Annual Securities Report

"Yukashoken Hokokusho"

(Excerpt)

for the fiscal year ended March 31, 2021

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
[Submitted to]	Director, Kanto Local Finance Bureau
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[Accounting Period]	The 16th Fiscal Year (from April 1, 2020 to March 31, 2021)
[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 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	Fiscal 2020 From April 1, 2020 to March 31, 2021
Consolidated ordinary income	4,237,395	4,277,820	4,863,987	5,338,180	4,120,160
Consolidated ordinary profit	992,055	901,550	851,241	711,942	430,887
Net income attributable to the shareholders of MUFG Bank	689,929	575,260	612,437	97,921	307,761
Consolidated comprehensive income	266,086	859,875	487,183	(29,768)	727,726
Consolidated total equity	12,427,078	12,708,722	12,869,567	12,285,505	12,571,975
Consolidated total assets	229,108,371	239,228,925	253,312,157	270,418,512	290,269,735
Total equity per share (yen)	933.06	964.46	987.52	960.19	984.24
Net income per common share (yen)	55.86	46.57	49.58	7.92	24.91
Diluted net income per common share (yen)	55.86	46.57	49.58	7.92	24.91
Capital ratio (%)	5.02	4.97	4.81	4.38	4.18
Consolidated return on equity (%)	5.92	4.90	5.08	0.81	2.56
Net cash provided by operating activities	6,376,655	10,425,832	10,615,956	6,490,423	33,234,771
Net cash provided by (used in) investing activities	6,512,818	(1,324,719)	(7,878,185)	(4,115,796)	(9,680,070)
Net cash provided by (used in) financing activities	(721,099)	(271,096)	(65,856)	739,323	(126,285)
Cash and cash equivalents at end of period	49,105,070	57,688,651	60,389,520	63,234,971	86,975,271
Number of employees [Besides the above, average number of temporary employees]	84,025 [22,500]	86,058 [22,100]	87,876 [21,800]	106,895 [25,300]	106,023 [22,300]

(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 applicable 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, 5,400, 4,800, 4,500 and 4,100, respectively, for the fiscal years ended 2016, 2017, 2018, 2019 and 2020.
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	12th Term	13th Term	14th Term	15th Term	16th Term
Period of account	March 2017	March 2018	March 2019	March 2020	March 2021
Ordinary income	3,072,712	3,067,560	3,568,249	3,661,200	2,635,402
Ordinary profit	632,205	637,091	624,464	459,184	202,247
Net income (loss)	481,455	437,710	663,215	(653,072)	144,479
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	10,231,499	10,420,190	10,913,954	9,801,968	9,897,602
Total assets	204,190,574	212,246,573	225,596,992	239,788,548	259,975,251
Balance of deposits	139,164,104	145,492,629	152,870,674	158,248,564	182,239,930
Balance of loans and bills discounted	81,394,063	79,213,244	87,877,986	88,258,295	88,447,036
Balance of securities	42,235,515	43,375,328	48,739,675	50,781,265	61,787,561
Total equity per share (yen)	828.45	843.73	883.71	793.67	801.42
Dividends per share (yen) [Of the above, interim dividends per share (yen)]	Common stock 35.66 [8.13]	Common stock 31.92 [12.12]	Common stock 8.51 [–]	Common stock 26.16 [11.45]	Common stock 18.44 [11.27]
Net income (loss) per common share (yen)	38.98	35.44	53.70	(52.88)	11.69
Diluted net income per common share (yen)	–	–	–	–	–
Capital ratio (%)	5.01	4.90	4.83	4.08	3.80
Return on equity (%)	4.61	4.23	6.21	(6.30)	1.46
Dividend payout ratio (%)	91.47	90.06	15.84	–	157.62
Number of employees [Besides the above, average number of temporary employees]	34,276 [12,407]	34,101 [11,996]	33,524 [11,742]	32,186 [10,783]	30,554 [9,973]

(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 12th, 13th, 14th and 15th Terms include special dividends of ¥19.87, ¥13.64, ¥4.28 and ¥3.40, respectively.
4. The Bank paid dividends in kind in the 13th and 14th Terms but these dividends are not included in the dividends per share and dividend payout ratio.
5. Capital ratio is calculated by dividing (“total equity at the end of fiscal year” - “subscription rights to shares at the

end of fiscal year") by "total assets at the end of fiscal year."

6. Price earnings ratio is not applicable 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 2,800, 2,744, 2,263, 2,178 and 1,941, respectively, for the 12th, 13th, 14th, 15th and 16th Terms.
10. Total shareholder return is not applicable as shares of the Bank are unlisted.
11. The highest and lowest share prices by fiscal year are not applicable 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, 122 consolidated subsidiaries, and 44 equity method investees, and is engaged in banking and other financial services (including leasing).

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

Positions of main subsidiaries and affiliates in relation to each business unit are illustrated in the following organizational chart. 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, 2021)

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	●					
**The Chukyo Bank, Limited						●
* MUFG Americas Holdings Corporation		●	●	●	●	
* MUFG Bank Mexico, S.A.		●	●		●	●
* Banco MUFG Brasil 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	100.00

(Consolidated subsidiaries)

Company name	Address	Ratio of voting rights holding (held) (%)
The Mitsubishi UFJ Factors Limited	Chiyoda-ku, Tokyo	100.00
Mitsubishi UFJ Research and Consulting Co., Ltd.	Minato-ku, Tokyo	44.92 (9.53)
MU Frontier Servicer Co., Ltd.	Nakano-ku, Tokyo	96.47
Mitsubishi UFJ Personal Financial Advisers Co., Ltd.	Chiyoda-ku, Tokyo	47.33
TOKYO CREDIT SERVICES, LIMITED	Chiyoda-ku, Tokyo	47.50 (21.50)
Mitsubishi UFJ Financial Partners Co., Ltd.	Minato-ku, Tokyo	100.00
MU Business Engineering, Ltd.	Chuo-ku, Tokyo	100.00
MUFG Americas Holdings Corporation	New York, New York, the United States	95.00
MUFG Bank Mexico, S.A.	Mexico City, United Mexican States	100.00 (0.10)
Banco MUFG Brasil S.A.	Sao Paulo, Sao Paulo, Federative Republic of Brazil	99.68
AO MUFG Bank (Eurasia)	Moscow, the Russian Federation	100.00
MUFG Bank (Europe) N.V.	Amsterdam, Kingdom of the Netherlands	100.00
MUFG Bank Turkey Anonim Sirketi	Istanbul, Republic of Turkey	99.99
Bank of Ayudhya Public Company Limited	Bangkok, Kingdom of Thailand	76.88
MUFG Bank (China), Ltd.	Shanghai, People's Republic of China	100.00
PT Bank Danamon Indonesia, Tbk.	Jakarta, Republic of Indonesia	92.47 (1.00)
MUFG Bank (Malaysia) Berhad	Kuala Lumpur, Malaysia	100.00
PT U Finance Indonesia	Jakarta, Republic of Indonesia	84.69
MUFG Participation (Thailand) Co., Ltd.	Bangkok, Kingdom of Thailand	12.29 (2.29) [57.32]
103 Other companies		

(Equity method investees)

Company name	Address	Ratio of voting rights holding (held) (%)
JACCS CO., LTD.	Hakodate City, Hokkaido	20.31
au Jibun Bank Corporation	Chuo-ku, Tokyo	32.76
Mitsubishi UFJ Capital Co., Ltd.	Chuo-ku, Tokyo	27.89 (5.29)
The Mitsubishi Asset Brains Company, Limited	Minato-ku, Tokyo	25.00
JALCARD, INC.	Shinagawa-ku, Tokyo	0.01
BOT Lease Co., LTD.	Chuo-ku, Tokyo	17.57 (12.57)
The Chukyo Bank, Limited	Naka-ku, Nagoya City	39.47 [0.26]
Recruit MUFG Business Co., Ltd.	Chuo-ku, Tokyo	49.00
Nippon Mutual Housing Loan Co., Ltd.	Taito-ku, Tokyo	4.96 [43.79]
Vietnam Joint Stock Commercial Bank for Industry and Trade	Hanoi, the Socialist Republic of Vietnam	19.72
Security Bank Corporation	Makati, Republic of the Philippines	20.00
Bangkok MUFG Limited	Bangkok, Kingdom of Thailand	20.00 (10.00) [25.00]
Mars Growth Capital Pte. Ltd.	Singapore, Republic of Singapore	50.00
MUFG Holding (Thailand) Co., Ltd.	Bangkok, Kingdom of Thailand	11.11 [29.86]
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 ¥573,976 million, ¥52,895 million, ¥49,452 million, ¥1,671,079 million and ¥17,794,252 million, respectively.
   The ordinary income, ordinary profit, net income, total equity and total assets of Bank of Ayudhya Public Company Limited are ¥503,181 million, ¥91,652 million, ¥73,017 million, ¥986,526 million and ¥9,191,388 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, 2021

	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	21,771 [9,400]	4,175 [500]	2,232 [100]	53,842 [5,800]	1,221 [0]	22,782 [6,500]	106,023 [22,300]

(Notes) 1. Number of employees includes locally hired overseas staff members, but excludes 3,369 contract employees and 20,900 temporary employees.
2. Numbers within brackets indicate average number of temporary employees for the current fiscal year.
3. Number of temporary employees includes contractors and is rounded to the nearest hundred.
4. Number of contractors counted as temporary employees was 3,800 at the end of the current fiscal year while 4,100 on average over the year (rounded to the nearest hundred).

(2) Employees of the Bank

As of March 31, 2021

Number of employees	Average age (Years)	Average years of service (Years)	Average annual salary (Thousands of yen)
30,554 [9,973]	38.3	14.7	7,731

	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	18,986 [8,587]	3,361 [459]	1,363 [72]	2 [0]	1,077 [17]	5,765 [838]	30,554 [9,973]

(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 1,429 contract employees and 9,645 temporary employees.
2. Number of employees excludes 108 Executive Officers (18 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 1,841 at the end of the current fiscal year and 1,941 on average over the year.
5. Neither locally hired overseas staff members nor employees loaned to the Bank are included in the average age, average years of service and average annual salary.
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 28,796.
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

Japan faces challenges such as a declining birth rate, an aging society and a shrinking population, while low growth has become normalized throughout the world. More recently, the environment we operate in has been affected by issues including the COVID-19 pandemic, growing awareness of environmental and social issues, and advances in digital technologies that enable the entry of new competitors in the financial sector. These developments are changing the business environment in significant ways and with unprecedented speed.

The MUFG Group seeks to meet these changes with clear eyes and to make the most of these challenges as opportunities for growth to become a leading force in the new era. It is with this goal that we have defined our Purpose: "Committed to empowering a brighter future." Our three-year plan starting from fiscal year 2021, outlining how we will leverage our financial and digital strengths to help our stakeholders around the world, is set out in the new Medium-term Business Plan.

We are positioning the three-year term of this new Medium-term Business Plan as the "Three Years of New Challenges and Transformation." We will strive to meet the expectations of all our stakeholders—including customers and employees—by structuring our business model to suit the changes in our environment and achieving higher profitability and improved return on equity.

