank for Industry and Trade
Security Bank Corporation

As of March 31, 2019:
PT Bank Danamon Indonesia, Tbk. ("Bank Danamon")
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, 2020 were as follows:
PT Asuransi Adira Dinamika was newly included in the scope of the equity method due to the transfer from the scope of application of consolidation. In addition, Bank Danamon and two other companies were excluded from the scope of application of the equity method due to the transfer to the scope of consolidation or other reasons.

Changes in the affiliates accounted for using the equity method for the fiscal year ended March 31, 2019 were as follows:
Bank Danamon and three other companies were included in the scope of the equity method due to acquisition of shares or other reasons. In addition, Dah Sing Financial Holdings Limited and seven other 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 or other reasons.

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) 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 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) 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, 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. Consolidation of Bank Danamon is described in Note 28 "BUSINESS COMBINATIONS OR DIVESTITURES."

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 ended date of investee Bank Danamon is December 31, which is different from the consolidated fiscal year ended 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
Consideration for acquisition	Cash and due from banks	¥271,290
Expenses directly required for acquisition	Advisory fees, etc.	1,890
Acquisition cost		¥273,181

bb. Amount of goodwill generated, its cause, amortization method and period of amortization
Amount of goodwill generated:
¥96,837 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.

c) There were no unconsolidated subsidiaries not accounted for using the equity method as of March 31, 2020 and 2019.

d) There were no affiliates not accounted for using the equity method as of March 31, 2020 and 2019.

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, 2020:
Eil Inc.
Reborna Biosciences, Inc.
Fun Place Co., Ltd.
Alchemedicine, Inc.
Kamui Pharma Co., Ltd.
HuLa immune Inc.
GEXVal Inc.
Vermillion Therapeutics, Inc.

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

3) The fiscal year ended dates of subsidiaries

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

	Number of subsidiaries	
	2020	2019
October 31	–	1
December 31	83	85
January 24	1	3
March 31	37	38

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

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

Adjustments were made in the consolidated financial statements to reflect significant transactions within the Group occurring in the period between the fiscal year ended dates of subsidiaries and March 31, 2020 and 2019.

(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 ("U.S. GAAP") to be used for the consolidation process with certain adjustments.

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

(3) Cash and Cash Equivalents

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

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

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

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

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

Non-marketable equity securities are stated at acquisition cost computed using the moving-average method.

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

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

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

(5) Tangible Fixed Assets

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

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

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

(6) Intangible Fixed Assets

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

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

(7) Deferred Charges

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

(8) Allowance for Credit Losses

The Bank and its domestic subsidiaries determine the amount of the “Allowance for credit losses” in accordance with the predetermined self-assessment standards and internal standards for write-offs and 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, allowances are provided based mainly on expected losses for the immediately following one-year period or the average remaining term to maturity of loans. Expected losses are calculated by applying a loss rate, which is obtained based on the average rate of historical credit loss experience or historical default probability experience over a certain period, which are derived from actual credit loss or actual default over one year or over the average remaining period of loans, with necessary adjustment for future loss projections and other factors.

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

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

For collateralized or guaranteed claims of bankrupt borrowers or virtually bankrupt borrowers, the amount of claims less 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 ¥266,615 million ($2,450 million), ¥303,695 million and ¥326,093 million as of March 31, 2020, 2019 and 2018, respectively.

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

(Additional information)
The Bank and some of its consolidated subsidiaries, provided ¥45,347 million ($417 million) as of March 31, 2020 in allowances by estimating the increase in credit risk, which has not yet been reflected onto borrowers' financial information, taking the impact of the outbreak of COVID-19 on the borrowers' condition and the whole economic environment into consideration.

The calculation process includes the selection of the range of borrowers (certain industries and regions) expected to be affected significantly, the assumption of future economic conditions based on certain scenarios, and a collective estimate on downward transition of borrowers' internal credit ratings in certain industries and regions.

Since there are no available precedents or consensus relating to the severity and duration of COVID-19, the Bank and some of its consolidated subsidiaries make best estimates and assumptions, such as the view that the COVID-19 situation will stabilize by the end of December 2020, which are based on available external information and the approval of the decision-making body for management decisions in accordance with predetermined internal rules.

(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 ended 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 ended 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.
With respect to derivative transactions for trading purposes, certain market risk adjustments and certain counterparty credit risk adjustments, which are calculated based on net assets or liabilities after offsetting financial assets and financial liabilities, are reflected in the valuation of those financial assets and liabilities.

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) Application of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System
The Bank and some of its domestic consolidated subsidiaries do not apply Paragraph 44 of ASBJ Guidance No. 28, “Amendments to Accounting Standard for Tax Effect Accounting” (February 16, 2018), to items that transitioned to the group tax sharing system established under the “Partial Amendments to Income Tax Act, etc.” (Act No. 8, March 31, 2020) and items revised under the stand-alone taxation system in connection with the transition from the consolidated taxation system to the group tax sharing system due to the application of Paragraph 3 of ASBJ PITF No. 39, “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (March 31, 2020), but instead apply the pre-amendment income tax provisions to the amount of deferred tax assets and deferred tax liabilities.

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

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

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

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

(24) Changes in Accounting Policies
Fiscal year ended March 31, 2020
(Changes in Accounting Policies Due to the Revision of Accounting Standards, etc.)
(Accounting Standard for Fair Value Measurement)
From the fiscal year ended March 31, 2020, the Bank and its domestic subsidiaries have applied “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, July 4, 2019) and changed the risk adjustment method in the fair value measurement of derivatives to the method to maximize the use of observable inputs estimated from derivatives traded in the market pursuant to the paragraph 8 of ASBJ Statement No. 30. Such change is followed by adoption of ASBJ Statement No. 30, etc. and the Bank recorded cumulative effects of applying the new accounting policy retroactively prior to the beginning of the fiscal year ended March 31, 2020 in the “Retained earnings” at the beginning of the fiscal year ended March 31, 2020 and applied the new accounting policy from the beginning of the fiscal year as an accounting change in accordance with the transitional measure provided by the paragraph 20 of ASBJ Statement No. 30. As a result, “Retained earnings” at April 1, 2019 decreased by ¥20,533 million ($189 million), “Trading assets” decreased by ¥17,428 million ($160 million), “Other assets” decreased by ¥5,509 million ($51 million), “Trading liabilities” increased by ¥4,083 million ($38 million), “Other liabilities” increased by ¥1,680 million ($15 million) and “Net assets per share” decreased by ¥1.66 ($0.02).

Fiscal year ended March 31, 2019

(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.

(25) Changes in Presentation

Fiscal year ended March 31, 2019

“Refund,” which had been stated separately from “Current” under “Income taxes” in the fiscal year ended March 31, 2018 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 have been reclassified.

(26) New Accounting Pronouncements

(Accounting Standards Update (“ASU”) 2016-13, Measurement of Credit Losses on Financial Instruments)

The Financial Accounting Standards Board (“FASB”) issued ASU No. 2016-13, “Measurement of Credit Losses on Financial Instruments,” on June 16, 2016. This update primarily applies to financial assets measured at amortized cost. The update replaces the incurred loss impairment methodology in the current U.S. GAAP with a methodology that reflects expected credit losses, and full life time expected credit losses will be recognized upon initial recognition of a financial asset measured on an amortized cost basis.

The Bank will adopt the update with respect to its consolidated overseas subsidiaries applying U.S. GAAP as of the beginning of the fiscal year starting on April 1, 2020.

The adoption of this update is expected to result in an increase in the allowance for credit losses of approximately ¥170 billion ($1,562 million) and a decrease in retained earnings of approximately ¥120 billion ($1,103 million) as of the beginning of the fiscal year starting on April 1, 2020.

(“Accounting Standard for Disclosure of Accounting Estimates,” ASBJ Statement No. 31, March 31, 2020)

The purpose of this accounting standard is to disclose information to assist users of financial statements in understanding accounting estimates made regarding items reported in the financial statements that are deemed likely to significantly impact the financial statements for the following fiscal year.

The Group will adopt the standard as of the end of the fiscal year ending March 31, 2021.

(Additional information)

(Credit-related expenses of foreign subsidiaries which may have impacts on the first quarter of the fiscal year ending March 2021)

In the first quarter (January through March 2020) of the fiscal year ending December 31, 2020 of major foreign subsidiaries which are consolidated using their financial statements for the fiscal year ended December 31, 2019, the new accounting standard (ASU 2016-13, “Measurement of Credit Losses on Financial Instruments”) is applied and an expected credit losses methodology is introduced. Accordingly, credit-related expenses mainly caused by the spread of COVID-19 which surfaced from January 2020, consisting of provision for allowance for credit losses, write-offs of loans, provision for contingent losses (credit-related), are increasing and currently estimated to amount to approximately ¥90 billion ($827 million) in total. Such credit-related expenses will be reflected in the first quarter results of the consolidated financial statements of the Bank for the fiscal year ending March 31, 2021.

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, 2020 and 2019.

Major components of assets and liabilities of companies newly consolidated due to acquisition of shares

Fiscal year ended March 31, 2020
Major components of assets and liabilities at the beginning of consolidation of Bank Danamon and PT Bank Nusantara Parahyangan, Tbk. ("Bank BNP") due to acquisition of shares and the relation between the acquisition value of shares of Bank Danamon and Bank BNP and net payments for purchase of Bank Danamon and Bank BNP are as follows:

	Millions of Yen	Millions of U.S. Dollars
Assets	¥ 1,762,489	$ 16,195
Liabilities	(1,276,124)	(11,726)
Noncontrolling interests	(40,883)	(376)
Foreign currency translation adjustments	8,537	78
Goodwill	234,710	2,157
Acquisition value of shares of Bank Danamon and Bank BNP	688,728	6,328
Acquisition value prior to obtaining control	(274,891)	(2,526)
Valuation amount using the equity method prior to obtaining control	3,456	32
Gains on step acquisitions	(2,105)	(19)
Cash and cash equivalents included in above assets	(165,440)	(1,520)
Payments for purchase of Bank Danamon and Bank BNP	¥ 249,747	$ 2,295

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

Fiscal year ended March 31, 2020
The Bank received transfer of a part of the aviation finance division of DVB Bank SE. The components of assets and liabilities increased due to the transfer are as follows:

	Millions of Yen	Millions of U.S. Dollars
Assets	¥ 522,797	$ 4,804
[Of which, loans and bills discounted]	*[515,932]*	*[4,741]*
Liabilities	(138)	(1)
Goodwill	23,023	212
Deferred tax assets	9,567	88
Transfer value	555,249	5,102
Cash and cash equivalents included in above assets	–	–
Payments for business transfer	¥ 555,249	$ 5,102

Fiscal year ended March 31, 2019
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
Assets	¥ 1,763,679
[Of which, loans and bills discounted]	*[1,746,867]*
Liabilities	(13,120)
Transfer value	1,750,558
Cash and cash equivalents included in above assets	–
Payments for business transfers	¥ 1,750,558

Significant Non-cash Transaction
Fiscal Year ended March 31, 2020
There was no significant non-cash transaction to be disclosed for the fiscal year ended March 31, 2020.

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.”

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

4. TRADING ASSETS OR LIABILITIES AND SECURITIES

Securities as of March 31, 2020 and 2019 include equity securities in affiliates of ¥327,176 million ($3,006 million) and ¥566,009 million, respectively and capital subscriptions to entities such as limited liability companies of ¥14,320 million ($132 million) and ¥7,858 million, respectively. These amounts include investments in jointly controlled entities in an amount of ¥31,756 million ($292 million) and nil as of March 31, 2020 and 2019, respectively.

Securities loaned under unsecured securities lending transactions amounted to ¥300,120 million ($2,758 million) and ¥2,507 million as of March 31, 2020 and 2019, respectively.

For securities borrowed and purchased under resale agreements where the secured parties are permitted to sell or re-pledge the securities without restrictions, ¥14,898,792 million ($136,900 million) and ¥5,209,842 million of such securities were re-pledged as of March 31, 2020 and 2019, respectively.

The remaining ¥3,285,607 million ($30,190 million) and ¥3,793,380 million of these securities were held without disposition as of March 31, 2020 and 2019, 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 losses on trading securities were ¥6,636 million ($61 million) for the fiscal year ended March 31, 2020 and net unrealized gains on trading securities were ¥562 million for the fiscal year ended March 31, 2019.

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

	Millions of Yen				
	March 31, 2020				
	Carrying amount	Fair value	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Japanese government bonds	¥ 1,100,574	¥ 1,130,430	¥ 29,855	¥ 29,855	¥ –
Foreign bonds	1,034,835	1,044,532	9,696	13,715	(4,018)
Other	890,333	879,348	(10,984)	276	(11,260)
Total	¥ 3,025,743	¥ 3,054,311	¥ 28,568	¥ 43,847	¥ (15,279)

	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 U.S. Dollars				
	March 31, 2020				
	Carrying amount	Fair value	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Japanese government bonds	$ 10,113	$ 10,387	$ 274	$ 274	$ –
Foreign bonds	9,509	9,598	89	126	(37)
Other	8,181	8,080	(101)	3	(103)
Total	$ 27,802	$ 28,065	$ 263	$ 403	$ (140)

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

	Millions of Yen				
	March 31, 2020				
	Carrying amount	Acquisition cost	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Domestic equity securities	¥ 3,382,492	¥ 1,724,996	¥ 1,657,495	¥ 1,731,683	¥ (74,188)
Domestic bonds	25,773,078	25,619,002	154,075	186,203	(32,127)
Japanese government bonds	19,195,485	19,088,796	106,688	132,715	(26,027)
Municipal bonds	2,927,510	2,913,480	14,029	16,232	(2,202)
Corporate bonds	3,650,082	3,616,725	33,357	37,255	(3,898)
Foreign equity securities	79,290	66,957	12,333	12,352	(19)
Foreign bonds	18,077,886	17,607,869	470,016	516,359	(46,342)
Other	3,534,551	3,725,669	(191,118)	28,650	(219,768)
Total	¥ 50,847,298	¥ 48,744,495	¥ 2,102,803	¥ 2,475,249	¥ (372,446)

Note:
Net unrealized gain (loss) in the table above includes a gain of ¥23,052 million which was recognized in profit or loss by applying the fair value hedge accounting.

	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 U.S. Dollars				
	March 31, 2020				
	Carrying amount	Acquisition cost	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Domestic equity securities	$ 31,081	$ 15,850	$ 15,230	$ 15,912	$ (682)
Domestic bonds	236,820	235,404	1,416	1,711	(295)
Japanese government bonds	176,380	175,400	980	1,219	(239)
Municipal bonds	26,900	26,771	129	149	(20)
Corporate bonds	33,539	33,233	307	342	(36)
Foreign equity securities	729	615	113	113	(0)
Foreign bonds	166,111	161,792	4,319	4,745	(426)
Other	32,478	34,234	(1,756)	263	(2,019)
Total	$ 467,218	$ 447,896	$ 19,322	$ 22,744	$ (3,422)

Note:
Net unrealized gain (loss) in the table above includes a gain of $212 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, 2020 and 2019 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2020	March 31, 2019	March 31, 2020
Sales proceeds	¥ 57,378,815	¥ 29,187,724	$ 527,233
Realized gains	735,365	272,365	6,757
Realized losses	170,597	86,451	1,568

(5) Reclassified securities

In the fiscal year ended March 31, 2020, an overseas subsidiary whose fiscal year ended date is December 31 reclassified its securitized products of ¥18,606 million ($171 million) which had been previously classified as “Held-to-maturity debt securities” to “Available-for-sale securities” in accordance with Accounting Standards Codification (ASC) 320 “Investments − Debt Securities” released by the FASB. This change was made because the transitional measure of updated ASC 815 “Derivatives and Hedging” was applied.

In the fiscal year ended March 31, 2019, an overseas subsidiary whose fiscal year ended date is December 31 reclassified securitized instruments which had been previously classified as “Available-for-sale securities” to “Held-to-maturity debt securities” at the fair value of ¥213,512 million in accordance with the ASC 320 “Investments - Debt Securities.”

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)

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 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.

(6) Impairment loss on securities

Securities other than trading securities and investments in affiliates (excluding non-marketable equity securities or investment in partnerships and others), whose fair value significantly declined compared with the acquisition cost, and is considered to be other than recoverable decline, were written down to the respective fair value which is recorded as the carrying amount on the consolidated balance sheets.
Impairment losses for the fiscal years ended March 31, 2020 and 2019 were ¥52,380 million ($481 million) consisting of ¥52,368 million ($481 million) on domestic equity securities and ¥12 million ($0 million) on debt securities and others and ¥10,539 million consisting of ¥9,476 million on domestic equity securities and ¥1,063 million on debt securities and others, respectively.

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

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

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

5. MONEY HELD IN TRUST

"Money held in trust" classified as trading as of March 31, 2020 and 2019 was as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2020	March 31, 2019	March 31, 2020
Carrying amount	¥ 50,471	¥ 27,171	$ 464
Net unrealized gain (loss)	10,414	641	96

There was no "Money held in trust" classified as held-to-maturity as of March 31, 2020 and 2019.

"Money held in trust" classified as other than trading and held-to-maturity as of March 31, 2020 and 2019 was as follows:

	Millions of Yen				
	March 31, 2020				
	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	¥ 4,349	¥ 4,349	¥ –	¥ –	¥ –

	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 U.S. Dollars				
	March 31, 2020				
	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	$ 40	$ 40	$ –	$ –	$ –

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

Net unrealized gain on available-for-sale securities as of March 31, 2020 and 2019 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2020	March 31, 2019	March 31, 2020
Unrealized gain:	¥ 2,069,385	¥ 2,408,200	$ 19,015
Available-for-sale securities	2,080,717	2,423,437	19,119
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	(11,331)	(15,237)	(104)
Deferred tax liabilities	(580,477)	(706,266)	(5,334)
Net unrealized gain on available-for-sale securities before adjustments by ownership share	1,488,907	1,701,933	13,681
Noncontrolling interests	(4,775)	(1,831)	(44)
Bank's ownership share in unrealized gain (loss) on available-for-sale securities held by affiliates accounted for using the equity method	1,206	(9,102)	11
Net unrealized gain on available-for-sale securities	¥ 1,485,339	¥ 1,690,999	$ 13,648

Notes:

1. Unrealized gain in the table above excludes ¥23,052 million ($212 million) of gains as of March 31, 2020 and ¥101,335 million of gains as of March 31, 2019 which were recognized in profit or loss by the fair value hedge accounting respectively.
2. Unrealized gain in the table above includes ¥966 million ($9 million) and ¥566 million of net unrealized gain on available-for-sale securities invested in limited partnerships as of March 31, 2020 and 2019, 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 ¥1,122,656 million ($10,316 million) and ¥1,540,530 million as of March 31, 2020 and 2019 respectively. Of these, the total face value of bank acceptances and foreign exchange bills bought which were transferred due to rediscounts of bills amounted to ¥6,905 million ($63 million) and ¥4,919 million as of March 31, 2020 and 2019, respectively.

"Loans and bills discounted" as of March 31, 2020 and 2019 included the following:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2020	March 31, 2019	March 31, 2020
Loans to bankrupt borrowers	¥ 31,601	¥ 39,079	$ 290
Non-accrual delinquent loans	540,622	477,254	4,968
Loans past due for three months or more	11,274	13,656	104
Restructured loans	320,269	247,096	2,943
Total	¥ 903,767	¥ 777,086	$ 8,304

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, 2020 and 2019 amounted to ¥922,489 million ($8,476 million) and ¥942,037 million, respectively.

Deferred gains on “Tangible fixed assets” not recognized for tax purposes as of March 31, 2020 and 2019 amounted to ¥60,860 million ($559 million) and ¥71,569 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, 2020 and 2019 were ¥297,220 million ($2,731 million) and ¥394,626 million, respectively.

11. ASSETS PLEDGED AS COLLATERAL

Assets pledged as collateral and their relevant liabilities as of March 31, 2020 and 2019 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2020	March 31, 2019	March 31, 2020
Assets pledged as collateral:			
Cash and due from banks	¥ 453	¥ 468	$ 4
Trading assets	1,371,668	–	12,604
Securities	7,156,126	438,285	65,755
Loans and bills discounted	12,621,983	13,133,956	115,979
Total	¥ 21,150,231	¥ 13,572,709	$ 194,342
Relevant liabilities to above assets:			
Deposits	¥ 411,273	¥ 514,060	$ 3,779
Trading liabilities	15,600	8,372	143
Borrowed money	20,753,041	12,961,309	190,692
Bonds payable	86,650	–	796
Total	¥ 21,266,565	¥ 13,483,743	$ 195,411

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, 2020	March 31, 2019	March 31, 2020
Assets pledged as collateral:			
Trading assets	¥ –	¥ 517,463	$ –
Securities	9,132,153	11,232,636	83,912
Loans and bills discounted	4,626,353	4,355,095	42,510
Total	¥ 13,758,506	¥ 16,105,195	$ 126,422

Furthermore, "Trading assets" and "Securities" sold under repurchase agreements or loaned under securities lending with cash collateral were ¥1,085,126 million ($9,971 million) and ¥6,113,140 million ($56,171 million), respectively, as of March 31, 2020 and ¥1,324,041 million and ¥9,450,007 million, respectively, as of March 31, 2019.

"Payables under repurchase agreements" relevant to above assets were ¥6,885,985 million ($63,273 million) and ¥10,799,130 million as of March 31, 2020 and 2019, respectively.

"Payables under securities lending transactions" relevant to above assets were ¥19,429 million ($179 million) and ¥3,793 million as of March 31, 2020 and 2019, respectively.

"Securities" pledged by GC Repos under the Subsequent Collateral JGB Allocation Method were ¥2,238,206 million ($20,566 million) and ¥599,940 million as of March 31, 2020 and 2019, respectively.

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 ¥79,637,841 million ($731,764 million) and ¥80,195,680 million as of March 31, 2020 and 2019, 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, 2020 and 2019 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2020	March 31, 2019	March 31, 2020
Borrowings from banks and other, due 2019-2039, 0.88% on the average	¥ 30,517,632	¥ 22,307,529	$ 280,416
Bills rediscounted	3,830	–	35
Total borrowed money	¥ 30,521,462	¥ 22,307,529	$ 280,451
Lease liabilities, due 2019-2048	114,418	101,604	1,051
Commercial paper, 1.58% on the average	1,530,833	1,383,962	14,066

Notes:

1. The interest rates above are calculated using the weighted-average method based on the interest rate and balance as of March 31. The average interest rate of lease liabilities for finance leases of certain consolidated companies is not presented above because lease liabilities are recorded on the consolidated balance sheets at the total amount of lease payments including interest.
2. The borrowings above include subordinated borrowings in the amounts of ¥7,503,164 million ($68,944 million) and ¥6,281,664 million as of March 31, 2020 and 2019, 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, 2020 were as follows:

Year ending March 31	Millions of Yen	Millions of U.S. Dollars
2021	¥ 19,018,939	$ 174,758
2022	3,096,379	28,452
2023	1,282,753	11,787
2024	1,665,170	15,301
2025	593,572	5,454
2026 and thereafter	4,860,816	44,664
Total	¥ 30,517,632	$ 280,416

Annual maturities of lease liabilities as of March 31, 2020 were as follows:

Year ending March 31	Millions of Yen	Millions of U.S. Dollars
2021	¥ 23,422	$ 215
2022	19,630	180
2023	14,756	136
2024	11,851	109
2025	9,572	88
2026 and thereafter	35,185	323
Total	¥ 114,418	$ 1,051

14. BONDS PAYABLE

"Bonds payable" as of March 31, 2020 and 2019 consisted of the following:

Description	Issued	Millions of Yen 2020	Millions of Yen 2019	Millions of U.S. Dollars 2020	Coupon rate (%)	Secured or unsecured	Due
The Bank:							
Straight bonds payable in yen	Feb. 2000- Jul. 2014	¥ 142,000 [18,600]	¥ 235,200 [93,200]	$ 1,305 [171]	0.22-2.69	Unsecured	Apr. 2019- Apr. 2027
Senior bonds payable in US$	Feb. 2013- Sep. 2015	532,757 (USD 4,895 million) [108,822]	855,133 (USD 7,704 million) [305,196]	4,895 [1,000]	2.30-4.70	Unsecured	Sep. 2019- Mar. 2044
Euro senior bonds payable in US$	Jan. 2015- Jan. 2020	562,826 (USD 5,171 million)	427,642 (USD 3,852 million)	5,172	0.00-2.85	Unsecured	Oct. 2019- Jan. 2050
Senior bonds payable in Euro	Mar. 11, 2015	89,548 (EUR 749 million)	93,241 (EUR 748 million)	823	0.87	Unsecured	Mar. 11, 2022
Euro senior bonds payable in Euro	Dec. 2016- Sep. 2018	18,530 (EUR 155 million)	19,306 (EUR 155 million)	170	(0.15)-(0.01)	Unsecured	Sep. 2032- Aug. 2037
Euro senior bonds payable in A$	Mar. 17, 2017	2,306 (AUD 34 million)	2,611 (AUD 33 million)	21	0.00	Unsecured	Mar. 18, 2047
Senior bonds payable in RMB	Jan. 16, 2018	15,310 (CNY 1,000 million) [15,310]	16,470 (CNY 1,000 million)	141 [141]	5.30	Unsecured	Jan. 18, 2021
Subordinated bonds payable in yen	Dec. 2004- May 2012	491,000 [140,000]	521,000 [30,000]	4,512 [1,286]	1.31-2.91	Unsecured	Dec. 2019- Jan. 2031
Subsidiaries*1:							
Straight bonds payable	Jun. 2012- Dec. 2019	868,597 (USD 3,311 million) (KHR 120,000 million) (THB 107,744 million) (IDR 13,468,450 million) [267,319]	516,949 (USD 1,314 million) (KHR 120,658 million) (THB 107,865 million) [272,752]	7,981 [2,456]	0.00-10.75	*2	Jan. 2019- Oct. 2026
Subordinated bonds payable	Aug. 1997- Jun. 2019	275,468 (USD 48 million) (THB 60,814 million) [834]	201,192 (USD 59 million) (THB 41,997 million) [1,312]	2,531 [8]	0.09-11.58	Unsecured	Apr. 2019- Sep. 2036
Total		¥ 2,998,345	¥ 2,888,748	$ 27,551			

Notes:

1. *1 Subsidiaries include MUAH, BTMU (Curacao) Holdings N.V., Krungsri, Bank Danamon and others.
2. *2 46 issues of secured straight bonds issued by consolidated subsidiaries are included. All other issues are unsecured.
3. ( ) denotes the amounts of foreign currency denominated bonds payable.
4. [ ] denotes the amounts expected to be redeemed within one year.
5. "Bonds payable" above include subordinated bonds in the amounts of ¥766,468 million ($7,043 million) and ¥722,192 million as of March 31, 2020 and 2019, respectively.