In our Medium-term Business Plan, our goal at the end of its three-year span is to leverage our financial and digital capabilities to be the leading business partner that pioneers the future. We set this goal with the desire to help all our stakeholders take the next step forward in a time of constant change. The key words for the transformative change we will be pursuing are (1) Digitalization, (2) Sustainability Management, and (3) New Challenges/Speed. We will address the issues that confront our customers and wider society, working to provide optimal solutions.

These initiatives share three management policy keywords: "digital transformation," "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 the MUFG Group has 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 empathy. 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

Over the course of fiscal year 2020, restrictions placed on economic activities in order to suppress the spread of infection put downward pressure on the global economy amid an unprecedented crisis caused by COVID-19. Due to the economic restrictions that were introduced in response to the first wave of infections, many countries experienced a severe and large economic decline during the first quarter, especially developed countries like Japan, the US and those in Europe. These economic restrictions were then eased as the first wave subsided and many central banks and governments embarked upon largescale monetary easing and fiscal spending at this time. These factors, along with a reaction to the previous quarter's slump, resulted in a large rebound globally in the second quarter. From the third quarter, there was another rise in cases across several regions and many countries, including Japan, tightened restrictions on movement, which acted as a continuous weight on economic recovery. On the other hand, it appears there were some positive trends, such as vaccine rollouts in some countries. In addition, some uncertainty related to politics and policymaking subsided as a trade agreement was reached between the EU and UK and the Democratic Biden administration passed an additional large-scale economic stimulus package after achieving victory at the US presidential election.

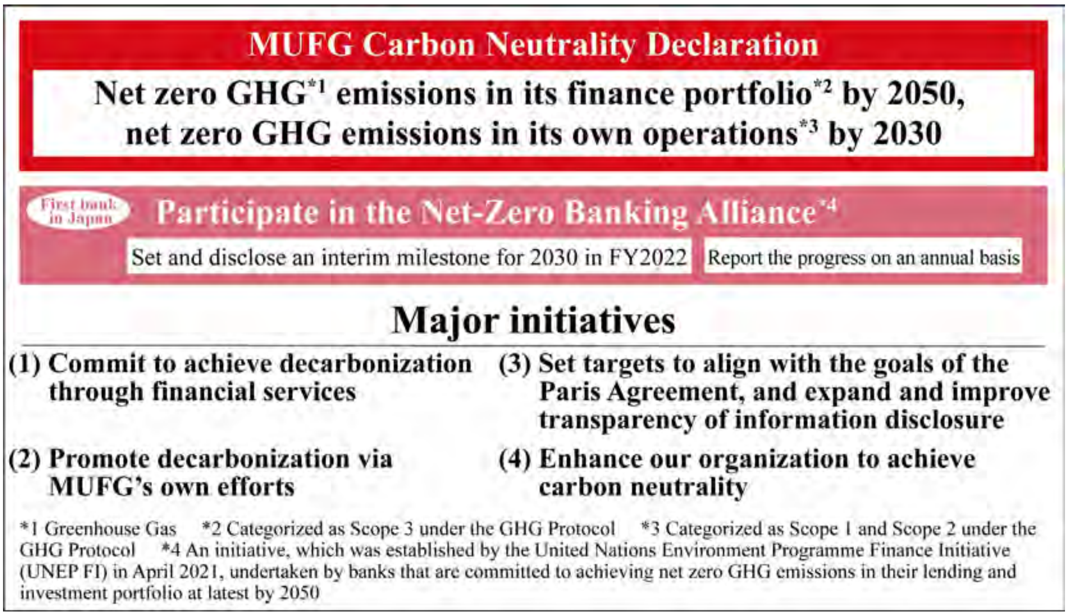
In terms of the financial markets, US and Japanese stock prices plummeted at the end of the previous fiscal year due to the COVID-19 pandemic. Since then, they have continued to recover on the back of expectations that the economy will sooner rather than later return to normal due to the impact of policies and the distribution of vaccines. As of the end of fiscal year 2020, they had recovered to a point which was higher than the level before the COVID-19 pandemic; US stock prices reached a record high and the Japanese stock market was at its highest point since the bubble period. Meanwhile, the JPY had been on a trend of appreciation against the USD up to and including the third quarter, hitting USD/JPY102 for a short while at the start of January 2021. Risk appetite then increased in financial markets owing to expectations of an early recovery of the US economy following the passage of an additional economic stimulus package, resulting in dollar buying. Interest rates generally remained at low levels in Japan and other countries up to and including the third quarter as countries adopted monetary easing policies. Nevertheless, there appears to have been a rise in long-term interest rates in the fourth quarter owing to expectations of economic recovery in the US.

(3) Issues to be Addressed

In order to attain its vision for three years in the future of leveraging its financial and digital capabilities to be the leading business partner that pioneers the future, the MUFG Group has identified three strategic pillars of "Corporate Transformation," "Strategy for Growth," and "Structural Reforms."

In "Corporate Transformation," to change how our company operates and executes, while focusing on "Digital transformation" and "Contribution to addressing environmental and social issues," we will also aim to "Transform our corporate culture" pivoting on speed and challenges. In particular, contribution to addressing environmental and social issues aims to further expand support for customers' efforts towards decarbonization and the development of innovative technologies under the MUFG Carbon Neutrality Declaration announced in May 2021, in order to lead the way to solutions for climate change, one of the most serious issues facing the world.

Outline of the MUFG Carbon Neutrality Declaration

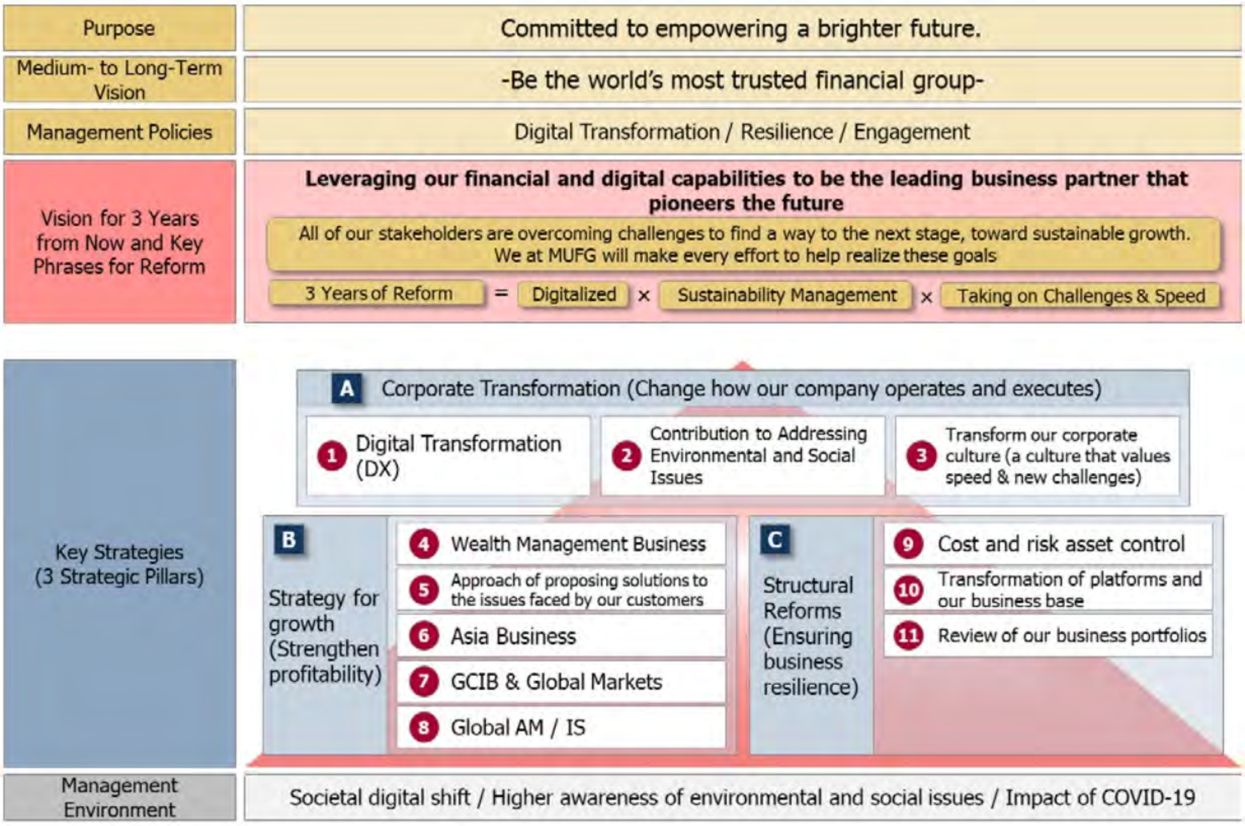


In "Strategy for Growth," in order to strengthen profitability, we will promote our "Wealth Management Business," "Approach of proposing solutions to the issues faced by our corporate customers," "Asia Business," "GCIB and Global Markets" and "Global Asset Management / Investor Services."

In "Structural Reforms," to ensure resilience, we will promote "Cost and risk weighted asset control," "Transformation of our platforms and business base," and a "Review of our business portfolios" by reconsidering our non-profitable segments and undertaking to find new business opportunities.

Although progress on some 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.

The Group prioritizes the safety of all stakeholders including customers and employees, 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.



(A) Corporate Transformation

1) Digital transformation

We will strengthen digital service contact points with all customers and promote the digitalization of products and services. We will use digital technologies to reduce operation volume.

2) Contribution to addressing environmental and social issues

We will prioritize the issues of "climate change," "the aging population and low birth rate," and "inclusion & diversity," while implementing business strategies, risk management, and social contribution measures.

3) Transform our corporate culture (Speed / Challenges)

We will promote activities based on our Purpose, cultivate a free and natural corporate culture, accelerate strategies, and encourage employees to actively take on new challenges on their own.

(B) Strategy for Growth

4) Wealth management business

We will develop infrastructure and assign personnel to support comprehensive asset management. We will strengthen business by providing solutions to corporate owners

5) Approach of proposing solutions to the issues faced by our corporate customers

We will take on the management issues of our corporate customers, enhance our risk-taking capabilities, and work as a united Group to solve problems.

6) Asia business

We will achieve growth through Asia as a whole and promote digitalization, focusing primarily on our consolidated subsidiaries of Krungsri (Bank of Ayudhya, Thailand) and Bank Danamon (Indonesia).

7) GCIB & global markets

We will enhance asset velocity and flow business (O&D/O to D*, cross-selling) by increasing transactions with institutional investors.

* Abbreviation for "Origination & Distribution/Origination to Distribution," which is a business strategy for structuring financing and sales to investors. While "O&D" is a general term for all such business strategy, "O to D" refers specifically to efforts to structure deals based on investor needs.

8) Global asset management/investor services

We will promote contract business, which leverage our strengths, in overseas asset operation and management fields with the potential for industry growth.