Annual maturities of bonds payable as of March 31, 2020 were as follows:

Year ending March 31	Millions of Yen	Millions of U.S. Dollars
2021	¥ 550,885	$ 5,062
2022	489,469	4,498
2023	520,541	4,783
2024	162,578	1,494
2025	167,572	1,540
2026 and thereafter	1,107,298	10,175
Total	¥ 2,998,345	$ 27,551

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, 2020 and 2019 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2020	March 31, 2019	March 31, 2020
Balance at beginning of year	¥ 1,890,124	¥ 1,903,903	$ 17,368
[of which foreign exchange translation adjustments]	*[7,630]*	*[8,321]*	*[70]*
Service cost	51,286	49,133	471
Interest cost	26,642	26,081	245
Actuarial losses	51,239	7,192	471
Benefits paid	(96,222)	(88,172)	(884)
Past service cost	3,837	65	35
Others	13,951	(449)	128
Balance at end of year	¥ 1,940,859	¥ 1,897,755	$ 17,834

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, 2020 and 2019 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2020	March 31, 2019	March 31, 2020
Balance at beginning of year	¥ 2,331,390	¥ 2,411,207	$ 21,422
[of which foreign exchange translation adjustments]	*[9,370]*	*[9,092]*	*[86]*
Expected return on plan assets	78,388	79,563	720
Actuarial losses	(68,676)	(96,794)	(631)
Contributions from the employer	12,867	16,050	118
Benefits paid	(71,522)	(69,695)	(657)
Others	1,474	427	14
Balance at end of year	¥ 2,283,921	¥ 2,340,760	$ 20,986

(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, 2020 and 2019 was as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2020	March 31, 2019	March 31, 2020
Funded defined benefit obligation	¥ 1,866,647	¥ 1,850,499	$ 17,152
Plan assets	(2,283,921)	(2,340,760)	(20,986)
	(417,274)	(490,260)	(3,834)
Unfunded defined benefit obligation	74,212	47,255	682
Net asset arising from defined benefit obligation	¥ (343,062)	¥ (443,004)	$ (3,152)

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2020	March 31, 2019	March 31, 2020
Liability for retirement benefits	¥ 76,186	¥ 49,973	$ 700
Asset for retirement benefits	(419,248)	(492,978)	(3,852)
Net asset arising from defined benefit obligation	¥ (343,062)	¥ (443,004)	$ (3,152)

(4) The components of net periodic retirement benefit costs for the fiscal years ended March 31, 2020 and 2019 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2020	March 31, 2019	March 31, 2020
Service cost	¥ 51,286	¥ 49,133	$ 471
Interest cost	26,642	26,081	245
Expected return on plan assets	(78,388)	(79,563)	(720)
Amortization of past service cost	(5,863)	(6,414)	(54)
Recognized actuarial (gains) losses	(21,293)	26,195	(196)
Others (additional temporary severance benefits)	13,821	8,863	127
Net periodic retirement benefit costs	¥ (13,795)	¥ 24,296	$ (127)

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, 2020 and 2019 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2020	March 31, 2019	March 31, 2020
Past service cost	¥ (9,908)	¥ (6,816)	$ (91)
Actuarial losses	(139,495)	(75,961)	(1,282)
Total	¥ (149,404)	¥ (82,778)	$ (1,373)

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2020 and 2019 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2020	March 31, 2019	March 31, 2020
Unrecognized past service cost	¥ 10,495	¥ 20,403	$ 96
Unrecognized actuarial (losses) gains	(132,772)	6,722	(1,220)
Total	¥ (122,277)	¥ 27,126	$ (1,124)

(7) Plan assets

a. Components of plan assets

The composition of plan assets by major category as of March 31, 2020 and 2019 was as follows:

	March 31, 2020	March 31, 2019
Domestic equity investments	27.54%	30.35%
Domestic debt investments	16.83	17.02
Foreign equity investments	24.18	21.27
Foreign debt investments	16.35	15.82
General account of life insurance	8.57	8.50
Others	6.53	7.04
Total	100.00	100.00

Note:
Total plan assets include retirement benefit trust of 18.81% and 19.33% which was set up on corporate pension plans as of March 31, 2020 and 2019, 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, 2020 and 2019 were set forth as follows:

	2020	2019
Discount rate:		
Domestic	0.00%-0.67%	0.00%-0.67%
Overseas	1.50%-8.70%	1.73%-11.00%
Expected salary increase rate:		
Domestic	3.20%-4.50%	2.90%-4.00%
Overseas	2.50%-9.50%	2.25%-9.00%
Expected rate of return on plan assets:		
Domestic	1.57%-3.00%	0.05%-3.00%
Overseas	1.50%-7.07%	1.75%-8.95%

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, 2020 and 2019 were as follows:

	Number of shares in thousands			
	April 1, 2019	Increase	Decrease	March 31, 2020
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, 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

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, 2020 and 2019:

Fiscal year ended March 31, 2020:

(1) Cash dividends

Cash dividends approved at the Board of Directors' meeting held on May 15, 2019:	Total amount (Millions of Yen)	Per share amount (Yen)	Dividend record date	Effective date
Common stock	¥ 52,240	¥ 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)	Per share amount (U.S. Dollar)	Dividend record date	Effective date
Common stock	$ 480	$ 0.04	Mar. 31, 2019	May 16, 2019

Cash dividends approved at the Board of Directors' meeting held on November 13, 2019:	Total amount (Millions of Yen)	Per share amount (Yen)	Dividend record date	Effective date
Common stock	¥ 141,407	¥ 11.45	Sep. 30, 2019	Nov. 14, 2019

Cash dividends approved at the Board of Directors' meeting held on November 13, 2019:	Total amount (Millions of U.S. Dollars)	Per share amount (U.S. Dollar)	Dividend record date	Effective date
Common stock	$ 1,299	$ 0.11	Sep. 30, 2019	Nov. 14, 2019

Cash dividends approved at the Board of Directors' meeting held on January 30, 2020:	Total amount (Millions of Yen)	Per share amount (Yen)	Dividend record date	Effective date
Common stock	¥ 41,990	¥ 3.40	–	Feb. 4, 2020

Cash dividends approved at the Board of Directors' meeting held on January 30, 2020:	Total amount (Millions of U.S. Dollars)	Per share amount (U.S. Dollar)	Dividend record date	Effective date
Common stock	$ 386	$ 0.03	–	Feb. 4, 2020

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 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

(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 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 of dividends-in-kind after deducting ¥165 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 15, 2020, to shareholders of record as of March 31, 2020:

Cash dividends approved at the Board of Directors' meeting held on May 15, 2020:	Total amount (Millions of Yen)	Dividend resource	Per share amount (Yen)	Dividend record date	Effective date
Common stock	¥ 139,678	Retained earnings	¥ 11.31	Mar. 31, 2020	May 18, 2020

Cash dividends approved at the Board of Directors' meeting held on May 15, 2020:	Total amount (Millions of U.S. Dollars)	Dividend resource	Per share amount (U.S. Dollar)	Dividend record date	Effective date
Common stock	$ 1,283	Retained earnings	$ 0.10	Mar. 31, 2020	May 18, 2020

19. STOCK OPTIONS

There were no stock options outstanding as of March 31, 2020 and 2019.

20. OTHER INCOME

Other income for the fiscal years ended March 31, 2020, 2019 and 2018 was as follows:

	Millions of Yen			Millions of U.S. Dollars
Fiscal years ended March 31	2020	2019	2018	2020
Gains on sales of equity securities and other securities	¥ 123,577	¥ 165,428	¥ 133,289	$ 1,136
Gain on sales of shares of subsidiaries	31,462	–	–	289
Gain on sales of shares of affiliates	12,828	–	–	118
Gain on step acquisitions	2,105	–	–	19
Equity in earnings of the equity method investees	–	14,401	25,456	–
Lease income of consolidated subsidiaries operating leasing business	6,248	8,494	8,934	57
Gain on disposal of fixed assets	13,622	4,707	4,915	125
Gain on liquidation of affiliates	–	563	–	–
Gain on reversal of reserve for contingent losses	28,236	55,206	–	259
Gain on reversal of allowance for credit losses	–	32,918	59,568	–
Gain on collection of bad debts	73,713	46,773	58,357	677
Other	55,706	69,862	51,218	512
Total	¥ 347,502	¥ 398,355	¥ 341,740	$ 3,193

21. OTHER EXPENSES

Other expenses for the fiscal years ended March 31, 2020, 2019 and 2018 was as follows:

	Millions of Yen			Millions of U.S. Dollars
Fiscal years ended March 31	2020	2019	2018	2020
Losses on write-down or sales of equity securities and other securities	¥ 108,559	¥ 36,635	¥ 41,196	$ 998
Loss on sales of shares of subsidiaries	3,546	–	–	33
Loss on sales of shares of affiliates	–	6,682	–	–
Outsourcing expenses of consolidated subsidiaries operating information services	20,891	18,726	19,793	192
Write-offs of loans	92,415	68,357	78,300	849
Provision of reserve for contingent losses	–	14,455	14,777	–
Loss on forgiveness of loans and others	21,979	4,020	21,807	202
Loss on disposal of fixed assets	9,852	6,653	9,320	91
Impairment loss on fixed assets	*58,849	30,756	*53,493	541
Amortization of goodwill	**359,323	–	–	3,302
Defeasance for borrowings	15,845	2,118	17,186	146
Other	36,816	47,785	27,465	338
Total	¥ 728,079	¥ 236,190	¥ 283,339	$ 6,690

Impairment loss on fixed assets:
Fiscal year ended March 31, 2020
For the fiscal year ended March 31, 2020, the Bank recognized impairment loss of ¥27,181 million ($250 million) on goodwill recognized for business acquisition, etc. by MUAH, which is a consolidated subsidiary of the Bank.

MUAH groups its assets based on business categories. In the fiscal year ended March 31, 2020, MUAH revised its future business plan with a focus on lending business and implemented impairment tests based on U.S. GAAP, considering the decline in interest rates in the United States, etc. As a result, it was determined that the carrying amount of a portion of the goodwill allocated to the Global Commercial Banking Business Group, the relevant reporting segment of the Bank, exceeded the fair value of such goodwill, and, to the extent of such excess, an impairment loss was recorded. Fair value is determined using the income approach based on the future business plan and the market approach.

Fiscal year ended March 31, 2018
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.

*****Amortization of goodwill***
Goodwill was fully amortized due to recognition of impairment resulting from the decline of the market price of Bank Danamon and Krungsri stock held by the Bank in accordance with Paragraph 32 of JICPA Accounting Committee Report No. 7, “Practical Guidelines for the Capital Consolidation Procedure in Consolidated Financial Statements” (May 12, 1998).

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%, 30.62% and 30.86% for the fiscal years ended March 31, 2020, 2019 and 2018, respectively.

The tax effects of significant temporary differences which resulted in "Deferred tax assets" and "Deferred tax liabilities" as of March 31, 2020, 2019 and 2018 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2020	2019	2018	2020
Deferred tax assets:				
Excess over deductible limit of provision of allowance for credit losses and write-offs of loans	¥ 219,366	¥ 208,747	¥ 239,405	$ 2,016
Revaluation loss on securities	96,142	86,191	82,323	883
Unrealized losses on available-for-sale securities	11,765	25,500	18,099	108
Liability for retirement benefits	129,695	86,045	57,681	1,192
Reserve for contingent losses	20,821	32,576	47,382	191
Depreciation and impairment losses	45,758	41,771	33,858	420
Tax loss carryforwards	5,478	4,938	4,495	50
Cost adjustments on land merger	26,121	27,951	28,643	240
Other	282,105	234,360	214,194	2,592
Subtotal	837,256	748,084	726,084	7,693
Less valuation allowances	(131,095)	(121,816)	(117,643)	(1,205)
Total	¥ 706,160	¥ 626,267	¥ 608,441	$ 6,489
Deferred tax liabilities:				
Unrealized gains on available-for-sale securities	¥ (585,441)	¥ (721,109)	¥ (772,542)	$ (5,379)
Revaluation gain on securities at merger	(53,385)	(57,483)	(60,757)	(491)
Unrealized gain on lease transactions	(56,341)	(68,736)	(87,210)	(518)
Deferred gains on derivatives under hedge accounting	(141,653)	(80,588)	(29,909)	(1,302)
Gain on establishment of retirement benefit trust	(45,047)	(45,021)	(47,176)	(414)
Retained earnings of affiliates	(98,256)	(77,151)	(77,309)	(903)
Other	(182,610)	(120,651)	(116,039)	(1,678)
Total	¥ (1,162,736)	¥ (1,170,743)	¥ (1,190,944)	$ (10,684)
Net deferred tax liabilities	¥ (456,575)	¥ (544,475)	¥ (582,503)	$ (4,195)

Changes in presentation:

Fiscal year ended March 31, 2020

"Cost adjustments on land merger" 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, 2020 due to its significance. In order to reflect this change in presentation, the previous notes have been reclassified. As a result, "Other" in the amounts of ¥262,312 million and ¥242,838 million presented under deferred tax assets in the fiscal years ended March 31, 2019 and 2018 were reclassified into "Cost adjustments on land merger" of ¥27,951 million and ¥28,643 million and "Other" of ¥234,360 million and ¥214,194 million, respectively.

Fiscal year ended March 31, 2019

"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 its significance. In order to reflect these changes in presentation, the notes for the fiscal year ended March 31, 2018 have been reclassified.

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

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, 2020, 2019 and 2018 was as follows:

	2020	2019	2018
Normal effective statutory tax rate	30.62 %	30.62 %	30.86 %
Elimination of dividends received from subsidiaries and affiliates	3.15	5.35	2.68
Permanent non-taxable differences (e.g., non-taxable dividend income)	(5.13)	(13.08)	(3.66)
Change in valuation allowances	(0.23)	(3.62)	(0.52)
Equity in earnings of the equity method investees	0.22	(0.54)	(0.93)
Tax rate difference of overseas subsidiaries	(9.57)	(4.11)	(3.52)
Retained earnings of affiliates	6.20	1.02	1.55
Amortization of goodwill	34.54	0.61	0.59
Consolidation adjustments following sales of shares of consolidated subsidiaries	–	6.44	–
Other	(0.80)	(3.36)	(0.30)
Actual effective tax rate	59.00 %	19.33 %	26.75 %

Changes in presentation:

Fiscal year ended March 31, 2020

"Amortization of goodwill" which had been included in "Other" in the previous fiscal years has been stated separately from the fiscal year ended March 31, 2020 due to its significance. As a result, the rates which had been presented as "Other" in the fiscal years ended March 31, 2019 and 2018 of (2.75)% and 0.29% have been reclassified into "Amortization of goodwill" of 0.61% and 0.59%, and "Other" of (3.36)% and (0.30)%, respectively.