(C) Structural Reforms

9) Cost and risk weighted asset control

We will make necessary growth investment, while thoroughly cutting base costs. We will control risk-weighted assets by switching to highly profitable investments.

10) Transformation of our platforms and business base

We will implement effective and efficient investments necessary for digital shifts. We will streamline procedures and rules necessary for transformation and review decision-making processes.

11) Review of our business portfolios

We will improve ROE by reconsidering non-profitable segments. We will enhance business capabilities through collaboration with other companies, including companies in other industries.

(4) Financial Targets

In its medium-term business plan, Mitsubishi UFJ Financial Group, the Bank's parent company, has set financial targets for fiscal 2023, the final year of the medium-term business plan (announced in May 2021) as follows:

[Target for ROE / Capital management]

	FY2020 results	FY2023 targets	Mid- to long-term targets
ROE	5.63%	7.5%	9%-10%
CET1 ratio (Finalized Basel III reforms basis*1)	9.7%	9.5%-10.0%	

[3 Drivers to achieve ROE target]

Profits	Expenses*2	RWA
Net operating profits: ¥1.4 trillion Profits attributable to owners of parent: ¥1 trillion or more	Lower than FY2020 level (excluding performance-linked expenses)	Maintain end of FY2020 level (improve profitability by replacing assets)

*1 Estimated CET1 ratio reflecting the RWA increase calculated on the finalized Basel III reforms basis, excluding net unrealized gains on available-for-sale securities

*2 Medium- to long-term target for expense ratio (approximately 60%) is unchanged

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 Committee in March 2021 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.
An increase in risk asset	- New or additional financing we provide to support our customers' funding needs may result in an increase in our risk assets and a decrease in our regulatory capital ratios.
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 risk	- 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 Committee's discussion in March 2021. These risk events include risk events of general 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 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. 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 factors as concerns over political developments in the United States, conflict between the United States and China, changes in the European economy after the United Kingdom's withdrawal from the European Union, and the economic stagnation and 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. In response to these risks including natural disasters, we have been developing a business continuity structure pursuant to regulations of the relevant authorities of each country and conducting verifications mainly through various drills to constantly strengthen our operational resilience (the general ability to continue significant operations even in the face of conflicts, terrorism including cyberterrorism, natural disasters, etc.). However, such efforts may be insufficient to address the consequences of these external events.

(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. On March 5, 2021, the UK Financial Conduct Authority, or FCA, issued a statement regarding the discontinuation of the publication of LIBOR and indicated that the publication of all tenors of JPY, GBP, EUR, and CHF LIBORs and the 1 Week and 2 Months tenors of USD LIBOR would cease on December 31, 2021, while the publication of the other tenors of USD LIBOR would cease on June 30, 2023.

In anticipation of the discontinuation of the publication of LIBOR from the end of 2021, the Bank has been taking measures to deal with the reform of LIBOR and other interest rate benchmarks and transition to alternative reference rates. However, the transition to alternative reference rates is complex and uncertain 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;
- prevent completion of modifications to contracts to replace the reference rate for existing contracts based on or linked to LIBOR and other interest rate benchmarks with alternative reference rates by the time of the discontinuation of the publication of LIBOR and other interest rate benchmarks;
- 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
- make it impossible 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, or incur additional 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 decarbonized 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 and investees

(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 is not maintained or 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 digital transformation or otherwise does not proceed as planned;
- clients and business opportunities are lost, or costs and expenses significantly exceed our expectations, because of ongoing or planned reviews of our business portfolio and system integration or operational efficiency plans not proceeding as expected;
- 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 well as overseas businesses

As we expand our business operations and engage in overseas businesses, 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 respond to 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.

As part of its strategic measures designed to become the world's most trusted financial group, the MUFG Group enters into acquisitions, equity investments and capital alliances on a global basis. We may continue to pursue opportunities in accordance with our strategic measures. Existing significant overseas subsidiaries include MUFG Americas Holdings Corporation ("MUFG Americas Holdings"), Bank of Ayudhya Public Company Limited and PT Bank Danamon Indonesia, Tbk. However, our acquisition, investments and capital alliances may not proceed as planned or may be changed or dissolved, or 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 instability in the political and social situation, stagnant economies, turmoil in the financial markets, inability to obtain regulatory approvals, changes in the laws, regulations or accounting standards, changes in the strategies or financial condition of our acquirees, investees or alliance partners that are inconsistent with our interests, unexpected changes in the regional attributes, industry, business environment of our acquirees, investees or alliance partners. 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 related to our ability to meet regulatory capital requirements

(7) 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) 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) and 2) 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.

(8) 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)

(9) 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, 2021, the balance of our allowance for credit losses was ¥987.0 billion. For information on the recording of allowance for credit losses, please refer to “(24) Significant Accounting Estimates” in “Notes to Consolidated Financial Statements” under “Consolidated Financial Statements” of “V. Financial Information.”

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 (including the impact of climate change and the COVID-19 pandemic) 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.

(10) 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 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)

(11) 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, 2021, the market value of such securities was approximately ¥4.3 trillion, and the book value of such securities was approximately ¥1.6 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)

(12) 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)

(13) 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, 2021 by one-notch or two-notches on the same date, we estimate that the Bank would have been required to provide approximately ¥99.2 billion or ¥131.6 billion, respectively, of additional collateral, under their derivative contracts. In April 2020, Fitch downgraded the long-term credit ratings of the Bank by one-notch from A (negative) to A- (stable). In addition, in April 2020, Standard and Poor’s changed the credit rating outlook for the Bank from “Positive” to “Stable.” Fitch changed the credit rating outlook for the Bank from “stable” to “negative” in August 2020, although Fitch changed the credit rating outlook for the Bank from “negative” back to “stable” in September 2020.

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)

(14) 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 received requests and subpoenas for information from government agencies in some jurisdictions that were 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.

(15) 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.

(16) Risks relating to cyber-attacks

Our information, communications and transaction management systems (including our own proprietary systems as well as those third-party systems which are provided for our use or to which our systems are connected) constitute a core infrastructure for our accounting and other business operations and are of critical importance particularly in the current business environment with increasing dependence on remote or online networks and our strategy to promote digitization. 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.

(17) 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, we have 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 and results of operations.

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

(18) 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.

(19) Risks relating to our consumer lending business

We have subsidiaries and affiliates 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 subsidiaries and affiliates 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.

(20) 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 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 ¥19,851.2 billion to ¥290,269.7 billion. Major components were loans and bills discounted of ¥103,910.5 billion, cash and due from banks of ¥86,975.2 billion and securities of ¥63,741.3 billion. Liabilities as of the end of the current fiscal year increased by ¥19,564.7 billion to ¥277,697.7 billion. Major components were deposits and negotiable certificates of deposit of ¥208,756.7 billion.

As for profits and losses, ordinary income decreased by ¥1,218.0 billion over the previous fiscal year to ¥4,120.1 billion and ordinary expenses decreased by ¥936.9 billion over the previous fiscal year to ¥3,689.2 billion. As a result, the Bank posted ordinary profit of ¥430.8 billion, with a decrease of ¥281.0 billion from the previous fiscal year and net income attributable to the shareholders of MUFG Bank of ¥307.7 billion, with an increase of ¥209.8 billion from the previous fiscal year.

Results by reportable segment are as follows:

1. Retail & Commercial Banking Business Unit
   Net operating income was ¥37.4 billion, with a decrease of ¥32.7 billion from the previous fiscal year.
2. Japanese Corporate & Investment Business Unit
   Net operating income was ¥190.6 billion, with a decrease of ¥10.5 billion from the previous fiscal year.
3. Global Corporate & Investment Banking Business Unit
   Net operating income was ¥129.5 billion, with a decrease of ¥25.5 billion from the previous fiscal year.
4. Global Commercial Banking Business Unit
   Net operating income was ¥274.2 billion, with an increase of ¥43.7 billion from the previous fiscal year.
5. Global Markets Business Unit
   Net operating income was ¥273.8 billion, with an increase of ¥70.0 billion from the previous fiscal year.
6. Other units
   Net operating loss was ¥78.6 billion, with a deterioration of ¥12.0 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)

With regard to cash flows, operating activities generated net cash of ¥33,234.7 billion, with an increase of ¥26,744.3 billion in cash inflows from the previous fiscal year. Investing activities resulted in net cash outflow of ¥9,680.0 billion, with an increase of ¥5,564.2 billion in cash outflows from the previous fiscal year. Financing activities resulted in net cash outflow of ¥126.2 billion, with an ¥865.6 billion increase in cash outflows from the previous fiscal year.

Cash and cash equivalents at the end of the current fiscal year were ¥86,975.2 billion, with an increase of ¥23,740.2 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, 2021 was 15.04%.

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 ¥2,686.4 billion, which represents a decrease of ¥42.6 billion from the previous fiscal year. Of this, domestic operations posted an income of ¥1,221.6 billion, with a decrease of ¥45.4 billion from the previous fiscal year, and overseas operations posted an income of ¥1,656.9 billion, with an increase of ¥4.0 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	593,233	1,055,831	(44,035)	1,605,029
	Current fiscal year	612,362	1,016,091	(29,493)	1,598,960
Of which, interest income	Previous fiscal year	1,075,033	2,283,550	(112,414)	3,246,169
	Current fiscal year	814,541	1,526,006	(58,403)	2,282,143
Of which, interest expenses	Previous fiscal year	481,800	1,227,719	(68,379)	1,641,140
	Current fiscal year	202,178	509,914	(28,910)	683,183
Net fees and commissions	Previous fiscal year	399,580	447,393	(145,355)	701,617
	Current fiscal year	394,396	432,728	(162,779)	664,345
Of which, fees and commissions income	Previous fiscal year	561,771	541,207	(203,843)	899,136
	Current fiscal year	541,328	506,977	(207,735)	840,571
Of which, fees and commissions expenses	Previous fiscal year	162,191	93,814	(58,487)	197,518
	Current fiscal year	146,931	74,249	(44,955)	176,225
Net trading income	Previous fiscal year	21,342	23,769	(1,820)	43,290
	Current fiscal year	37,432	124,783	1,742	163,959
Of which, trading income	Previous fiscal year	21,812	73,781	(51,833)	43,760
	Current fiscal year	37,432	161,464	(34,937)	163,959
Of which, trading expenses	Previous fiscal year	470	50,012	(50,012)	470
	Current fiscal year	–	36,680	(36,680)	–
Net other operating income	Previous fiscal year	252,935	125,962	236	379,134
	Current fiscal year	177,468	83,359	(1,651)	259,176
Of which, other operating income	Previous fiscal year	718,998	182,661	(52,838)	848,821
	Current fiscal year	464,355	228,011	(126,368)	565,998
Of which, other operating expenses	Previous fiscal year	466,063	56,698	(53,074)	469,687
	Current fiscal year	286,886	144,652	(124,716)	306,822

(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 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 ¥153,427.3 billion, with an increase of ¥17,495.0 billion from the previous fiscal year. Yield on interest-earning assets fell by 0.26 percentage points to 0.53% and the total interest income stood at ¥814.5 billion, with a decrease of ¥260.4 billion from the previous fiscal year. The average balance of interest-bearing liabilities in the current fiscal year was ¥181,306.3 billion, with an increase of ¥25,094.7 billion from the previous fiscal year. Yield on interest-bearing liabilities fell by 0.19 percentage points to 0.11% and total interest expenses stood at ¥202.1 billion, with a decrease of ¥279.6 billion from the previous fiscal year.

(Millions of yen)

Item	Fiscal year	Average balance	Interest	Yield
		Amount	Amount	(%)
Interest-earning assets	Previous fiscal year	135,932,299	1,075,033	0.79
	Current fiscal year	153,427,334	814,541	0.53
Of which, loans and bills discounted	Previous fiscal year	62,859,961	646,889	1.02
	Current fiscal year	66,977,733	515,737	0.77
Of which, securities	Previous fiscal year	42,183,547	373,347	0.88
	Current fiscal year	51,258,225	238,332	0.46
Of which, call loans and bills bought	Previous fiscal year	100,581	116	0.11
	Current fiscal year	89,339	65	0.07
Of which, receivables under resale agreements	Previous fiscal year	3,161,966	(112)	(0.00)
	Current fiscal year	1,726,976	(1,813)	(0.10)
Of which, receivables under securities borrowing transactions	Previous fiscal year	3,559	0	0.01
	Current fiscal year	–	–	–
Of which, due from banks	Previous fiscal year	24,604,206	24,422	0.09
	Current fiscal year	30,463,228	29,976	0.09
Interest-bearing liabilities	Previous fiscal year	156,211,603	481,800	0.30
	Current fiscal year	181,306,316	202,178	0.11
Of which, deposits	Previous fiscal year	132,446,213	90,375	0.06
	Current fiscal year	148,212,413	19,795	0.01
Of which, negotiable certificates of deposit	Previous fiscal year	1,119,139	214	0.01
	Current fiscal year	1,031,841	186	0.01
Of which, call money and bills sold	Previous fiscal year	213,582	892	0.41
	Current fiscal year	512,110	(154)	(0.03)
Of which, payables under repurchase agreements	Previous fiscal year	8,753,414	71,712	0.81
	Current fiscal year	7,306,243	23,074	0.31
Of which, payables under securities lending transactions	Previous fiscal year	402	0	0.01
	Current fiscal year	53	0	0.00
Of which, commercial paper	Previous fiscal year	–	–	–
	Current fiscal year	–	–	–
Of which, borrowed money	Previous fiscal year	20,133,940	221,983	1.10
	Current fiscal year	30,904,659	173,128	0.56

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

(ii) Overseas

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

The average balance of interest-earning assets in the current fiscal year increased by ¥1,169.5 billion compared to the previous fiscal year to ¥70,681.9 billion. Yield on interest-earning assets fell by 1.12 percentage points to 2.15% and total interest income stood at ¥1,526.0 billion, with a decrease of ¥757.5 billion from the previous fiscal year. The average balance of interest-bearing liabilities in the current fiscal year increased by ¥2,891.7 billion compared to the previous fiscal year to ¥72,762.9 billion. Yield on interest-bearing liabilities fell by 1.05 percentage points to 0.70% and total interest expenses stood at ¥509.9 billion, with a decrease of ¥717.8 billion from the previous fiscal year.

(Millions of yen)

Item	Fiscal year	Average balance	Interest	Yield
		Amount	Amount	(%)
Interest-earning assets	Previous fiscal year	69,512,457	2,283,550	3.28
	Current fiscal year	70,681,999	1,526,006	2.15
Of which, loans and bills discounted	Previous fiscal year	43,054,830	1,559,642	3.62
	Current fiscal year	42,329,484	1,097,490	2.59
Of which, securities	Previous fiscal year	8,159,407	179,539	2.20
	Current fiscal year	8,690,077	145,482	1.67
Of which, call loans and bills bought	Previous fiscal year	640,890	12,392	1.93
	Current fiscal year	653,491	5,365	0.82
Of which, receivables under resale agreements	Previous fiscal year	3,901,608	116,044	2.97
	Current fiscal year	3,324,984	34,923	1.05
Of which, receivables under securities borrowing transactions	Previous fiscal year	630,546	15,902	2.52
	Current fiscal year	580,836	4,301	0.74
Of which, due from banks	Previous fiscal year	7,750,829	124,849	1.61
	Current fiscal year	9,785,189	27,231	0.27
Interest-bearing liabilities	Previous fiscal year	69,871,166	1,227,719	1.75
	Current fiscal year	72,762,924	509,914	0.70
Of which, deposits	Previous fiscal year	42,339,976	594,327	1.40
	Current fiscal year	47,469,021	264,370	0.55
Of which, negotiable certificates of deposit	Previous fiscal year	5,254,898	118,743	2.25
	Current fiscal year	5,349,492	38,449	0.71
Of which, call money and bills sold	Previous fiscal year	260,126	3,331	1.28
	Current fiscal year	324,116	1,786	0.55
Of which, payables under repurchase agreements	Previous fiscal year	3,633,039	103,838	2.85
	Current fiscal year	3,388,418	23,139	0.68
Of which, payables under securities lending transactions	Previous fiscal year	28,436	1,441	5.07
	Current fiscal year	32,742	549	1.67
Of which, commercial paper	Previous fiscal year	1,828,838	41,445	2.26
	Current fiscal year	1,147,278	7,777	0.67
Of which, borrowed money	Previous fiscal year	3,464,675	89,228	2.57
	Current fiscal year	2,320,706	39,911	1.71

(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	205,444,756	(7,757,839)	197,686,917	3,358,583	(112,414)	3,246,169	1.64
	Current fiscal year	224,109,333	(6,962,874)	217,146,459	2,340,547	(58,403)	2,282,143	1.05
Of which, loans and bills discounted	Previous fiscal year	105,914,791	(1,918,819)	103,995,972	2,206,532	(53,075)	2,153,456	2.07
	Current fiscal year	109,307,218	(1,468,451)	107,838,766	1,613,227	(16,830)	1,596,397	1.48
Of which, securities	Previous fiscal year	50,342,954	(3,610,720)	46,732,234	552,887	(35,741)	517,145	1.10
	Current fiscal year	59,948,302	(3,183,024)	56,765,278	383,815	(29,304)	354,510	0.62
Of which, call loans and bills bought	Previous fiscal year	741,471	(48,158)	693,313	12,509	(317)	12,191	1.75
	Current fiscal year	742,831	(52,917)	689,914	5,430	(18)	5,412	0.78
Of which, receivables under resale agreements	Previous fiscal year	7,063,574	–	7,063,574	115,931	–	115,931	1.64
	Current fiscal year	5,051,961	–	5,051,961	33,109	–	33,109	0.65
Of which, receivables under securities borrowing transactions	Previous fiscal year	634,105	–	634,105	15,902	–	15,902	2.50
	Current fiscal year	580,836	–	580,836	4,301	–	4,301	0.74
Of which, due from banks	Previous fiscal year	32,355,036	(1,636,137)	30,718,898	149,272	(14,003)	135,269	0.44
	Current fiscal year	40,248,417	(1,578,358)	38,670,059	57,208	(6,094)	51,113	0.13
Interest-bearing liabilities	Previous fiscal year	226,082,769	(4,146,394)	221,936,375	1,709,519	(68,379)	1,641,140	0.73
	Current fiscal year	254,069,241	(3,789,395)	250,279,846	712,093	(28,910)	683,183	0.27
Of which, deposits	Previous fiscal year	174,786,189	(1,324,785)	173,461,404	684,703	(10,093)	674,609	0.38
	Current fiscal year	195,681,435	(1,382,071)	194,299,363	284,166	(4,081)	280,085	0.14
Of which, negotiable certificates of deposit	Previous fiscal year	6,374,038	(446)	6,373,591	118,958	–	118,958	1.86
	Current fiscal year	6,381,334	(1,026)	6,380,307	38,635	–	38,635	0.60
Of which, call money and bills sold	Previous fiscal year	473,708	(160,310)	313,397	4,224	(122)	4,102	1.30
	Current fiscal year	836,227	(141,079)	695,147	1,631	(405)	1,225	0.17
Of which, payables under repurchase agreements	Previous fiscal year	12,386,453	–	12,386,453	175,551	–	175,551	1.41
	Current fiscal year	10,694,662	–	10,694,662	46,213	–	46,213	0.43
Of which, payables under securities lending transactions	Previous fiscal year	28,839	–	28,839	1,441	–	1,441	4.99
	Current fiscal year	32,795	–	32,795	550	–	550	1.67
Of which, commercial paper	Previous fiscal year	1,828,838	–	1,828,838	41,445	–	41,445	2.26
	Current fiscal year	1,147,278	–	1,147,278	7,777	–	7,777	0.67
Of which, borrowed money	Previous fiscal year	23,598,615	(1,324,319)	22,274,296	311,212	(56,622)	254,590	1.14
	Current fiscal year	33,225,365	(900,786)	32,324,579	213,040	(18,064)	194,975	0.60

(Note) "Amount of elimination" is the total amount of elimination associated with 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 ¥541.3 billion, with a decrease of ¥20.4 billion from the previous fiscal year, while fees and commissions expenses were ¥146.9 billion, with a decrease of ¥15.2 billion from the previous fiscal year, resulting in a net fees and commissions income of ¥394.3 billion, with a decrease of ¥5.1 billion from the previous fiscal year. Fees and commissions income of overseas offices for the current fiscal year was ¥506.9 billion, with a decrease of ¥34.2 billion from the previous fiscal year, while fees and commissions expenses were ¥74.2 billion, with a decrease of ¥19.5 billion from the previous fiscal year, resulting in a net fees and commissions income of ¥432.7 billion, with a decrease of ¥14.6 billion from the previous fiscal year.