23. LEASES

Operating Leases

(1) Lessee

Future lease payments including interest payables under noncancelable operating leases as of March 31, 2020 and 2019 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2020	March 31, 2019	March 31, 2020
Due within one year	¥ 29,643	¥ 47,662	$ 272
Due after one year	101,633	213,224	934
Total	¥ 131,277	¥ 260,886	$ 1,206

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

(2) Lessor

Future lease receivables including interest receivables under noncancelable operating leases as of March 31, 2020 and 2019 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2020	March 31, 2019	March 31, 2020
Due within one year	¥ 9,680	¥ 30,856	$ 89
Due after one year	10,039	13,802	92
Total	¥ 19,719	¥ 44,659	$ 181

24. COMPREHENSIVE INCOME

The components of other comprehensive income for the fiscal years ended March 31, 2020, 2019 and 2018 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2020	2019	2018	2020
Net unrealized (loss) gain on available-for-sale securities:				
(Loss) gain arising during the year	¥ 153,341	¥ (30,760)	¥ 447,364	$ 1,409
Reclassification adjustments to loss	(491,433)	(151,850)	(121,040)	(4,516)
Amount before income tax effect	(338,091)	(182,611)	326,324	(3,107)
Income tax effect	125,481	50,717	(100,976)	1,153
Total	(212,609)	(131,894)	225,347	(1,954)
Net deferred gain (loss) on derivatives under hedge accounting:				
Loss arising during the year	(37,336)	(129,031)	(296,156)	(343)
Reclassification adjustments to profit	251,395	286,510	174,785	2,310
Adjustments to acquisition costs of assets	(594)	832	(87)	(5)
Amount before income tax effect	213,464	158,312	(121,458)	1,961
Income tax effect	(64,888)	(49,096)	37,958	(596)
Total	148,575	109,216	(83,500)	1,365
Land revaluation surplus:				
Gain arising during the year	–	–	–	–
Reclassification adjustments to profit or loss	–	–	–	–
Amount before income tax effect	–	–	–	–
Income tax effect	–	–	(57)	–
Total	–	–	(57)	–
Foreign currency translation adjustments:				
Loss arising during the year	(22,351)	(61,266)	(35,723)	(205)
Reclassification adjustments to profit	22	(65)	2,356	0
Amount before income tax effect	(22,329)	(61,332)	(33,366)	(205)
Income tax effect	452	244	(533)	4
Total	(21,876)	(61,088)	(33,900)	(201)
Defined retirement benefit plans:				
(Loss) gain arising during the year	(122,315)	(102,558)	151,331	(1,124)
Reclassification adjustments to profit	(27,088)	19,780	50,239	(249)
Amount before income tax effect	(149,404)	(82,778)	201,570	(1,373)
Income tax effect	45,576	25,670	(63,612)	419
Total	(103,827)	(57,107)	137,958	(954)
Share of other comprehensive loss in affiliates accounted for using the equity method:				
Gain (loss) arising during the year	3,205	(25,954)	(2,985)	29
Reclassification adjustments to profit	17,209	(1,365)	(942)	158
Total	20,414	(27,320)	(3,928)	188
Total other comprehensive (loss) income	¥ (169,323)	¥ (168,194)	¥ 241,919	$ (1,556)

25. PER SHARE INFORMATION

	Yen			U.S. Dollars
Fiscal years ended March 31	2020	2019	2018	2020
Basic earnings per common share	¥ 7.92	¥ 49.58	¥ 46.57	$ 0.07
Diluted earnings per common share	7.92	49.58	46.57	0.07

	Yen			U.S. Dollars
	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2020
Total equity per common share	¥ 960.19	¥ 987.52	¥ 964.46	$ 8.82

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	2020	2019	2018	2020
Net income attributable to the shareholders of the Bank	¥ 97,921	¥ 612,437	¥ 575,260	$ 900
Net income attributable to the shareholders of the Bank related to common shares	97,921	612,437	575,260	900

	Number of shares in thousands		
Fiscal years ended March 31	2020	2019	2018
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	2020	2019	2018	2020
Diluted earnings per common share				
Adjustment to net income attributable to the shareholders of the Bank	¥ (16)	¥ (17)	¥ (14)	$ (0)

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

	Millions of Yen			Millions of U.S. Dollars
	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2020
Total equity	¥ 12,285,505	¥ 12,869,567	¥ 12,708,722	$ 112,887
Deductions from total equity:				
Noncontrolling interests	427,088	673,557	797,545	3,924
Total	427,088	673,557	797,545	3,924
Total equity attributable to common shares	¥ 11,858,416	¥ 12,196,010	¥ 11,911,176	$ 108,963

	Number of shares in thousands		
	March 31, 2020	March 31, 2019	March 31, 2018
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, Krungsri and Bank Danamon) are measured using a uniform market risk measurement model. The principal model used for these activities is historical simulation model (holding period — 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, Krungsri and Bank Danamon, the market risk volume is identified using Earnings at Risk ("EaR").
* EaR is an index presenting the volatility of net interest income ("NII") associated with the changes in interest rates and is presented by the percent change (%) against NII of the standard scenario. 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, Krungsri sets two types of scenarios of +100 basis points (+1.00%) and -100 basis points (-1.00%) and Bank Danamon sets two types of scenarios of +400 basis points (+4.00%) and -400 basis points (-4.00%).
* NII represents the difference between interest income and interest expenses, which is net income generated from total fund.

d) Quantitative Information in Respect of Market Risk

(i) Amount of Market Risk Associated with Trading Activities

The amount of consolidated market risk associated with trading activities across the Group was ¥5,667 million ($52 million) and ¥10,960 million as of March 31, 2020 and 2019, 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, Krungsri and Bank Danamon) across the Group was ¥526,556 million ($4,838 million) and ¥251,570 million as of March 31, 2020 and 2019, respectively. As an appropriate identification of interest rate risk is vital to banking activities (excluding strategic equity securities, MUAH, Krungsri and Bank Danamon), the risk is managed based on the following assumptions for appropriate measurement of core deposit and prepayment in loans and deposits. For a certain part of the deposits without contractual maturities (so called core deposit), interest rate risk is recognized by allocating maturities of various terms (no longer than ten years), taking into account the results of the statistical analysis using the data on the transition of balance by product, prospective of deposit interest rate and other business judgments. The amount of core deposits and the method of allocating maturities are reviewed on a regular basis. Meanwhile, the deposits and loans with contractual maturities involve risks associated with premature repayment or cancellation. These risks are reflected in interest rate risks by estimating the ratio of cancellations through the statistical analysis based on the factors including interest rate change and actual repayments and cancellations.

EaR of banking activities of MUAH as of December 31, 2019 and 2018 was +1.04% and +4.59%, respectively, at the time of interest rate changes of +200 basis points (+2.00%) and -2.37% and -3.14%, respectively, at the time of interest rate changes of -100 basis points (-1.00%).

EaR of banking activities of Krungsri as of December 31, 2019 and 2018 was -0.60% and -2.11%, respectively, at the time of interest rate changes of +100 basis points (+1.00%) and -5.55% and -3.26%, respectively, at the time interest changes of -100 basis points (-1.00%).

EaR of banking activities of Bank Danamon as of December 31, 2019 was -5.37% at the time of interest rate changes of +400 basis points (+4.00%) and -6.35% at the time of interest rate changes of -400 basis points (-4.00%).

(iii) Risk of strategic equity portfolio

The market value of the strategically held stocks (publicly traded) of the Bank as of March 31, 2020 and 2019 was subject to a variation of approximately ¥2,349 million ($22 million) and ¥2,474 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 profit or loss exceeded VaR five times in the fiscal year ended March 31, 2020 and once in the fiscal year ended March 31, 2019 mainly because of sudden changes in interest rates in the United States in March 2020.

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

Since certain assumptions have been adopted in the calculation of the fair value of financial instruments, they may differ in value if different assumptions have been used.

(2) Matters concerning Fair Value of Financial Instruments and Breakdown by Fair Value Hierarchy

The following tables summarize the amount stated on consolidated balance sheets and the fair value of financial instruments as of March 31, 2020 and March 31, 2019 together with their difference and the fair value of financial instruments by level within the fair value hierarchy as of March 31, 2020.

The following tables do not include investment trusts and non-marketable equity securities, etc. for which transitional measures are applied in accordance with Paragraph 26 of ASBJ Guidance No. 31, "Implementation Guidance on Accounting Standard for Fair Value Measurement" (hereinafter referred to as "Guidance for Application of Fair Value Measurement"), and investment in partnerships and others for which transitional measures are applied in accordance with Paragraph 27 of Guidance for Application of Fair Value Measurement (see (1)*2, (Note) 3).

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

Level 1: Fair value determined based on the (unadjusted) quoted price in the active market for the same asset or liability

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

Level 3: Fair value determined based on significant unobservable inputs

Where multiple inputs that have a material effect on the fair value are used, the fair value is classified at the lowest priority level of the level to which each of those inputs belongs.

(1) Financial assets and liabilities at fair value on the consolidated balance sheets

	Millions of Yen			
	March 31, 2020			
	Carrying amount			
	Level 1	Level 2	Level 3	Total
Monetary claims bought (*1)	¥ –	¥ 496,558	¥ –	¥ 496,558
Trading assets	322,900	3,997,433	15,995	4,336,329
Money held in trust (Trading purpose, other)	–	54,821	–	54,821
Securities (Available-for-sale securities)	30,372,506	16,874,395	335,505	47,582,407
Of which:				
Domestic equity securities	*3,365,791*	*16,700*	–	*3,382,492*
Japanese government bonds	*18,482,166*	*713,318*	–	*19,195,485*
Municipal bonds	–	*2,927,510*	–	*2,927,510*
Corporate bonds	–	*3,640,931*	*9,151*	*3,650,082*
Foreign equity securities	*78,273*	*1,016*	–	*79,290*
Foreign bonds	*8,441,580*	*9,512,344*	*123,961*	*18,077,886*
*Other (*2)*	*4,694*	*62,572*	*202,393*	*269,660*
Total assets	30,695,406	21,423,208	351,501	52,470,116
Trading liabilities	11,470	323,112	–	334,583
Total liabilities	11,470	323,112	–	334,583
Derivatives (*3) (*4)	¥ (38,394)	¥ 789,765	¥ 22,858	¥ 774,229
Of which:				
Interest related instruments	*(34,835)*	*719,651*	*19,089*	*703,905*
Currency related instruments	*(1,809)*	*106,997*	*1,174*	*106,361*
Equity related instruments	*26*	*(12,627)*	*(349)*	*(12,950)*
Bond related instruments	*(1,774)*	*7,845*	*2,240*	*8,311*
Commodity related instruments	–	*0*	*0*	*0*
Credit derivative instruments	–	*(32,101)*	–	*(32,101)*
Other	–	–	*704*	*704*

(*1) Monetary claims bought consist of securitized products accounted for in the same manner as available-for-sale securities, which are ¥496,558 million.

(*2) Investment trusts which are not included in the above table pursuant to the transitional measure provided by Paragraph 26 of the Guidance for Application of Fair Value Measurement amounts to ¥2,574,384 million in the consolidated balance sheets.

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

(*4) Derivative transactions for which hedge accounting is applied are reported in the consolidated balance sheets at ¥138,795 million.

	Millions of Yen
	March 31, 2019
	Carrying amount
Monetary claims bought (*1)	¥ 468,908
Trading assets	3,153,907
Money held in trust (Trading purpose, other)	29,558
Securities (Available-for-sale securities)	43,790,436
Of which:	
Domestic equity securities	*4,036,366*
Japanese government bonds	*19,095,279*
Municipal bonds	*2,201,147*
Corporate bonds	*3,318,773*
Foreign equity securities	*115,673*
Foreign bonds	*14,973,883*
*Other (*2)*	*49,312*
Total assets	47,442,811
Trading liabilities	394,786
Total liabilities	394,786
Derivatives (*3) (*4)	¥ 375,189
Of which:	
Interest related instruments	*401,909*
Currency related instruments	*(1,779)*
Equity related instruments	*1,614*
Bond related instruments	*(8,128)*
Commodity related instruments	*708*
Credit derivative instruments	*(20,162)*
Other	*1,027*

(*1) Monetary claims bought consist of securitized products accounted for in the same manner as available-for-sale securities, which are ¥468,908 million.

(*2) Investment trusts which are not included in the above table pursuant to the transitional measure provided by Paragraph 26 of the Guidance for Application of Fair Value Measurement amounts to ¥3,340,742 million in the consolidated balance sheets.

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

(*4) Derivative transactions for which hedge accounting is applied are reported in the consolidated balance sheets at ¥70,163 million.