Consequently, total net fees and commissions income for the current fiscal year stood at ¥664.3 billion, with a decrease of ¥37.2 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	561,771	541,207	(203,843)	899,136
	Current fiscal year	541,328	506,977	(207,735)	840,571
Of which, domestic and foreign exchange services	Previous fiscal year	151,221	12,918	(338)	163,801
	Current fiscal year	143,518	12,855	(318)	156,055
Of which, other commercial banking services	Previous fiscal year	232,302	277,706	(3,532)	506,476
	Current fiscal year	231,317	235,983	(3,263)	464,037
Of which, guarantee services	Previous fiscal year	43,497	33,829	(14,119)	63,208
	Current fiscal year	41,983	34,187	(13,397)	62,773
Of which, securities-related services	Previous fiscal year	29,662	60,790	(114)	90,337
	Current fiscal year	18,612	74,059	(67)	92,604
Fees and commissions expenses	Previous fiscal year	162,191	93,814	(58,487)	197,518
	Current fiscal year	146,931	74,249	(44,955)	176,225
Of which, domestic and foreign exchange services	Previous fiscal year	33,476	12,457	(316)	45,616
	Current fiscal year	31,681	12,537	(316)	43,902

(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 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 ¥37.4 billion, with an increase of ¥15.6 billion from the previous fiscal year. Trading expenses of domestic offices decreased ¥0.4 billion from the previous fiscal year. As a result, net trading income for the current fiscal year was ¥37.4 billion, with an increase of ¥16.0 billion from the previous fiscal year. Trading income of overseas offices for the current fiscal year was ¥161.4 billion, with an increase of ¥87.6 billion from the previous fiscal year. Trading expenses of overseas offices were ¥36.6 billion, a decrease of ¥13.3 billion from the previous fiscal year. As a result, net trading income for the current fiscal year was ¥124.7 billion, with an increase of ¥101.0 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 ¥163.9 billion, with an increase of ¥120.6 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	21,812	73,781	(51,833)	43,760
	Current fiscal year	37,432	161,464	(34,937)	163,959
Of which, income from trading securities	Previous fiscal year	2,119	56,544	(15,466)	43,198
	Current fiscal year	10	54,075	(11,876)	42,209
Of which, income from securities related to trading transactions	Previous fiscal year	(669)	985	–	316
	Current fiscal year	1,723	216	(28)	1,911
Of which, income from trading-related financial derivatives	Previous fiscal year	20,362	16,250	(36,367)	245
	Current fiscal year	33,552	107,171	(23,030)	117,693
Of which, income from other trading transactions	Previous fiscal year	–	0	(0)	–
	Current fiscal year	2,146	0	(1)	2,144
Trading expenses	Previous fiscal year	470	50,012	(50,012)	470
	Current fiscal year	–	36,680	(36,680)	–
Of which, expenses on trading securities	Previous fiscal year	–	15,466	(15,466)	–
	Current fiscal year	–	11,876	(11,876)	–
Of which, expenses on securities related to trading transactions	Previous fiscal year	–	–	–	–
	Current fiscal year	–	28	(28)	–
Of which, expenses on trading-related financial derivatives	Previous fiscal year	–	34,546	(34,546)	–
	Current fiscal year	–	24,773	(24,773)	–
Of which, expenses on other trading transactions	Previous fiscal year	470	–	(0)	470
	Current fiscal year	–	1	(1)	–

(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.

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	136,379,586	42,719,500	(1,485,851)	177,613,234
	Current fiscal year	156,387,749	47,428,197	(1,278,194)	202,537,751
Of which, liquid deposits	Previous fiscal year	103,937,860	23,697,511	(549,090)	127,086,281
	Current fiscal year	122,711,408	29,414,935	(573,942)	151,552,401
Of which, fixed-term deposits	Previous fiscal year	25,414,165	18,970,716	(927,851)	43,457,030
	Current fiscal year	25,555,449	17,942,150	(695,002)	42,802,597
Of which, other deposits	Previous fiscal year	7,027,560	51,272	(8,910)	7,069,922
	Current fiscal year	8,120,891	71,111	(9,249)	8,182,752
Negotiable certificates of deposit	Previous fiscal year	914,123	4,683,747	(1,340)	5,596,531
	Current fiscal year	916,518	5,302,524	–	6,219,043
Total	Previous fiscal year	137,293,709	47,403,247	(1,487,191)	183,209,766
	Current fiscal year	157,304,267	52,730,721	(1,278,194)	208,756,795

(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)	61,060,488	100.00	64,869,865	100.00
Manufacturing	10,231,400	16.76	12,010,178	18.52
Construction	688,269	1.13	732,482	1.13
Wholesale and retail	6,452,675	10.57	6,675,282	10.29
Finance and insurance	6,973,712	11.42	7,907,053	12.19
Real estate, goods rental and leasing	11,175,340	18.30	11,121,084	17.14
Services	2,723,624	4.46	3,120,311	4.81
Other industries	22,815,466	37.36	23,303,474	35.92
Overseas and Japan offshore market account	44,298,140	100.00	39,040,688	100.00
Governments and public organizations	437,233	0.99	424,739	1.09
Financial institutions	9,364,207	21.14	8,622,207	22.08
Others	34,496,698	77.87	29,993,742	76.83
Total	105,358,628	–	103,910,554	–

(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, 2021
1. Consolidated Total Capital Ratio (4/7)	15.04
2. Consolidated Tier 1 Capital Ratio (5/7)	12.76
3. Consolidated Common Equity Tier 1 Capital Ratio (6/7)	11.17
4. Consolidated Total Capital	14,630.4
5. Consolidated Tier 1 Capital	12,411.3
6. Consolidated Common Equity Tier 1 Capital	10,865.3
7. Risk-weighted Assets	97,239.3
8. Consolidated Total Capital Requirements	7,779.1

Consolidated leverage ratio (under uniform international standards)

(%)

	As of March 31, 2021
Consolidated leverage ratio	5.22

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

(Billions of yen, %)

	As of March 31, 2021
1. Non-consolidated Total Capital Ratio (4/7)	14.60
2. Non-consolidated Tier 1 Capital Ratio (5/7)	12.42
3. Non-consolidated Common Equity Tier 1 Capital Ratio (6/7)	10.66
4. Non-consolidated Total Capital	12,359.4
5. Non-consolidated Tier 1 Capital	10,512.4
6. Non-consolidated Common Equity Tier 1 Capital	9,025.2
7. Risk-weighted Assets	84,632.8
8. Non-consolidated Total Capital Requirements	6,770.6

Non-consolidated leverage ratio (under uniform international standards)

(%)

	As of March 31, 2021
Non-consolidated leverage ratio	5.14

(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

Consolidated net business profit (before provision for general allowance for credit losses) for the current fiscal year was ¥850.1 billion, with an increase of ¥30.1 billion from the previous fiscal year. This was mainly due to continued cost-cutting efforts in Japan and overseas, as well as an increase in net profits associated with global markets business and increased income resulting from the consolidation of Bank Danamon. Following the previous fiscal year, consolidated net business profit increased.

Although total credit costs increased because credit costs arose in connection with the increase in global credit risk due to the COVID-19 pandemic, as well as the recording of allowance for credit losses based on new accounting standards introduced at major overseas subsidiaries, net income attributable to the shareholders of MUFG Bank increased by ¥209.8 billion from the previous fiscal year to ¥307.7 billion, due in part to the absence of extraordinary losses due to full amortization of goodwill of overseas consolidated subsidiaries recorded in the previous fiscal year.

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)

The Bank provided flexible and prompt financial support to the customers affected by the COVID-19 pandemic and focused on continuing to provide service through its branches and back-office centers while ensuring the safety of customers and employees. As the digital shift of society continues to accelerate, in the online banking services, we saw significant increases in the number of users of "Mitsubishi UFJ DIRECT" service for retail customers and the number of subscribers to "BizSTATION" service for corporate clients. We also released new mobile applications ("apps"), such as a household budget management app, a personal data trust bank app, and an app for discretion investment services.

In the wealth management business, which provides solutions to social issues such as business and wealth succession planning and asset building, the entire Group worked as one to promote activities aimed at assessing customers' assets and needs. Through collaboration initiated by the Bank, we strengthened proposals for inheritance and real estate by Mitsubishi UFJ Trust and Banking Corporation (the "Trust Bank") and proposals for asset management by Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. and other securities arms (the "Securities").

(Japanese Corporate & Investment Banking Business Group)

The Bank provided speedy financial support related to the COVID-19 pandemic, and the Bank and the Securities worked together to provide various solutions that meet customers' needs for capital raising. By firmly establishing the structure of unified operation of the Bank and the Trust Bank, we have made further progress with the measures for solving issues faced by our customers, and we have increased real estate-related business and support for dialogue with investors such as Shareholder Relations (SR) and IR activities.

We are also enhancing our efforts for solving environmental and social issues. We have expanded our efforts for financing that aims to realize a sustainable society, such as our Sustainability Linked Loans, which provide financial support for the attainment of targets in line with ESG strategies of customers.

(Global Corporate & Investment Banking Business Group)

Through reduction of existing low-profitability loans and strengthened deal screening framework, we have improved net interest margin for our loan assets, and significantly reduced our non-JPY loan-to-deposit balance.

We have promoted our origination and distribution business on a MUFG group basis to enhance our asset velocity, connecting institutional investors and corporate clients with financial needs. As a part of this initiative, we have arranged Debtor-In-Possession (DIP)-financing in the U.S., and participated in a COVID-19 emergency assistance program in collaboration with the Multilateral Investment Guarantee Agency (MIGA), part of the World Bank Group. In addition, we have focused on arranging sustainable finance, such as project finance for the world's largest offshore wind power development project in the U.K.

In October 2020, as a new business, we have started to support financing to growing startups in the Asia

Pacific leveraging AI and digital technology, jointly with an Israeli fintech company.

(Global Commercial Banking Business Group)

MUFG Union Bank has worked to improve its profitability by strengthening its management structure, optimizing its loan portfolio, and reducing expenses. Krungsri (Bank of Ayudhya) increased deposits / loans, which lent a hand to becoming the third largest bank in Thailand on a net profit basis. Bank Danamon leveraged the MUFG Group's customer base to capture the entire commercial flow of its customers and expanded its business, in addition to increasing deposits and reducing expenses.

Through collaboration with partner banks and Grab, we also provided next-generation financial services which utilize AI technology, and promoted sharing of best practice and risk management knowledge between partner banks.

(Asset Management & Investor Services Business Group)

In the asset management field, First Sentier Investors, which was acquired in 2019, made good progress in its post-acquisition operations, such as by significantly growing its assets under management through its performance of a high level of capabilities. In Japan, our assets under management of investment products for retail customers and corporate clients have also increased by developing products that meet customer needs and flexibly offering products.

In the investor services (custody) business field, we increased our balance of fund administrations by providing combined services such as lending and foreign exchange to funds in Japan and overseas.

In the pension business field, we leveraged our service strengths and expertise, for which we have been ranked first place in terms of customer satisfaction, to increase our balance of pension trusts under defined benefit pensions and participants in defined contribution pensions. Furthermore, we focused on unified consulting on human resource systems and retirement benefit systems in addition to pensions, thereby steadily accumulating our business results in comprehensive consulting on welfare and benefits.

(Global Markets Business Group)

In our sales & trading operations, the COVID-19 pandemic has caused a reduction in forex transactions based on actual trade demand, but the rise in market volatility drove a major increase in transactions with institutional investors.

In treasury operations, we have improved our non-JPY loan-to-deposit balance and diversified our market funding methods to support stable operation, while at the same time implementing flexible asset allocation that took timely advantage of interest rate declines.

We have also made progress in the digitalization of our operations including the shift to online transactions, AI-based market forecasts, and sophistication in balance sheet management. At the same time, we have developed multiple ESG-themed securities and listed them on the Tokyo Stock Exchange.

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

Consolidated gross operating income for the current fiscal year decreased by ¥43.1 billion from the previous fiscal year. Meanwhile, general and administrative expenses decreased by ¥73.3 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 ¥850.1 billion, which represents an increase of ¥30.1 billion from the previous fiscal year.

Meanwhile, net income attributable to the shareholders of MUFG Bank was ¥307.7 billion, with an increase of ¥209.8 billion from the previous fiscal year, due to the absence of full amortization of goodwill for subsidiaries including PT Bank Danamon Indonesia, Tbk. in the same period of the previous fiscal year.

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

(Billions of yen)

		Previous fiscal year (A)	Current fiscal year (B)	Change (B - A)
Interest income	(1)	3,246.1	2,282.1	(964.0)
Interest expenses (after deduction of expenses related to money held in trust)	(2)	1,641.1	683.1	(957.9)
Trust fees	(3)	12.8	12.2	(0.5)
Of which, credit costs for trust accounts	(4)	–	–	–
Fees and commissions income	(5)	899.1	840.5	(58.5)
Fees and commissions expenses	(6)	197.5	176.2	(21.2)
Trading income	(7)	43.7	163.9	120.1
Trading expenses	(8)	0.4	–	(0.4)
Other operating income	(9)	848.8	565.9	(282.8)
Other operating expenses	(10)	469.6	306.8	(162.8)
Consolidated gross operating income (= (1) - (2) + (3) + (5) - (6) + (7) - (8) + (9) - (10))	(11)	2,741.8	2,698.6	(43.1)
General and administrative expenses (after deduction of non-recurring expenses)	(12)	1,921.8	1,848.5	(73.3)
Consolidated net business profit (loss) (before provision for general allowance for credit losses = (11) + (4) - (12))		820.0	850.1	30.1
Other ordinary expenses (Provision for general allowance for credit losses)	(13)	107.8	209.1	101.2
Consolidated net business profit (loss) (= (11) - (12) - (13))		712.1	641.0	(71.1)
Other ordinary income	(14)	287.4	255.2	(32.2)
Of which, reversal of allowance for credit losses		–	–	–
Of which, gains on collection of bad debts		73.7	44.6	(29.0)
Of which, gains on sales of equity securities and other securities		123.5	131.8	8.3
Interest expenses (expenses related to money held in trust)	(15)	0.0	0.0	0.0
General and administrative expenses (non-recurring expenses)	(16)	(8.9)	26.7	35.6
Other ordinary expenses (after deduction of provision for general allowance for credit losses)	(17)	296.6	438.6	141.9
Of which, credit costs		109.5	286.1	176.5
Of which, losses on sales of equity securities and other securities		53.2	38.3	(14.8)
Of which, losses on write-down of equity securities and other securities		55.3	6.5	(48.8)
Net non-recurring gains (losses) (= (14) - (15) - (16) - (17))		(0.2)	(210.1)	(209.9)
Ordinary profit		711.9	430.8	(281.0)
Net extraordinary gains (losses)		(371.5)	(6.5)	365.0
Of which, impairment loss of long-lived assets		(58.8)	(23.4)	35.3
Income before income taxes		340.3	424.3	83.9
Total income taxes		200.8	96.4	(104.4)
Net income before attribution of noncontrolling interests		139.5	327.9	188.4
Net income attributable to noncontrolling interests		41.6	20.1	(21.4)
Net income attributable to the shareholders of MUFG Bank		97.9	307.7	209.8

1) Analysis of Results of Operations

(i) Total credit costs

Total credit costs for the current fiscal year increased by ¥315.0 billion compared to the previous fiscal year to ¥450.6 billion, primarily due to increases in provision for general allowance for credit losses and credit costs stemming from the COVID-19 pandemic.

(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)	–	–	–
Of other ordinary income, reversal of reserve for contingent losses	(3)	8.1	–	(8.1)
Of other ordinary income, gains on collection of bad debts	(4)	73.7	44.6	(29.0)
Of other ordinary expenses, provision for general allowance for credit losses	(5)	107.8	209.1	101.2
Of other ordinary expenses, credit costs	(6)	109.5	286.1	176.5
Write-offs of loans		92.4	110.5	18.1
Provision for specific allowance for credit losses		(0.3)	159.8	160.2
Other credit costs		17.5	15.7	(1.7)
Total credit costs (= (1) - (2) - (3) - (4) + (5) + (6))		135.5	450.6	315.0
Consolidated net business profit (loss) (before credit costs for trust accounts and provision for general allowance for credit losses)		820.0	850.1	30.1
Consolidated net business profit (loss) (after deduction of total credit costs)		684.4	399.5	(284.9)

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

The Bank posted ¥86.9 billion gains on equity securities and other securities for the current fiscal year with an increase of ¥71.9 billion from the previous fiscal year.

Gains on sales of equity securities and other securities increased by ¥8.3 billion compared to the previous fiscal year to ¥131.8 billion while losses on sales of equity securities and other securities decreased by ¥14.8 billion compared to the previous fiscal year to ¥38.3 billion. Losses on write-down of equity securities and other securities decreased by ¥48.8 billion compared to the previous fiscal year to ¥6.5 billion.

(Billions of yen)

	Previous fiscal year (A)	Current fiscal year (B)	Change (B - A)
Net gains (losses) on equity securities and other securities	15.0	86.9	71.9
Of other ordinary income, gains on sales of equity securities and other securities	123.5	131.8	8.3
Of other ordinary expenses, losses on sales of equity securities and other securities	53.2	38.3	(14.8)
Of other ordinary expenses, losses on write-down of equity securities and other securities	55.3	6.5	(48.8)

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 ¥204.4 billion from the end of the previous fiscal year to ¥856.3 billion.
The percentage of disclosed claims to total claims increased by 0.20 percentage points from the end of the previous fiscal year to 0.88%.
Claims by borrowers' classification show claims against bankrupt or de facto bankrupt borrowers increased by ¥25.8 billion, doubtful claims increased by ¥105.9 billion, and claims in need of special attention increased by ¥72.6 billion.
With regard to the status of coverage at the end of the current fiscal year for these disclosed claims totaling ¥856.3 billion, the amount secured by allowance for credit losses was ¥211.3 billion and the amount secured by collaterals, guarantees and others was ¥469.5 billion, representing a percentage of covered claims to total disclosed claims (coverage ratio) of 79.51%.

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	147.7 (121.9)	20.0 (2.7)	127.7 (119.1)	100.00% (100.00%)	100.00% (100.00%)
Doubtful claims	414.6 (308.6)	121.2 (72.6)	210.6 (168.1)	59.43% (51.66%)	80.03% (77.99%)
Claims in need of special attention	293.8 (221.2)	69.9 (65.1)	131.2 (85.1)	43.03% (47.83%)	68.47% (67.90%)
Subtotal	856.3 (651.9)	211.3 (140.5)	469.5 (372.4)	54.64% (50.27%)	79.51% (78.68%)
Normal claims	96,093.1 (95,754.9)	–	–	–	–
Total	96,949.5 (96,406.8)	–	–	–	–
Percentage of disclosed claims to total claims	0.88% (0.67%)	–	–	–	–

(Note) The upper figures are as of March 31, 2021. The lower figures with parentheses are as of March 31, 2020.

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	634.1	442.3	383.4	783.2	2,243.2	374.9	13.1	2,631.3
Non-consolidated	575.8	392.7	269.2	0.8	1,238.6	305.3	2.1	1,546.1
Net interest income	392.8	182.0	133.1	1.4	709.5	123.5	8.4	841.5
Net non-interest income	183.0	210.6	136.0	(0.6)	529.1	181.7	(6.2)	704.5
Subsidiaries	58.3	49.6	114.1	782.4	1,004.5	69.6	11.0	1,085.2
Expenses	596.7	251.7	253.8	509.0	1,611.3	101.0	91.8	1,804.1
Net operating income (Note 1)	37.4	190.6	129.5	274.2	631.8	273.8	(78.6)	827.1

(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

Gross operating income fell below that of the previous fiscal year due to a decrease in net interest income from deposits caused by a decline in foreign currency interest rates, along with a continued decrease in income from commissions for investment products, etc. attributable to the voluntary restraint on active sales activities amid the COVID-19 pandemic.

(ii) Japanese Corporate & Investment Banking Business Unit

Gross operating income fell below that of the previous fiscal year due to the impact of a decrease in net interest income from deposits in Japan and overseas caused by a decline in foreign currency interest rates, despite an increase in net interest income from loans mainly comprising lending in support of corporate customers amid the COVID-19 pandemic and an increase in non-interest income and income from commissions mainly comprising solution income.

(iii) Global Corporate & Investment Banking Business Unit

Gross operating income fell below that of the previous fiscal year due to a decrease in income from commissions caused by the impacts including the COVID-19 pandemic despite an increase in interest income due to improved profitability of the loan portfolio.

(iv) Global Commercial Banking Business Unit

Gross operating income fell below that of the previous fiscal year due to foreign exchange rate fluctuation factors, despite an increase in interest income from increased deposits and loans by the Bank of Ayudhya and the boost in interest income due to 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, taking advantage of fluctuating interest rates in Japan and overseas, despite a decrease in customers' ordinary foreign currency exchange flows amid the COVID-19 pandemic.

(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:

Calculation of allowance for credit losses

Fair values of derivative transactions

Details are provided in "(24) Significant Accounting Estimates" in "Notes to Consolidated Financial Statements" under "Consolidated Financial Statements" of "V. Financial Information."

Valuation of the goodwill recorded as a result of the acquisition of PT Bank Danamon Indonesia, Tbk. ("Bank Danamon"), which was stated as a significant accounting estimate and assumption in the previous fiscal year, is not stated in the fiscal year ended March 31, 2021, as the goodwill recorded as a result of the acquisition of Bank Danamon was fully amortized at the end of the previous fiscal year, in accordance with the provisions of Paragraph 32 of the Japanese Institute of Certified Public Accountants ("JICPA") Accounting Practice Committee Statement No. 7 "Practical Guidelines on Accounting Standards for Capital Consolidation Procedures in Preparing Consolidated Financial Statements." (May 12, 1998).

The assumptions we have used in making our accounting estimates in relation to the spread of COVID-19 are provided in "(24) Significant Accounting Estimates" in "Notes to Consolidated Financial Statements" under "Consolidated Financial Statements" of "V. Financial Information." We have determined that these COVID-19-related estimates do not materially affect other significant accounting estimates and the assumptions used in such estimates.

4. Critical Contracts for Operation

Cancellation of the acquisition of part of the Aviation Finance division of DVB Bank SE

On March 1, 2019, the Bank, together with BOT Lease Co., Ltd., an equity method affiliate of the Bank, agreed with Germany-based DVB Bank SE ("DVB") to acquire DVB's aviation finance division and concluded an asset transfer agreement with DVB. Although the Bank acquired part of the division on November 18, 2019, and aimed to complete the acquisition, the approval of the relevant authorities in each country was not fully obtained, making it difficult to complete the acquisition of the division. Consequently, the acquisition of the Aviation Investment Management and Asset Management businesses was canceled.

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 ¥241,916 million, including investment for intangible fixed assets such as software.

During the current fiscal year, there were no significant retirement or sales of facilities that should be reported.