	Thousands of U.S. Dollars			
	March 31, 2020			
	Carrying amount			
	Level 1	Level 2	Level 3	Total
Monetary claims bought (*1)	$ –	$ 4,563	$ –	$ 4,563
Trading assets	2,967	36,731	147	39,845
Money held in trust (Trading purpose, other)	–	504	–	504
Securities (Available-for-sale securities)	279,082	155,053	3,083	437,218
Of which:				
Domestic equity securities	*30,927*	*153*	–	*31,081*
Japanese government bonds	*169,826*	*6,554*	–	*176,380*
Municipal bonds	–	*26,900*	–	*26,900*
Corporate bonds	–	*33,455*	*84*	*33,539*
Foreign equity securities	*719*	*9*	–	*729*
Foreign bonds	*77,567*	*87,406*	*1,139*	*166,111*
*Other (*2)*	*43*	*575*	*1,860*	*2,478*
Total assets	282,049	196,850	3,230	482,129
Trading liabilities	105	2,969	–	3,074
Total liabilities	105	2,969	–	3,074
Derivatives (*3) (*4)	$ (353)	$ 7,257	$ 210	$ 7,114
Of which:				
Interest related instruments	*(320)*	*6,613*	*175*	*6,468*
Currency related instruments	*(17)*	*983*	*11*	*977*
Equity related instruments	*0*	*(116)*	*(3)*	*(119)*
Bond related instruments	*(16)*	*72*	*21*	*76*
Commodity related instruments	–	*0*	*0*	*0*
Credit derivative instruments	–	*(295)*	–	*(295)*
Other	–	–	*6*	*6*

(*1) Monetary claims bought consist of securitized products accounted for in the same manner as available-for-sale securities, which are $4,563 million.

(*2) Investment trusts which are not included in the above table pursuant to the transitional measure provided by Paragraph 26 of the Guidance for Application of Fair Value Measurement amounts to $23,655 million in the consolidated balance sheets.

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

(*4) Derivative transactions for which hedge accounting is applied are reported in the consolidated balance sheets at $1,275 million.

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

Cash and due from banks, call loans and bills bought, receivables under resale agreements, receivables under securities borrowing transactions, foreign exchange, call money and bills sold, payables under repurchase agreements, payables under securities lending transactions and commercial paper are not included the following since they are short-term (within one year), and their fair values approximate their carrying amounts.

	Millions of Yen					
	March 31, 2020					
	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
Monetary claims bought (*1)	¥ –	¥ –	¥ 3,821,690	¥ 3,821,690	¥ 3,832,675	¥ (10,985)
Securities (Held-to-maturity debt securities)	1,134,226	1,041,227	–	2,175,454	2,135,900	39,553
Of which:						
Japanese government bonds	*1,130,430*	–	–	*1,130,430*	*1,100,574*	*29,855*
Municipal bonds	–	–	–	–	–	–
Corporate bonds	–	–	–	–	–	–
Foreign bonds	*3,796*	*1,040,735*	–	*1,044,532*	*1,034,835*	*9,696*
Other	–	*491*	–	*491*	*490*	*1*
Loans and bills discounted (*2)	–	250	105,561,950	105,562,201	104,843,185	719,015
Total assets	1,134,226	1,041,478	109,383,640	111,559,345	110,811,762	747,583
Deposits	¥ –	¥ 177,661,636	¥ –	¥ 177,661,636	¥ 177,613,234	¥ 48,401
Negotiable certificates of deposit	–	5,609,882	–	5,609,882	5,596,531	13,350
Borrowed money	–	30,800,506	–	30,800,506	30,521,462	279,044
Bonds payable	–	3,090,786	–	3,090,786	2,998,345	92,440
Total liabilities	–	217,162,811	–	217,162,811	216,729,574	433,237

(*1) Monetary claims bought includes securitized products accounted for in the same manner as held-to-maturity debt securities, which are ¥889,842 million.

(*2) Allowances for credit losses corresponding to loans and bills discounted are deducted in an amount of ¥515,443 million. However, with respect to items other than loans and bills discounted, the carrying amount is shown because the amount of allowance for credit losses corresponding to these items is insignificant.

	Millions of Yen		
	March 31, 2019		
	Fair value	Carrying amount	Difference
Monetary claims bought (*1)	¥ 4,626,943	¥ 4,634,709	¥ (7,766)
Securities (Held-to-maturity debt securities)	2,332,167	2,310,689	21,478
Of which:			
Japanese government bonds	*1,142,320*	*1,100,701*	*41,618*
Municipal bonds	–	–	–
Corporate bonds	–	–	–
Foreign bonds	*1,189,847*	*1,209,988*	*(20,140)*
Other	–	–	–
Loans and bills discounted (*2)	103,716,877	103,212,867	504,010
Total assets	110,675,988	110,158,266	517,721
Deposits	¥ 170,434,492	¥ 170,388,019	¥ 46,473
Negotiable certificates of deposit	7,117,254	7,101,065	16,188
Borrowed money	22,443,094	22,307,529	135,564
Bonds payable	2,963,235	2,888,748	74,487
Total liabilities	202,958,077	202,685,363	272,714

(*1) Monetary claims bought consist of securitized products accounted for in the same manner as held-to-maturity debt securities, which are ¥1,103,790 million.

(*2) Allowances for credit losses corresponding to loans and bills discounted are deducted in an amount of ¥450,589 million. However, with respect to items other than loans and bills discounted, the carrying amount is shown because the amount of allowance for credit losses corresponding to these items is insignificant.

	Millions of U.S. Dollars					
	March 31, 2020					
	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
Monetary claims bought (*1)	$ –	$ –	$ 35,116	$ 35,116	$ 35,217	$ (101)
Securities (Held-to-maturity debt securities)	10,422	9,567	–	19,989	19,626	363
Of which:						
Japanese government bonds	*10,387*	*–*	*–*	*10,387*	*10,113*	*274*
Municipal bonds	*–*	*–*	*–*	*–*	*–*	*–*
Corporate bonds	*–*	*–*	*–*	*–*	*–*	*–*
Foreign bonds	*35*	*9,563*	*–*	*9,598*	*9,509*	*89*
Other	*–*	*5*	*–*	*5*	*5*	*0*
Loans and bills discounted (*2)	–	2	969,971	969,973	963,367	6,607
Total assets	10,422	9,570	1,005,087	1,025,079	1,018,210	6,869
Deposits	$ –	$ 1,632,469	$ –	$ 1,632,469	$ 1,632,025	$ 445
Negotiable certificates of deposit	–	51,547	–	51,547	51,425	123
Borrowed money	–	283,015	–	283,015	280,451	2,564
Bonds payable	–	28,400	–	28,400	27,551	849
Total liabilities	–	1,995,432	–	1,995,432	1,991,451	3,981

(*1) Monetary claims bought consist of securitized products accounted for in the same manner as held-to-maturity debt securities, which are $8,176 million.

(*2) Allowances for credit losses corresponding to loans and bills discounted are deducted in an amount of $4,736 million. However, with respect to items other than loans and bills discounted, the carrying amount is shown because the amount of allowance for credit losses corresponding to these items is insignificant

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

Monetary claims bought

The fair value of “Monetary claims bought” is determined using prices obtained from external parties (broker-dealers, etc.) or the prices estimated based on internal models.

For certain securitized products whose underlying assets are corporate loan receivables, the fair value is determined by taking into account an amount calculated by estimating future cash flow which is derived from such factors as an analysis of the underlying assets, probability of default and prepayment rate that are discounted at a rate adjusted for the liquidity premium based on the actual historical market data, as well as the price obtained from independent third parties. These products are classified into Level 3. For other securitized products, the fair value is determined based on the price obtained from independent third parties after considering the result of periodic confirmation of the current status of these products, including price comparison with similar products, time series price comparison of the same product, and analysis of consistency with publicly available market indices. These products are classified into Level 2 or Level 3 depending on the inputs used for the prices obtained from independent third parties.

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

Trading assets

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

Money held in trust

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

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

Securities

The fair value of equity securities is determined based on market price and classified principally into Level 1 as the quoted prices are available in active market. The fair value of bonds is determined based on the market price, the price quoted by the financial institutions from which they were purchased, or on prices calculated based on internal models, and national government bonds are classified principally into Level 1, while other bonds are classified into Level 2.

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, and principally classified into Level 2 depending on credit risk, etc.

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, and classified into Level 2. The fair value of investment trusts is determined based on the publicly available price and these investment trusts are not

classified into any fair value hierarchy applying the transitional measures in accordance with Paragraph 26 of Guidance for Application of Fair Value Measurement.
See Note 4 “TRADING ASSETS OR LIABILITIES AND SECURITIES” for notes on securities by categories based on holding purposes.

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, and classified principally into Level 3. 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, and classified principally into Level 3.
For receivables from “bankrupt,” “virtually bankrupt” and “likely to become bankrupt” borrowers, credit loss is estimated based on factors such as the present value of expected future cash 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, and classified principally into Level 3.

Deposits and negotiable certificates of deposit
For demand deposits, the amount payable on demand as of the fiscal year ended 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. These are classified into Level 2.

Borrowed money
For floating rate borrowings, the carrying amount is presented as the fair value, as the fair value 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 creditworthiness of the Bank nor its consolidated subsidiaries after such borrowings were made. For fixed rate borrowings, the fair value is calculated as the present value of expected future cash flow from these borrowings grouped by certain maturity lengths, which is discounted at an interest rate generally applicable to similar borrowings reflecting the premium applicable to the Bank or its consolidated subsidiaries. These are classified into Level 2.

Bonds payable
The fair value of corporate bonds issued by the Bank or its consolidated subsidiaries is determined based on their market price. For certain corporate bonds, the fair value is calculated as the present value of expected future cash flow discounted at 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 Bank nor its consolidated subsidiaries after the issuance. For fixed rate corporate bonds, the fair value is the present value of expected future cash flow from these borrowings, which is discounted at an interest rate generally applicable to similar borrowings reflecting the premium applicable to the Bank or its consolidated subsidiaries. These are classified into Level 2.

Derivatives
Derivative transactions are ones involving interest rates (interest futures, interest options, interest swaps and other transactions), ones involving foreign currencies (currency futures, currency options, currency swaps and other transactions), and ones involving bonds (bond futures, bond future options and other transactions). The fair value of exchange-traded derivative transactions is based on market price. The fair value of over-the-counter (“OTC”) derivative transactions is based on the discounted present value or amount calculated under the option-price calculation model.
The key inputs used in the valuation techniques for OTC derivative transactions include the interest rate yield curve, foreign currency exchange rate and volatility. For OTC derivative transactions, adjustments are made for counterparty credit risk (credit valuation adjustments: CVA) and to reflect the impact of uncollateralized funding (funding valuation adjustments: FVA). The calculation of CVA takes into account probability of default event occurring for each counterparty which is primarily derived from observed or estimated spread on credit default swaps.
In addition, the calculation of CVA takes into account the effect of credit risk mitigation such as pledged collateral and the legal right of offset with the counterparty.
The calculation of FVA takes into account the Bank’s market funding spread reflecting the credit risk of the Bank and the funding exposure of any uncollateralized component of the OTC derivative transaction.
Exchange-traded derivative transactions valued using quoted prices are classified into Level 1. OTC derivative transactions are classified into Level 2 if they do not use significant unobservable inputs. OTC derivative transactions using significant unobservable inputs are classified into Level 3.

(Note) 2. Information about fair value Level 3 out of financial assets and financial liabilities that use fair value as carrying amounts

(1) Quantitative information about significant unobservable inputs

Category	Valuation technique	Significant unobservable inputs	Scope of inputs	Weighted-average of inputs (*1)
Securities				
Foreign bonds	Return on equity method	Probability of default	0.0%-25.0%	0.3%
		Recovery rate	55.0%-90.0%	78.2%
		Market-required return on capital	8.0%-10.0%	9.4%
Other	Discounted cash flow	Liquidity premium	0.9%-3.1%	2.8%
Derivatives				
Interest related instruments	Option pricing models	Correlations between interest rates	32.8%-53.5%	−
		Correlations between interest rate and foreign exchange rate	16.6%-49.1%	−
		Volatility	18.0%-63.0%	−

(*1) Weighted-average of inputs are calculated based on the relative fair value of financial assets each input refers to.

(2) Explanation about the valuation process of fair value

The Financial Planning Division has formulated the Group policy and procedures regarding fair value measurement, the Corporate Risk Management Division has formulated procedures regarding the use of the fair value valuation model, and the division in charge of the product establishes the fair value valuation models in line with the policy and procedures. The models are confirmed by the Corporate Risk Management Division for validity and by the Financial Planning Division for whether the inputs used and the fair value calculated complies with the policy and procedures. The Financial Planning Division also determines the classification of fair value Levels based on the outcome of the said confirmation. When quoted prices obtained from third parties are used as fair value, their validity is verified taking appropriate methods such as confirming the valuation techniques and inputs used and comparing with the fair value of similar financial instruments.

(3) Explanation about effects on fair value of changing a significant unobservable input

Probability of default

Probability of default is an estimate of the likelihood that the default event will occur and the Bank will be unable to collect the contractual amounts. A significant increase (decrease) in the default rate would result in a significant decrease (increase) in a fair value.

Recovery rate

Recovery rate is the proportion of the total outstanding balance of debt securities or loans that is expected to be collected in a liquidation scenario. A significant increase (decrease) in recovery rate causes a significant increase (decrease) in fair value.

Market-required return on capital

Market-required return on capital is the return on capital expected by the secondary market. A significant increase (decrease) in the market-required return on capital would result in a significant decrease (increase) in a fair value of a financial asset.

Liquidity premium

Liquidity premium is adjustments to discount rates to reflect uncertainty of cash flows and liquidity of the instruments. When recent prices of similar instruments are unobservable in inactive or less active markets, discount rates are adjusted based on the facts and circumstances of the markets including the availability of quotes and the time since the latest available quotes. A significant increase (decrease) in discount rate would result in a significant decrease (increase) in a fair value.

Volatility

Volatility is a measure of the speed and severity of market price changes and is a key factor in pricing. A significant increase (decrease) in volatility would cause a significant increase (decrease) in the value of an option resulting in the significant increase (decrease) in fair value. The level of volatility generally depends on the tenor of the underlying instrument and the strike price or level defined in the contract. Volatilities for certain combinations of tenor and strike price are not observable.