As the Group’s assets have not been allocated to each segment, no asset-related statement has been presented 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, 2021)	Number of shares issued as of the date of submission (June 29, 2021)	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, 2021

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

(Note) The Bank holds 100,000 thousand shares of 1st series of Class 2 preferred stock, 79,700 thousand shares of 1st series of Class 4 preferred stock, 1,000 thousand shares of 1st series of Class 6 preferred stock, and 177,000 thousand shares of 1st series of Class 7 preferred stock, totaling 357,700 thousand shares, which are excluded from the above major shareholders.

By number of voting rights held

As of March 31, 2021

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, 2021

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

2) Treasury stock, etc.

As of March 31, 2021

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 ¥18.44 per share for common stock (comprising an interim dividend of ¥11.27 and a year-end dividend of ¥7.17).

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, 2020 Resolution by the Board of Directors' meeting	¥139,184 million	Common stock	¥11.27

Date of resolution	Aggregate amount of dividend	Dividend per share	
May 17, 2021 Resolution by the Board of Directors' meeting	¥88,549 million	Common stock	¥7.17

3. Corporate Governance

(1) Overview of corporate governance

1) Basic concept on the corporate governance

Mitsubishi UFJ Financial Group, Inc., the parent company of the Bank, has defined its Purpose (reason for being) as "Committed to empowering a brighter future.", and established the "MUFG Way," which expresses this purpose. The "MUFG Way" articulates the basic stance of all MUFG Group officers and employees in performing their business activities and serves as the guidelines for all activities.

We have also established the Code of Conduct, which encapsulates the standards that how MUFG group members should make decisions and act on our day-to-day business activities under the MUFG Way.

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

2) Corporate governance system

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

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

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

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

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

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

a) Board of Directors

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

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

b) Audit & Supervisory Committee

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

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

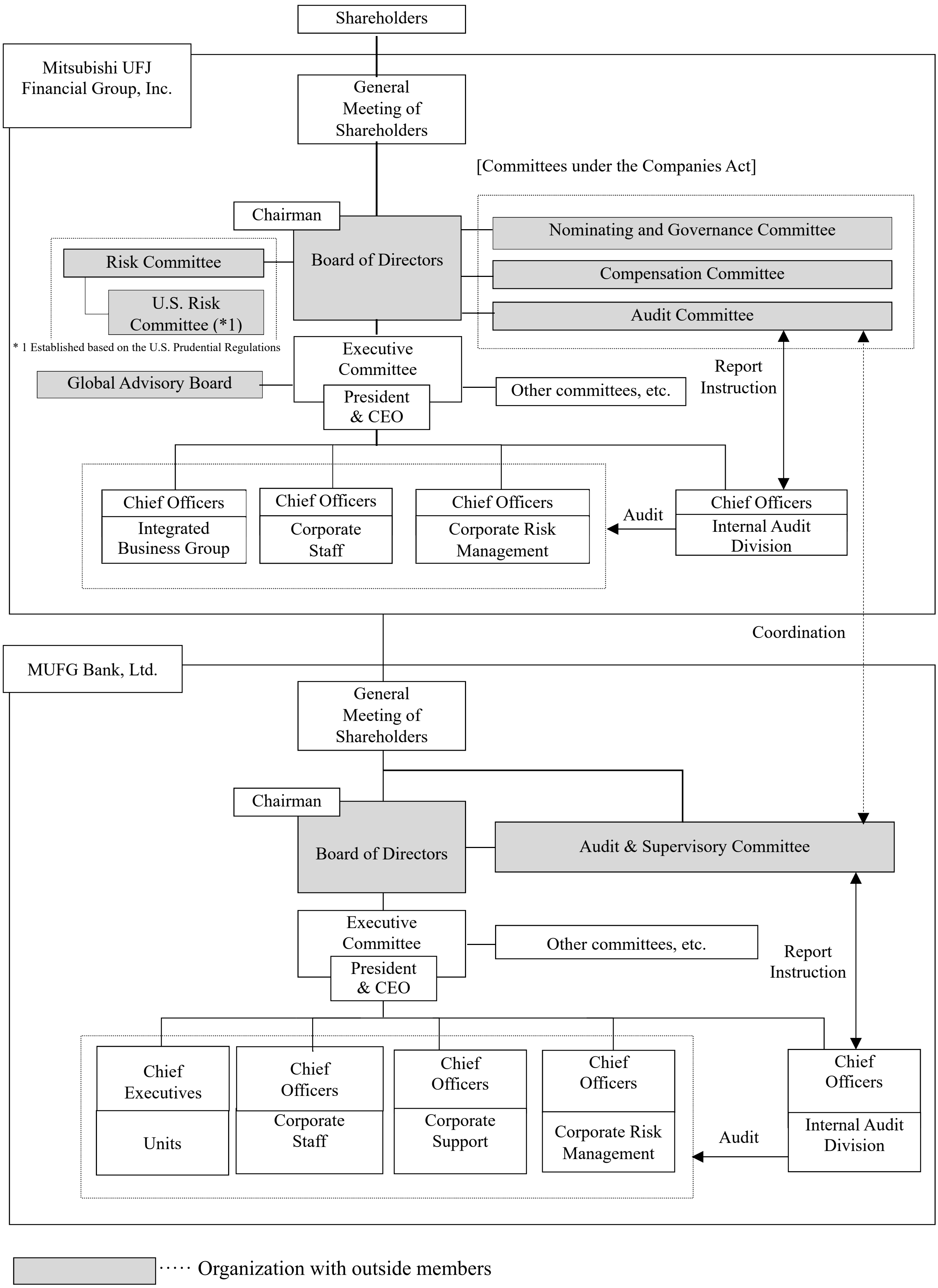
c) Executive Committee

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

d) Other Committees, etc. under the Executive Committee

To contribute to discussions at the Executive Committee, various committees under the Executive Committee have been established, and important matters relating to risk management, business operations, personnel/labor and other issues have been discussed regularly at such committees. Examples of such Committees include: Risk Committee, Compliance 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
Executive Committee
President & CEO
Global Advisory Board
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. Furthermore, given the significance of issues related to global financial crimes, the Global Financial Crimes Division was established in New York in the U.S., as part of head office functions where expertise on such matters as global financial crimes and economic sanctions is concentrated, to ensure an enhanced compliance framework against global financial crimes that is consistent across the Group. In addition to the ordinary reporting channel aligned with business activities, a whistleblowing system has been established 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. The Bank also established the Global Financial Crimes Division as part of head office functions in New York in the U.S. to strengthen the Bank-wide compliance framework against global financial crimes.

(B) Status of development of internal control system

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

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

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

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

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

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

・The Bank shall have not more than 30 Directors.
・Aforementioned Directors shall include not more than 10 Directors who are Members of the Audit & Supervisory Committee.
・At the time of the election of the Bank's Directors, there shall be in attendance shareholders who hold voting rights representing in the aggregate one-third or more of the total number of voting rights of all shareholders who are entitled to vote, and no cumulative voting shall be made for the election of Directors.

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

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

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

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

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

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

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

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

7) Details of compensation to Officers

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

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

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

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

Title and position	Name	Date of birth	Major concurrent positions	Term	Number of shares of the Company held
Member of the Board of Directors 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	Vice Chairman of the Board of Tokio Marine & Nichido Fire Insurance Co., Ltd.	Two years from June 2021	-
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 2021	-
Member of the Board of Directors Audit & Supervisory Committee Member	Tadayuki Matsushige	June 5, 1956	-	Two years from June 2021	-
Member of the Board of Directors Audit & Supervisory Committee Member	Akio Negishi	October 31, 1958	Chairman of the Life Insurance Association of Japan President, Representative Executive Officer and Group CEO of Meiji Yasuda Life Insurance Company	Two years from June 2021	-
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	Masahiko Kato	October 27, 1961	-	Two years from June 2021	-
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	Minoru Hagio	February 3, 1971	-	Two years from June 2021	-
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 2021	-
Chairman of the Board of Directors (Representative of the Board of Directors) CAO (In charge of Internal Audit Division)	Naoki Hori	January 27, 1961	Managing Executive Officer of Mitsubishi UFJ Financial Group, Inc.	One year from June 2021	-
Member of the Board of Directors President & CEO (Representative of the Board of Directors)	Junichi Hanzawa	January 19, 1965	Member of the Board of Directors, and Deputy Chairman (Representative Corporate Executive) of Mitsubishi UFJ Financial Group, Inc.	One year from June 2021	-

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 2021	-
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 2021	-
Member of the Board of Directors Deputy President (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) In charge of Global Business Transformation	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 2021	-
Member of the Board of Directors Deputy President (Representative of the Board of Directors) In charge of Western Region of Japan	Muneya Taniguchi	June 6, 1962	-	One year from June 2021	-
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 2021	-
Member of the Board of Directors Senior Managing Executive Officer (Representative of the Board of Directors) CFO (In charge of Corporate Planning Division (Financial 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 2021	-

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) Chief Executive, Global Markets Business Unit	Shigeru Yoshifuji	June 29, 1962	Senior Managing Executive Officer and Group Head, Global Markets Business Group of Mitsubishi UFJ Financial Group, Inc.	One year from June 2021	-
Member of the Board of Directors Senior Managing Executive Officer (Representative of the Board of Directors) Chief Executive, Japanese Corporate & Investment Banking Business Unit In charge of Office of Chairman of Japanese Bankers Association	Naomi Hayashi	March 16, 1965	Senior Managing Corporate Executive and Group Head, Japanese Corporate & Investment Banking Business Group of Mitsubishi UFJ Financial Group, Inc.	One year from June 2021	-
Member of the Board of Directors Senior Managing Executive Officer (Representative of the Board of Directors) Chief Executive, Retail & Commercial Banking Business Unit Group Head, Wealth Management Group	Atsushi Miyata	March 29, 1964	Senior Managing Corporate Executive, Group Head, Retail & Commercial Banking Business Group and Head, Wealth Management Unit of Mitsubishi UFJ Financial Group, Inc.	One year from June 2021	-
Member of the Board of Directors Managing Executive Officer (Representative of the Board of Directors) CHRO (In charge of Human Resources Division)	Teruyuki Sasaki	January 12, 1965	Managing Executive Officer of Mitsubishi UFJ Financial Group, Inc.	One year from June 2021	-
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. President & CEO (Representative Director) of MU Business Engineering, Ltd.	One year from June 2021	-
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 2021	-
Member of the Board of Directors Managing Executive Officer (Representative of the Board of Directors) CSO (In charge of Corporate Planning Division (excluding Financial Resource Management Department and Global Business)) In charge of CPM and Corporate Administration Division	Yutaka Miyashita	October 11, 1967	Managing Corporate Executive of Mitsubishi UFJ Financial Group, Inc.	One year from June 2021	-

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) Chief executive, Digital Service Business Unit, CDTO (In charge of Digital Service Planning Division)	Masakazu Osawa	June 20, 1968	Managing Corporate Executive, Group Head of Digital Service Business Group 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 2021	-
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)	Keitaro Tsukiyama	December 7, 1967	Managing Corporate Executive of Mitsubishi UFJ Financial Group, Inc.	One year from June 2021	-
Total	28 members				-

(Notes) 1. Members of the Board of Directors Masahito Monguchi, Toshifumi Kitazawa, Shinichi Koide, Tadayuki Matsushige, Akio Negishi, 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 106 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, Naoki Hori, Masahito Monguchi, Toshifumi Kitazawa, Shinichi Koide, Tadayuki Matsushige, Akio Negishi, Shigeo Ohyagi, Masahiko Kato, Takeshi Suzuki, Minoru Hagio 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, Tadayuki Matsushige, Akio Negishi, Shigeo Ohyagi, Masahiko Kato, Takeshi Suzuki, Minoru Hagio 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)	17	17
Toshifumi Kitazawa	Audit & Supervisory Committee Member (Outside)	17	16
Shinichi Koide	Audit & Supervisory Committee Member (Outside)	17	17
Kenji Matsuo	Audit & Supervisory Committee Member (Outside)	17	15
Tadayuki Matsushige (Note 1)	Audit & Supervisory Committee Member (Outside)	17	17
Shigeo Ohyagi	Audit & Supervisory Committee Member (Outside)	17	16
Naoto Hirota	Full-time Audit & Supervisory Committee Member	17	17
Akira Hamamoto	Full-time Audit & Supervisory Committee Member	17	17
Takeshi Suzuki (Note 2)	Full-time Audit & Supervisory Committee Member	12	12
Fumikazu Tatsumi	Full-time Audit & Supervisory Committee Member	17	17

(Notes) 1. Tadayuki Matsushige is a certified public accountant and has considerable knowledge of finance and accounting.