Correlations

Correlation is a measure of the relationship between the movements of two variables. A variety of correlation-related assumptions are required for a wide range of instruments including derivative transactions. In most cases, correlations used are not observable in the market and must be estimated using historical information. Changes in correlation inputs can have a major impact, favorable or unfavorable, on the value of an instrument, depending on its nature. In addition, the wide range of correlation inputs are primarily due to the complex and unique nature of these instruments. There are many different types of correlation inputs, including cross-asset correlation (such as correlation between interest rate), and same-asset correlation (such as correlation between interest rates). Correlation levels are highly dependent on market conditions and could have a relatively wide range of levels within different currencies financial instruments or across different types of financial instruments.

For interest rate-related derivatives, the diversity in the portfolio held by the Bank is reflected in wide ranges of correlation, as the fair values of transactions with a variety of currencies and tenors are determined using several foreign exchange and interest rate curves.

(Note) 3. The carrying amounts of non-marketable equity securities and investment in partnerships and others are as follows and they are not included in "Trading assets" or "Securities" in the table disclosed in "Matters concerning Fair Value of Financial Instruments and Breakdown by Fair Value Hierarchy."

	Carrying amount	
	March 31, 2020	
	Millions of Yen	Millions of U.S. Dollars
Non-marketable equity securities (*1) (*3)	¥ 199,834	$ 1,836
Investment in partnerships and others (*2) (*3)	67,473	620

	Carrying amount
	March 31, 2019
	Millions of Yen
Non-marketable equity securities (*1) (*3)	¥ 135,240
Investment in partnerships and others (*2) (*3)	38,884

(*1) Non-marketable equity securities include unlisted equity securities. Their fair value is not disclosed in accordance with Paragraph 5 of ASBJ Guidance No. 19 "Implementation Guidance on Disclosures about Fair Value of Financial Instruments."

(*2) Investment in partnerships and others mainly include silent partnerships and investment partnerships and other partnerships. Their fair values are not disclosed in accordance with Paragraph 27 of the Guidance for Application of Fair Value Measurement.

(*3) With respect to unlisted equity securities and others, an impairment loss of ¥2,975 million ($27 million) and ¥2,794 million was recorded in the fiscal years ended March 31, 2020 and 2019, respectively.

(Note) 4. Maturity analysis for financial assets and securities with contractual maturities

	Millions of Yen					
	March 31, 2020					
	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):	¥13,362,869	¥ 8,702,174	¥ 4,396,618	¥ 3,498,792	¥ 5,632,324	¥13,398,326
Held-to-maturity debt securities:	24,013	101,069	1,101,860	165,616	407,398	1,225,785
Japanese government bonds	–	–	1,100,574	–	–	–
Foreign bonds	1,096	77,612	1,286	70,978	174,685	709,177
Other	22,916	23,457	–	94,638	232,712	516,607
Available-for-sale securities with contractual maturities:	13,338,856	8,601,105	3,294,757	3,333,175	5,224,926	12,172,540
Japanese government bonds	9,904,715	5,602,999	484,796	–	1,106,011	2,096,962
Municipal bonds	11,351	236,570	522,682	882,037	1,274,867	–
Corporate bonds	192,471	631,362	666,234	401,998	413,302	1,344,712
Foreign bonds	2,963,918	1,180,275	1,308,659	2,025,356	2,372,539	8,227,135
Other	266,398	949,897	312,384	23,781	58,204	503,730
Loans (*1) (*3)	43,240,502	18,106,749	15,013,554	6,976,921	5,857,833	15,590,842
Total	¥56,603,371	¥26,808,924	¥19,410,172	¥10,475,713	¥11,490,158	¥28,989,168

	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 debt 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, 2020					
	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):	$ 122,787	$ 79,961	$ 40,399	$ 32,149	$ 51,753	$ 123,112
Held-to-maturity debt securities:	221	929	10,125	1,522	3,743	11,263
Japanese government bonds	–	–	10,113	–	–	–
Foreign bonds	10	713	12	652	1,605	6,516
Other	211	216	–	870	2,138	4,747
Available-for-sale securities with contractual maturities:	122,566	79,032	30,274	30,627	48,010	111,849
Japanese government bonds	91,011	51,484	4,455	–	10,163	19,268
Municipal bonds	104	2,174	4,803	8,105	11,714	–
Corporate bonds	1,769	5,801	6,122	3,694	3,798	12,356
Foreign bonds	27,234	10,845	12,025	18,610	21,800	75,596
Other	2,448	8,728	2,870	219	535	4,629
Loans (*1) (*3)	397,322	166,376	137,954	64,108	53,826	143,259
Total	$ 520,108	$ 246,338	$ 178,353	$ 96,258	$ 105,579	$ 266,371

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

(*2) Securities include securitized products of “Monetary claims bought.”

(*3) Loans do not include those amounts whose repayment schedules cannot be determined including due from “bankrupt” borrowers, “virtually bankrupt” borrowers and “likely to become bankrupt” borrowers amounting to ¥572,224 million ($5,258 million) and ¥516,334 million in the fiscal years ended March 31, 2020 and 2019, respectively.

(Note) 5. Maturity analysis for “Time deposits,” “Negotiable certificates of deposit” and other interest-bearing liabilities

	Millions of Yen					
	March 31, 2020					
	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)	¥43,688,171	¥ 5,709,199	¥ 763,698	¥ 60,933	¥ 44,691	¥ 3,923
Borrowed money (*1) (*2)	19,022,769	4,379,133	2,258,742	1,124,130	1,843,960	1,892,725
Bonds (*1) (*2)	550,885	1,010,011	330,151	144,380	251,087	711,829
Total	¥63,261,827	¥11,098,343	¥ 3,352,592	¥ 1,329,444	¥ 2,139,739	¥ 2,608,478

	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, 2020					
	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)	$ 401,435	$ 52,460	$ 7,017	$ 560	$ 411	$ 36
Borrowed money (*1) (*2)	174,793	40,238	20,755	10,329	16,943	17,392
Bonds (*1) (*2)	5,062	9,281	3,034	1,327	2,307	6,541
Total	$ 581,290	$ 101,979	$ 30,806	$ 12,216	$ 19,661	$ 23,968

(*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, 2020, 2019 and 2018:

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 ended date by transaction type are as follows. Note that contract amounts do not represent the market risk exposure associated with derivatives.

(1) Interest rate-related derivatives

		Millions of Yen							
		March 31, 2020							
		Contract amount							
			Total		Over one year		Fair value		Valuation gain (loss)
Transactions listed on exchange:									
Interest rate futures	Sold	¥	723,933	¥	50,221	¥	(582)	¥	(582)
	Bought		6,836,985		169,343		25,027		25,027
Interest rate options	Sold		11,606,950		–		(65,387)		(57,728)
	Bought		7,704,465		–		6,106		953
Over-the-counter ("OTC") transactions:									
Forward rate agreement	Sold		14,207,807		132,772		662		662
	Bought		14,204,088		65,298		(708)		(708)
Interest rate swaps	Receivable fixed rate/ Payable floating rate		205,979,481		163,657,048		4,235,908		4,235,908
	Receivable floating rate/ Payable fixed rate		206,407,578		161,740,101		(3,638,395)		(3,638,395)
	Receivable floating rate/ Payable floating rate		33,667,161		25,548,968		38,586		38,586
	Receivable fixed rate/ Payable fixed rate		889,527		877,567		5,673		5,673
Interest rate swaptions	Sold		3,193,583		2,158,761		(86,668)		(21,141)
	Bought		3,585,928		2,247,666		93,474		40,030
Other	Sold		1,926,631		1,724,910		(6,445)		8,408
	Bought		2,640,063		2,160,925		9,259		(13,987)
Total			–		–	¥	616,512	¥	622,708

		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
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 U.S. Dollars			
		March 31, 2020			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Interest rate futures	Sold	$ 6,652	$ 461	$ (5)	$ (5)
	Bought	62,823	1,556	230	230
Interest rate options	Sold	106,652	–	(601)	(530)
	Bought	70,794	–	56	9
OTC transactions:					
Forward rate agreement	Sold	130,550	1,220	6	6
	Bought	130,516	600	(7)	(7)
Interest rate swaps	Receivable fixed rate/ Payable floating rate	1,892,672	1,503,786	38,922	38,922
	Receivable floating rate/ Payable fixed rate	1,896,606	1,486,172	(33,432)	(33,432)
	Receivable floating rate/ Payable floating rate	309,356	234,760	355	355
	Receivable fixed rate/ Payable fixed rate	8,174	8,064	52	52
Interest rate swaptions	Sold	29,345	19,836	(796)	(194)
	Bought	32,950	20,653	859	368
Other	Sold	17,703	15,850	(59)	77
	Bought	24,259	19,856	85	(129)
Total		–	–	$ 5,665	$ 5,722

Note: The transactions above are stated at fair value and the related valuation gain (loss) is reported in the consolidated statements of income.

(2) Currency-related derivatives

		Millions of Yen			
		March 31, 2020			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Currency futures	Sold	¥ 139,153	¥ 749	¥ 329	¥ 329
	Bought	331,998	66,653	(2,151)	(2,151)
OTC transactions:					
Currency swaps		35,687,394	26,143,862	(40,923)	(40,923)
Forward contracts on foreign exchange		106,554,594	7,663,902	103,641	103,641
Currency options	Sold	8,593,311	1,824,736	(112,390)	2,852
	Bought	8,138,221	1,839,559	93,827	(9,179)
Total		–	–	¥ 42,331	¥ 54,567

		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		97,372,620	7,609,982	46,724	46,724
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		97,796,990	7,537,448	42,288	42,288
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 U.S. Dollars			
		March 31, 2020			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Currency futures	Sold	$ 1,279	$ 7	$ 3	$ 3
	Bought	3,051	612	(20)	(20)
OTC transactions:					
Currency swaps		327,919	240,227	(376)	(376)
Forward contracts on foreign exchange		979,092	70,421	952	952
Currency options	Sold	78,961	16,767	(1,033)	26
	Bought	74,779	16,903	862	(84)
Total		–	–	$ 389	$ 501

Note: The transactions above are stated at fair value and the related valuation gain (loss) is reported in the consolidated statements of income.

(3) Equity-related derivatives

		Millions of Yen			
		March 31, 2020			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Stock index options	Sold	¥ 3,950	¥ –	¥ (232)	¥ (155)
	Bought	3,950	–	258	123
OTC transactions:					
OTC securities option transactions	Sold	3,941	734	(833)	(670)
	Bought	21,296	734	483	386
Swaps on OTC securities index	Receivable index volatility/ Payable interest	1,000	1,000	(50)	(50)
	Receivable interest/ Payable index volatility	1,000	1,000	50	50
Total		–	–	¥ (323)	¥ (316)

		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 U.S. Dollars			
		March 31, 2020			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Stock index options	Sold	$ 36	$ –	$ (2)	$ (1)
	Bought	36	–	2	1
OTC transactions:					
OTC securities option transactions	Sold	36	7	(8)	(6)
	Bought	196	7	4	4
Swaps on OTC securities index	Receivable index volatility/ Payable interest	9	9	(0)	(0)
	Receivable interest/ Payable index volatility	9	9	0	0
Total		–	–	$ (3)	$ (3)

Note: The transactions above are stated at fair value and the related valuation gain (loss) is reported in the consolidated statements of income.

(4) Bond-related derivatives

		Millions of Yen			
		March 31, 2020			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Bond futures	Sold	¥ 1,311,076	¥ –	¥ (18,932)	¥ (18,932)
	Bought	662,992	–	20,624	20,624
Bond futures options	Sold	870,714	–	(13,181)	(9,476)
	Bought	632,343	–	9,714	5,171
OTC transactions:					
OTC bond options	Sold	104,254	–	(695)	347
	Bought	104,254	–	651	(411)
Bond forward contracts	Sold	1,751,679	–	(15,388)	(15,388)
	Bought	1,499,451	–	18,680	18,680
Total return swaps	Sold	–	–	–	–
	Bought	122,814	122,814	6,838	6,838
Total		–	–	¥ 8,311	¥ 7,454

		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 U.S. Dollars							
		March 31, 2020							
		Contract amount							
		Total		Over one year		Fair value		Valuation gain (loss)	
Transactions listed on exchange:									
Bond futures	Sold	$	12,047	$	–	$	(174)	$	(174)
	Bought		6,092		–		190		190
Bond futures options	Sold		8,001		–		(121)		(87)
	Bought		5,810		–		89		48
OTC transactions:									
OTC bond options	Sold		958		–		(6)		3
	Bought		958		–		6		(4)
Bond forward contracts	Sold		16,096		–		(141)		(141)
	Bought		13,778		–		172		172
Total return swaps	Sold		–		–		–		–
	Bought		1,128		1,128		63		63
Total			–		–	$	76	$	68

Note: The transactions above are stated at fair value and the related valuation gain (loss) is reported in the consolidated statements of income.

(5) Commodity-related derivatives

		Millions of Yen			
		March 31, 2020			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
OTC transactions:					
Commodity swaps	Receivable index volatility/ Payable floating rate	¥ 105	¥ 82	¥ 9	¥ 9
	Receivable floating rate/ Payable index volatility	105	82	(9)	(9)
Commodity options	Sold	474	238	(12)	32
	Bought	474	238	12	(26)
Total		–	–	¥ 0	¥ 6

		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 U.S. Dollars			
		March 31, 2020			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
OTC transactions:					
Commodity swaps	Receivable index volatility/ Payable floating rate	$ 1	$ 1	$ 0	$ 0
	Receivable floating rate/ Payable index volatility	1	1	(0)	(0)
Commodity options	Sold	4	2	(0)	0
	Bought	4	2	0	(0)
Total		–	–	$ 0	$ 0

Notes:
1. The transactions above are stated at fair value and the related valuation gain (loss) is reported in the consolidated statements of income.
2. The commodity transactions are mainly oil related.

(6) Credit-related derivatives

		Millions of Yen			
		March 31, 2020			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
OTC transactions:					
Credit default options	Sold	¥ 1,205,237	¥ 1,195,484	¥ (36,167)	¥ (36,167)
	Bought	1,165,315	1,095,654	4,065	4,065
Total		–	–	¥ (32,101)	¥ (32,101)

		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 U.S. Dollars			
		March 31, 2020			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
OTC transactions:					
Credit default options	Sold	$ 11,074	$ 10,985	$ (332)	$ (332)
	Bought	10,708	10,068	37	37
Total		–	–	$ (295)	$ (295)

Notes:

1. The transactions above are stated at fair value and the related valuation gain (loss) is reported in the consolidated statements of income.
2. “Sold” refers to transactions underwriting credit risk and “Bought” refers to transactions delivering credit risk.

(7) Other derivatives

		Millions of Yen			
		March 31, 2020			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
OTC transactions:					
Earthquake derivatives	Sold	¥ 28,000	¥ 21,000	¥ (405)	¥ 600
	Bought	28,637	11,319	1,037	(778)
Other	Sold	–	–	–	–
	Bought	5,139	5,139	71	71
Total		–	–	¥ 704	¥ (106)

		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)
SVF Wrap Products	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 U.S. Dollars			
		March 31, 2020			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
OTC transactions:					
Earthquake derivatives	Sold	$ 257	$ 193	$ (4)	$ 6
	Bought	263	104	10	(7)
Other	Sold	–	–	–	–
	Bought	47	47	1	1
Total		–	–	$ 6	$ (1)

Note: The transactions above are stated at fair value and the related valuation gain (loss) is reported in the consolidated statements of income.

Derivatives to which hedge accounting is applied:

With respect to derivatives to which hedge accounting is applied, contract amount, contractual principal amount and fair value at the fiscal year ended date by transaction type and hedge accounting method are as follows. Note that contract amounts do not represent the market risk exposure associated with derivatives.

(1) Interest rate-related derivatives

			Millions of Yen		
			March 31, 2020		
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	¥ 15,122,736	¥ 12,509,623	¥ 95,662
	Receivable floating rate/ Payable fixed rate		1,457,020	1,197,556	(8,269)
Total			–	–	¥ 87,392

			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 U.S. Dollars		
			March 31, 2020		
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	$ 138,957	$ 114,946	$ 879
	Receivable floating rate/ Payable fixed rate		13,388	11,004	(76)
Total			–	–	$ 803

Note: 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) Currency-related derivatives

			Millions of Yen		
			March 31, 2020		
Hedge accounting method	Transaction type	Major hedged item	Contract amount	Contract amount due after one year	Fair value
Deferred hedge accounting	Currency swaps	Loans, securities, deposits and others denominated in foreign currencies	¥ 12,030,195	¥ 6,973,972	¥ 64,030

			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	Currency swaps	Loans, securities, deposits and others denominated in foreign currencies	¥ 16,216,068	¥ 8,823,713	¥ (121,545)

			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	Currency swaps	Loans, securities, deposits and others denominated in foreign currencies	¥ 18,072,361	¥ 10,526,087	¥ 76,565

			Millions of U.S. Dollars		
			March 31, 2020		
Hedge accounting method	Transaction type	Major hedged item	Contract amount	Contract amount due after one year	Fair value
Deferred hedge accounting	Currency swaps	Loans, securities, deposits and others denominated in foreign currencies	$ 110,541	$ 64,081	$ 588

Note: 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.”

(3) Equity-related derivatives

Hedge accounting method	Transaction type	Major hedged item	Millions of Yen March 31, 2020 Contract amount		Contract amount due after one year		Fair value	
Fair value hedge accounting	Total return swaps	Available-for-sale securities (equity securities)	¥	348,118	¥	348,118	¥	(12,627)

Hedge accounting method	Transaction type	Major hedged item	Millions of Yen March 31, 2019 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

Hedge accounting method	Transaction type	Major hedged item	Millions of Yen March 31, 2018 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)

Hedge accounting method	Transaction type	Major hedged item	Millions of U.S. Dollars March 31, 2020 Contract amount		Contract amount due after one year		Fair value	
Fair value hedge accounting	Total return swaps	Available-for-sale securities (equity securities)	$	3,199	$	3,199	$	(116)

(4) Bond-related derivatives

There were no bond-related derivatives as of March 31, 2020.

Hedge accounting method	Transaction type	Major hedged item	Millions of Yen March 31, 2019 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)

Hedge accounting method	Transaction type	Major hedged item	Millions of Yen March 31, 2018 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

28. BUSINESS COMBINATIONS OR DIVESTITURES

Fiscal year ended March 31, 2020

Consolidation of Bank Danamon and Bank BNP through an increase in shareholdings

On April 29, 2019, the Bank acquired an additional equity interest of Bank Danamon, which is the Bank's affiliate accounted for using the equity method, and Bank BNP, which is a consolidated subsidiary of MUFG, the wholly-owning parent company of the Bank. Consequently, the Bank acquired a majority of voting rights of Bank Danamon and Bank BNP, and they 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.

1. Overview of the business combination
   (1) Name and business description of the acquirees
   Name of the acquirees: PT Bank Danamon Indonesia, Tbk. and PT Bank Nusantara Parahyangan, Tbk.
   Description of business: Commercial bank

   (2) Main objectives of the business combination
   The business combination is intended to establish business platforms for retail businesses and transactions with medium sized corporate clients across the growing Indonesian market and provide broader comprehensive services to the clients aiming to develop their business in Indonesia.

   (3) Date of the business combination
   April 29, 2019

   (4) Legal form of the business combination
   Consolidation through the acquisition of shares

   (5) Name of the company after the business combination
   No change

   (6) Voting rights ratio of Bank Danamon acquired by the Bank (after merger)

Voting rights ratio immediately before the business combination	40.0%
Voting rights acquired additionally	54.1%
Voting rights ratio after acquisition	94.1%

2. Operating period of the acquirees included in the consolidated financial statements
   The fiscal year ended date of acquirees Bank Danamon and Bank BNP is December 31, which is different from the consolidated fiscal year ended date by 3 months. The operating results of the acquirees for the period from April 29, 2019 through December 31, 2019 were included in the accompanying consolidated financial statements.

3. Acquisition cost of the acquirees and its components

Consideration for acquisition	Cash and due from banks	¥688,728 million ($6,328 million)
Acquisition cost		¥688,728 million ($6,328 million)

4. Major acquisition-related costs

Expenses directly required for acquisition	Advisory fees, etc.	¥2,759 million ($25 million)

5. Difference between the acquisition costs of acquirees and total of acquisition costs per transaction up to the acquisition

Gain on step acquisitions	¥2,105 million ($19 million)

6. Amount of goodwill generated, its cause, amortization method and period of amortization
   (1) Amount of goodwill generated:
   ¥234,710 million ($2,157 million)

   (2) Cause of generation:
   The goodwill was generated due to excess earning capability expected in future business development.

   (3) Method and period of amortization
   As explained in Note 21, although the goodwill was initially amortized on a straight-line basis over a period of 20 years, the Bank fully amortized goodwill in accordance with Paragraph 32 of the JICPA Accounting Committee Report No. 7 "Practical Guidelines for the Capital Consolidation Procedure in Consolidated Financial Statements" (May 12, 1998).

7. Amounts of assets and liabilities assumed on the date of the business combination and their major components (after the merger)

(1)	Amount of assets	Total assets	¥1,762,489 million ($16,195 million)
		Of which, loans and bills discounted	¥996,800 million ($9,159 million)
(2)	Amount of liabilities	Total liabilities	¥1,276,124 million ($11,726 million)
		Of which, deposits	¥915,074 million ($8,408 million)

In the allocation of acquisition cost, the amount allocated to intangible fixed assets other than goodwill was ¥141,351 million ($1,299 million), which mainly consisted of ¥79,552 million ($731 million) of relationships with agents (amortization period of 13 years) and ¥29,803 million ($274 million) of core ordinary deposits (amortization period of 9 years).

8. Estimated amount and its calculation method of the impact on the consolidated statements of income for the current fiscal year assuming that the business combination was completed on the first day of the current fiscal year.

Total income (Unaudited)	¥50,078 million ($460 million)
Income before income taxes (Unaudited)	¥4,103 million ($38 million)
Net income attributable to the shareholders of MUFG Bank (Unaudited)	¥2,366 million ($22 million)

Method for determining the estimated amount

The estimated amount of the impact is determined as total income, income before income taxes and net income attributable to the shareholders of MUFG Bank which are calculated on the assumption that the business combination was completed on April 1, 2019. The amount of amortization is also calculated on the assumption that the goodwill and intangible fixed assets recognized at the time of the business combination was generated on April 1, 2019.

Acquisition of part of the Aviation Finance division of DVB Bank SE

On November 18, 2019, the Bank completed its acquisition (the "Transaction") of part of the aviation finance division of DVB Bank SE ("DVB") in Germany based on agreement among DVB, the Bank and BOT Lease Co., Ltd. ("BOT Lease"), an equity method affiliate of the Bank.

1. Overview of the business combination
   (1) Name of counterparty and business description

Name of counterparty	DVB Bank SE
Business description	Aviation financing

   (2) Main objectives of the business combination
   The Transaction is expected to enhance MUFG's Global Corporate & Investment Banking ("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.

   (3) Date of the business combination
   November 18, 2019

   (4) Legal form of the business combination
   Acquisition of business

2. Operating period of the acquired business included in the consolidated financial statements
   The operating results of the acquired business for the period from November 18, 2019 through March 31, 2020 were included in the accompanying consolidated financial statements.

3. Acquisition cost of the acquired business and its components

Consideration for acquisition	Cash and due from banks	¥555,249 million ($5,102 million)
Acquisition cost		¥555,249 million ($5,102 million)

   The above amount is provisional since the price adjustments have not been completed.

4. Major acquisition-related costs

Expenses directly required for acquisition	Advisory fees, etc.	¥2,199 million ($20 million)

   The above amount is provisional since the price adjustments have not been completed.

5. Amount of goodwill generated, its cause, amortization method and period of amortization
   (1) Amount of goodwill generated:
   ¥23,023 million ($212 million)
   The above amount is provisional since the price adjustments have not been completed.

   (2) Cause of generation:
   The goodwill was generated due to excess earning capability expected in future business development.

   (3) Method and period of amortization
   The goodwill will be amortized on a straight-line basis over a period of 20 years.

6. Amounts of assets and liabilities assumed on the date of the business combination and their major components (after the merger)

(1) Amount of assets	Total assets	¥522,797 million ($4,804 million)
	Of which, loans and bills discounted	¥515,932 million ($4,741 million)
	Of which, other assets	¥5,752 million ($53 million)
(2) Amount of liabilities	Total liabilities	¥138 million ($1 million)

7. Estimated amount and its calculation method of the impact on the consolidated statements of income for the current fiscal year assuming that the business combination was completed on the first day of the current fiscal year

Total income (Unaudited)	¥4,201 million ($39 million)
Income before income taxes (Unaudited)	¥(465) million ($(4) million)
Net income attributable to the shareholders of MUFG Bank (Unaudited)	¥(465) million ($(4) million)

Method for determining the estimated amount

The estimated amount of the impact is determined as total income, income before income taxes and net income attributable to the shareholders of MUFG Bank which are calculated on the assumption that the business combination was completed on April 1, 2019. The amount of amortization is also calculated on the assumption that the goodwill recognized at the time of the business combination was generated on April 1, 2019.

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, including loans and bills discounted amounting to ¥8,779,977 million
Liabilities and equity: ¥9,124,632 million, including call money amounting to ¥6,302,225 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, including loans and bills discounted amounting to ¥1,746,867 million

Liabilities: ¥13,120 million
Transfer value: ¥1,750,558 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

(1) Outline of the acquisition
On March 1, 2019, the Bank, together with BOT Lease, which is the Bank’s affiliate accounted for using the equity method, entered into an asset purchase agreement (the “Agreement”) with 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. The 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 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.

<u>Fiscal year ended March 31, 2018</u>

There was no business combination or divestiture to be noted for the year ended March 31, 2018.

29. RELATED-PARTY TRANSACTIONS

Related-party transactions:

Related-party transactions for the fiscal years ended March 31, 2020, 2019 and 2018 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, 2020

Type	Name	Location	Capital (Millions of Yen)	Business	Ownerships	Relationship	Transactions	Transaction amount (Millions of Yen)	Account	Outstanding balance (Millions of Yen)
Parent	Mitsubishi UFJ Financial Group, Inc.	Chiyoda-ku, Tokyo	¥ 2,141,513	Bank holding company	Direct 100.00%	Loans or others, Directors or others	Borrowings (Note 1) Payment of interest (Note 1)	¥ 1,318,722 156,366	Borrowed money Other liabilities	¥ 7,449,164 (Note 2) 24,251

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, 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) Payment of interest (Note 1)	¥ 1,850,569 111,995	Borrowed money Other liabilities	¥ 6,213,339 (Note 2) 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) Payment of interest (Note 1)	¥ 1,560,406 69,922	Borrowed money Other liabilities	¥ 4,299,110 (Note 2) 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, 2020

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	$ 19,678	Bank holding company	Direct 100.00%	Loans or others, Directors or others	Borrowings (Note 1) Payment of interest (Note 1)	$ 12,117 1,437	Borrowed money Other liabilities	$ 68,448 (Note 2) 223

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, 2020, 2019 and 2018.

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, 2020

There was no applicable transaction to be reported for the fiscal year ended March 31, 2020.

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)
Subsidiary 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) Assets Liabilities and net assets Consideration for corporate split (Note 3)	 ¥ 9,124,632 9,124,632 –	 – – –	 – – –
							Acquisition of business (Notes 1 and 4) Assets Liabilities Acquisition value	 ¥ 1,763,679 13,120 1,750,558	 – – –	 – – –
							Loans (Note 5) Receipt of interest (Note 5)	¥ 7,011,873 379	– –	– –
							Borrowings (Note 6) Payment of interest (Note 6)	¥ 2,810,587 34,747	Borrowed money Other liabilities	¥ 1,051,075 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, 2018

There was no applicable transaction to be reported for the fiscal year ended March 31, 2018.

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

Fiscal year ended March 31, 2020

Type	Name	Occupation	Ownerships	Relationship	Transactions	Transaction amount (Millions of Yen)	Account	Outstanding balance (Millions of Yen)
Director's relative	Hisayuki Tatsumi	–	None	Relative of director of the Bank	Loans (Note 1) Receipt of interest (Note 1)	¥ – 0	Loans and bills discounted Other asset	¥ 45 0
Director	Shinichi Koide	–	None	Director of the Bank	Loans (Note 2) Receipt of interest (Note 2)	¥ – 0	Loans and bills discounted Other assets	¥ 81 0
Parent's director's relative	Takayuki Kondo	–	None	Relative of director of the Bank's parent	Loans (Note 3) Receipt of interest (Note 3)	¥ – 1	Loans and bills discounted Other assets	¥ 283 0

Terms and conditions on transactions and transaction policy:

Notes:

1. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 30 years.
2. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 22 years.
3. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 26-30yrs.

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) Receipt of interest (Note 1)	¥ – 0	Loans and bills discounted Other asset	¥ 46 0
Director	Shinichi Koide	–	None	Director of the Bank	Loans (Note 2) Receipt of interest (Note 2)	¥ – 0	Loans and bills discounted Other assets	¥ 86 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) Receipt of interest (Note 1)	¥ – 0	Loans and bills discounted Other assets	¥ 48 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, 2020

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) Receipt of interest (Note 1)	$ – 0	Loans and bills discounted Other assets	$ 0 0
Director	Shinichi Koide	–	None	Director of the Bank	Loans (Note 2) Receipt of interest (Note 2)	$ – 0	Loans and bills discounted Other assets	$ 1 0
Parent's director's relative	Takayuki Kondo	–	None	Relative of director of the Bank's parent	Loans (Note 3) Receipt of interest (Note 3)	$ – 0	Loans and bills discounted Other assets	$ 3 0

Terms and conditions on transactions and transaction policy:

Notes:

1. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 30 years.
2. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 22 years.
3. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 26-30yrs.

(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, 2020, 2019 and 2018.

b. Unconsolidated subsidiaries and affiliates

There was no applicable transaction to be reported for the fiscal years ended March 31, 2020, 2019 and 2018.

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, 2020

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 1,747,093 thousand	Securities	None	Securities transactions or others	Purchase and sales of trading securities (Notes 1 and 2)	¥ –	–	¥ –

Terms and conditions on transactions and transaction policy:

Notes:

1. Terms and conditions are determined considering the market trends.
2. Transaction amounts are omitted as they are repetitive transactions.

Fiscal year ended March 31, 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.

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, 2020, 2019 and 2018.

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, 2020, 2019 and 2018.

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, 2020, 2019 and 2018 to income before income taxes shown in the consolidated statements of income was as follows:

	Millions of Yen			Millions of U.S. Dollars
	2020	2019	2018	2020
Ordinary profit	¥ 711,942	¥ 851,241	¥ 901,550	$ 6,542
Gain on disposal of fixed assets	13,622	4,707	4,915	125
Gain on sales of shares of subsidiaries	31,462	–	–	289
Gain on sales of shares of affiliates	12,828	–	–	118
Gain on step acquisitions	2,105	–	–	19
Gain on liquidation of affiliates	–	563	–	–
Loss on disposal of fixed assets	(9,852)	(6,653)	(9,320)	(91)
Impairment loss on fixed assets	(58,849)	(30,756)	(53,493)	(541)
Amortization of goodwill	(359,323)	–	–	(3,302)
Loss on sales of shares of subsidiaries	(3,546)	–	–	(33)
Loss on sales of shares of affiliates	–	(6,682)	–	–
Income before income taxes	¥ 340,391	¥ 812,419	¥ 843,651	$ 3,128

For the fiscal years ended March 31, 2020, 2019 and 2018:

(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 year ended March 31, 2018 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.

Changes in calculation method of income or loss

The Group has changed the allocation method of income/loss to divisions from the fiscal year ended March 31, 2020, and has changed the calculation method of segment income.

The business segment information for the years ended March 31, 2019 and 2018 has been restated to reflect the foregoing changes in the calculation method.

(3) Reportable segment information for the fiscal years ended March 31, 2020, 2019 and 2018

	Millions of Yen							
Fiscal year ended March 31, 2020	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	¥ 708,806	¥ 438,569	¥ 375,530	¥ 804,595	¥ 2,327,501	¥ 342,297	¥ (2,004)	¥ 2,667,794
Non-consolidated	647,181	371,481	270,452	125	1,289,240	277,678	(26,140)	1,540,778
Net interest income	425,645	161,756	115,231	920	703,553	58,822	49,942	812,318
Net non-interest income	221,535	209,724	155,220	(794)	585,686	218,855	(76,082)	728,459
Subsidiaries	61,624	67,088	105,078	804,470	1,038,261	64,619	24,135	1,127,016
Expenses	631,222	248,777	232,755	572,458	1,685,213	98,138	90,133	1,873,485
Net operating income	¥ 77,583	¥ 189,791	¥ 142,775	¥ 232,137	¥ 642,287	¥ 244,158	¥ (92,138)	¥ 794,308

	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
Gross operating income	¥ 724,346	¥ 433,938	¥ 360,596	¥ 690,538	¥ 2,209,420	¥ 279,181	¥ (48,590)	¥ 2,440,011
Non-consolidated	660,282	366,795	253,975	(1,304)	1,279,749	219,601	29,740	1,529,091
Net interest income	440,269	146,032	110,896	(1,297)	695,901	134,220	174,669	1,004,790
Net non-interest income	220,013	220,762	143,079	(7)	583,848	85,381	(144,928)	524,300
Subsidiaries	64,064	67,142	106,621	691,842	929,671	59,579	(78,330)	910,920
Expenses	644,878	242,414	225,003	483,528	1,595,824	99,081	82,338	1,777,244
Net operating income	¥ 79,468	¥ 191,524	¥ 135,593	¥ 207,009	¥ 613,595	¥ 180,100	¥ (130,928)	¥ 662,766

	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
Gross operating income	¥ 755,984	¥ 400,992	¥ 337,984	¥ 652,791	¥ 2,147,751	¥ 341,608	¥ 66,224	¥ 2,555,585
Non-consolidated	691,694	342,203	236,943	(3,347)	1,267,494	285,258	113,734	1,666,487
Net interest income	443,437	111,870	92,073	(3,312)	644,068	167,781	146,820	958,670
Net non-interest income	248,257	230,333	144,869	(34)	623,426	117,476	(33,085)	707,816
Subsidiaries	64,290	58,788	101,040	656,138	880,257	56,350	(47,510)	889,097
Expenses	643,505	240,934	210,956	468,824	1,564,220	99,181	78,844	1,742,246
Net operating income	¥ 112,479	¥ 160,058	¥ 127,027	¥ 183,967	¥ 583,531	¥ 242,426	¥ (12,619)	¥ 813,339

Fiscal year ended March 31, 2020	Retail & Commercial Banking	Japanese Corporate & Investment Banking	Global Corporate & Investment Banking	Global Commercial Banking	Customer business units subtotal	Global Markets	Other units	Total
	Millions of U.S. Dollars							
Gross operating income	$ 6,513	$ 4,030	$ 3,451	$ 7,393	$ 21,387	$ 3,145	$ (18)	$ 24,513
Non-consolidated	5,947	3,413	2,485	1	11,846	2,551	(240)	14,158
Net interest income	3,911	1,486	1,059	8	6,465	540	459	7,464
Net non-interest income	2,036	1,927	1,426	(7)	5,382	2,011	(699)	6,694
Subsidiaries	566	616	966	7,392	9,540	594	222	10,356
Expenses	5,800	2,286	2,139	5,260	15,485	902	828	17,215
Net operating income	$ 713	$ 1,744	$ 1,312	$ 2,133	$ 5,902	$ 2,243	$ (847)	$ 7,299

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	2020	2019	2018	2020
Net operating income per reportable segment information	¥ 794,308	¥ 662,766	¥ 813,339	$ 7,299
Net business profit of subsidiaries excluded from the reportable segment information	22,494	27,338	40,884	207
Provision for allowance for credit losses	(107,866)	–	–	(991)
Credit-related expenses	(109,577)	(56,424)	(103,268)	(1,007)
Gain on reversal of allowance for credit losses	–	32,918	59,568	–
Gain on reversal of reserve for contingent losses (credit-related)	8,192	55,206	–	75
Gain on collection of bad debts	73,713	46,773	58,357	677
Gains on equity securities and other securities	15,018	128,793	92,093	138
Equity in earnings of the equity method investees	(2,468)	14,401	25,456	(23)
Amortization of net unrecognized actuarial gain or loss	21,293	(26,195)	(57,473)	196
Gain on cancellation of sleeping deposit accounts	3,918	15,896	15,571	36
Other	(7,083)	(50,232)	(42,978)	(65)
Ordinary profit under the internal management reporting system	¥ 711,942	¥ 851,241	¥ 901,550	$ 6,542

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, 2020							
Japan	USA	North America (except for USA)	Latin America	Europe/Middle East	Thailand	Asia/Oceania (except for Thailand)	Total
¥ 2,457,096	¥ 1,210,290	¥ 31,152	¥ 58,549	¥ 290,633	¥ 552,364	¥ 738,093	¥ 5,338,180

Millions of Yen							
Fiscal year ended March 31, 2019							
Japan	USA	North America (except for USA)	Latin America	Europe/Middle East	Thailand	Asia/Oceania (except for Thailand)	Total
¥ 2,083,604	¥ 1,253,740	¥ 35,759	¥ 55,421	¥ 324,500	¥ 469,805	¥ 641,154	¥ 4,863,987

Millions of Yen							
Fiscal year ended March 31, 2018							
Japan	USA	North America (except for USA)	Latin America	Europe/Middle East	Thailand	Asia/Oceania (except for Thailand)	Total
¥ 2,062,107	¥ 952,250	¥ 28,785	¥ 49,820	¥ 260,153	¥ 411,327	¥ 513,375	¥ 4,277,820

Millions of U.S. Dollars							
Fiscal year ended March 31, 2020							
Japan	USA	North America (except for USA)	Latin America	Europe/Middle East	Thailand	Asia/Oceania (except for Thailand)	Total
$ 22,577	$ 11,121	$ 286	$ 538	$ 2,671	$ 5,075	$ 6,782	$ 49,051

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.

Changes in presentation:

Fiscal year ended March 31, 2020

Ordinary income for "Thailand" which had been included in "Asia/Oceania" in the previous fiscal years has been stated separately from the fiscal year ended March 31, 2020 due to increased significance. In order to reflect these changes in presentation, notes on "2) Information by geographic region a) Ordinary income" for the previous fiscal years has been reclassified. As a result, amounts which had been presented as "Asia/Oceania" in the fiscal years ended March 31, 2019 and 2018 of ¥1,110,960 million and ¥924,703 million, respectively, have been reclassified into "Thailand" of ¥469,805 million and ¥411,327 million, respectively, and "Asia/Oceania (except for Thailand)" of ¥641,154 million and ¥513,375 million, respectively.

b) Tangible fixed assets

Millions of Yen						
As of March 31, 2020						
Japan	USA	North America (except for USA)	Latin America	Europe/Middle East	Asia/Oceania	Total
¥ 779,512	¥ 102,864	¥ 206	¥ 744	¥ 4,133	¥ 136,962	¥ 1,024,423

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 U.S. Dollars						
As of March 31, 2020						
Japan	USA	North America (except for USA)	Latin America	Europe/Middle East	Asia/Oceania	Total
$ 7,163	$ 945	$ 2	$ 7	$ 38	$ 1,258	$ 9,413

3) Information by major customer

There was no applicable information to be reported for the fiscal years ended March 31, 2020, 2019 and 2018.

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

Impairment loss on fixed assets is not allocated to the reportable segments. The impairment loss was ¥58,849 million ($541 million), ¥30,756 million and ¥53,493 million for the fiscal years ended March 31, 2020, 2019 and 2018, respectively.

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

	Millions of Yen							
Fiscal year ended March 31, 2020	Retail & Commercial Banking	Japanese Corporate & Investment Banking	Global Corporate & Investment Banking	Global Commercial Banking	Customer business units subtotal	Global Markets	Other units	Total
Amortization	¥ –	¥ –	¥ 539	¥ 384,003	¥ 384,542	¥ –	¥ –	¥ 384,542
Unamortized balance	–	–	23,313	64,110	87,424	–	–	87,424

	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 U.S. Dollars							
Fiscal year ended March 31, 2020	Retail & Commercial Banking	Japanese Corporate & Investment Banking	Global Corporate & Investment Banking	Global Commercial Banking	Customer business units subtotal	Global Markets	Other units	Total
Amortization	$ –	$ –	$ 5	$ 3,528	$ 3,533	$ –	$ –	$ 3,533
Unamortized balance	–	–	214	589	803	–	–	803

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, 2020, 2019 and 2018.