2. Information above on Takeshi Suzuki relates to the Audit & Supervisory Committee after he took office as an Audit & Supervisory Committee Member of the Bank on June 25, 2020.

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
- Initiatives related to corporate culture
- 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 MUFG Way.” 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 342 staff members (including those of overseas locations, but excluding those belonging to local companies) as of the end of March 2021. 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 31, 2021 (the 16th term) are Mr. Hiroharu Nakamura, Mr. Hiroyuki Hamahara and Mr. Daisuke Konishi, who belong to Deloitte Touche Tohmatsu LLC. In addition, 59 certified public accountants, 64 persons who passed the certified public accountant examination, etc. and 70 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, 2021 to March 31, 2022).

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	2,552	22	2,556	17
Consolidated subsidiaries	129	5	130	3
Total	2,681	28	2,687	21

The non-audit services at the Bank are mainly the preparation of comfort letters.

In addition, the non-audit services at consolidated subsidiaries are 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	997	129	864	76
Consolidated subsidiaries	1,400	222	1,723	106
Total	2,397	352	2,588	182

The non-audit services at the Bank are mainly assurance services based on requests by local authorities at overseas branches.

In addition, the non-audit services at consolidated subsidiaries are mainly advice on IT systems.

(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

- The MUFG Group has defined its Purpose as "Committed to empowering a brighter future." Our goal for the next three years is "to leverage our financial and digital capabilities to be the leading business partner that pioneers the future." Furthermore, our medium- to long-term vision is "to be the world's most trusted financial group." With the conviction that environmental and social sustainability are essential to achieving sustainable growth for MUFG, we aim to further evolve our value creation by employing an integrated approach in which the execution of management strategies goes in tandem with the pursuit of solutions for social issues.
- 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 our business resilience and competitiveness, and supporting sustainable growth and medium-to-long-term enhancement of our corporate values as well as further advancement of sustainability management. In addition, this Policy has been prescribed in accordance with economic and social conditions, the business performance and financial soundness of the Bank, and applicable Japanese and overseas regulations regarding compensation of executives, while at the time ensuring objectivity and transparency of the process of determining compensation for executives.

3. Compensation Level

- The Amount of compensation for Directors, Executive Officers and Senior Fellows (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 Authorities, 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>

<table>
<tr><th>Type of compensation</th><th>Performance-based compensation</th><th>Performance-based compensation range</th><th colspan="2">Standards for payment</th><th>Evaluation weight</th><th>Time of payment</th><th>Method of payment</th><th>Proportion of President’s compensation</th></tr>
<tr><td>Annual base salary</td><td>Fixed</td><td>-</td><td colspan="3">- Paid based on position
- Includes “Director Allowance,” “Committee Member (Committee Chairperson) Allowance,” “Housing Allowance,” “Overseas Representative Allowance,” etc.</td><td>Monthly</td><td>Cash</td><td>1</td></tr>
<tr><td rowspan="5">Stock compensation</td><td>Non-performance based</td><td>-</td><td colspan="3">Base amount by position</td><td>At the time of retirement of Executives</td><td rowspan="5">Shares 50%
Cash 50%

*Subject to malus and clawback</td><td rowspan="5">1</td></tr>
<tr><td rowspan="4">Medium- to long-term performance-based</td><td rowspan="4">0-150%</td><td rowspan="4">Base amount by position ×</td><td>Performance factor [medium-term plan attainment evaluation]</td><td><50%></td><td rowspan="4">At the end of MUFG medium-term business plan</td></tr>
<tr><td>Target attainment rate of indicators below in MUFG medium-term business plan
(1) MUFG’s consolidated ROE
(2) Reduction in MUFG’s consolidated expenses (excluding performance-linked expenses)
(3) Evaluation by ESG rating agencies</td><td>30%
15%
5%</td></tr>
<tr><td>Performance factor (comparative evaluation with competitors)</td><td><50%></td></tr>
<tr><td>Comparison of year-on-year growth rate of indicators below with competitors
(1) MUFG’s consolidated net business profits
(2) MUFG’s profits attributable to owners of parent</td><td>25%
25%</td></tr>
<tr><td rowspan="3">Cash bonus</td><td rowspan="3">Short-term performance-based</td><td rowspan="3">0-150%</td><td rowspan="3">Base amount by position ×</td><td>Performance factor (quantitative evaluation)
*example of President & CEO</td><td><60%></td><td rowspan="3">Annually</td><td rowspan="3">Cash</td><td rowspan="3">1</td></tr>
<tr><td>Rate of year-on-year change and target attainment rate of indicators 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</td><td>20%
10%
20%
10%</td></tr>
<tr><td>Status of individual execution of duties (qualitative evaluation)
*example of President & CEO
- Enhancement of profitability of customer departments
- Risk handling
- ESG items for the evolution of sustainability management, etc.</td><td><40%></td></tr>
</table>

(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,” “Housing 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:

(a) Performance-based portion

- Shares of MUFG, etc. (see “Note 1”) 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 1) 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.

(i) Competitor comparison 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.

(ii) Medium-term Business Plan attainment rate 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: 30%)
- Consolidated expense reduction rate of MUFG (excluding performance-linked expenses) (Evaluation weight: 15%)
- Evaluation by ESG rating agencies (Evaluation weight: 5%)

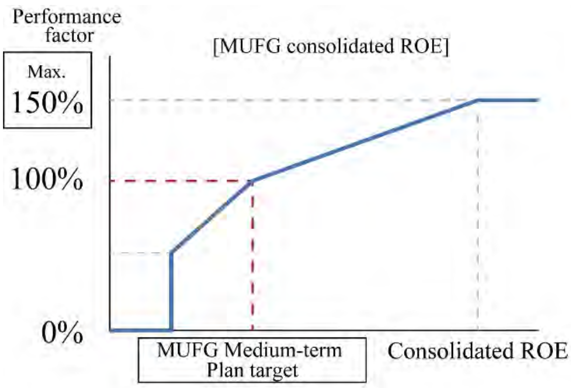
With a view to further enhancing profitability and capital efficiency, along with the improvement of the earnings structure, the most important management objectives of the Group, attainment rates of the indicators of both consolidated ROE and consolidated expense reduction amount to the targets set out under the MUFG Medium-term Business Plan are evaluated on an absolute scale.

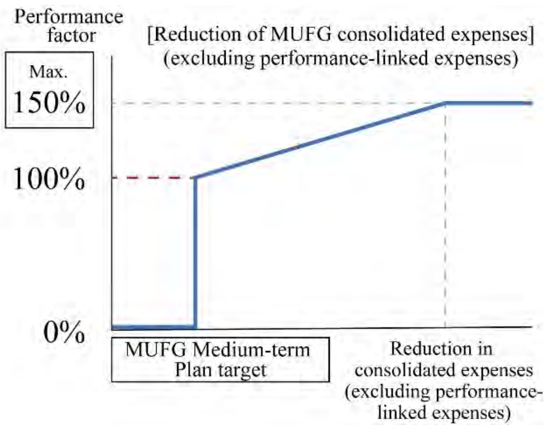
Additionally, to further promote sustainability management and to objectively evaluate the wide range of MUFG's initiatives on ESG (see "Note 2"), an absolute evaluation is conducted on the level of improvement of third-party evaluations by the five major ESG rating agencies (see "Note 3").

(Note 2) Environment (E), Society (S), and Governance (G)

(Note 3) The five agencies: CDP, FTSE, MSCI, S&PDJ, and Sustainalytics

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.





(b) 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.

(c) Malus and claw back provisions

- 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 when Officers, etc. commit a material breach of delegation agreements, etc. between the Company and Officers, etc. in regard to the duties of Officers, etc., and when Officers, etc. resign for personal reasons during their term of office against the wishes of the Bank, and when ex-post adjustments to the financial statements due to significant accounting errors or fraud are resolved by the Board of Directors.

(d) Shareholding policy

- In principle, officers continue to hold all MUFG shares acquired during their term of office until expiry of their service term, regardless of the number of shares held.

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 Total Evaluation Sheet, 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 promptly after the performance evaluation is finalized. 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 respective Key Performance Indicators (KPIs), and an eight-grade overall qualitative evaluation.
- The qualitative evaluation items described above include items related to ESG (see "Note 2") to promote sustainability management, such as contribution to addressing environmental and social issues, improvement of employee engagement, enhancement and improvement of governance structure. The bonus evaluation of each Director will also incorporate ESG elements, depending on the business strategies and other factors of the operations they oversee.
- 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

<Reason for the Board of Directors to determine that the contents of the compensation for individual Directors for the current fiscal year are in accordance with the Policy>

The Bank, upon considering the deliberations at the MUFG Compensation Committee to determine the Policy at the Board of Directors, has been conducting ongoing reviews of the executive compensation system from a multilateral perspective including the economic and social context, the business performance of the Bank, and its consistency with the Policy which provides appropriate incentives but prevents excessive risk-taking. Accordingly, the Board of Directors has determined that the contents of the compensation of individual Directors, etc., which have been determined according to the executive compensation system are in accordance with the Policy.

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	Executive bonuses	Stock compensation		Retirement benefits
			Cash Non-performance-based	Cash Performance-based	Non-cash Non-performance-based	Non-cash Performance-based	Cash Non-performance-based
Directors other than Audit & Supervisory Committee Members (excluding Outside Directors)	20	1,075	501	155	237	52	127
Directors who are Audit & Supervisory Committee Members (excluding Outside Directors)	5	263	251	-	8	3	-
Outside Officers	6	118	118	-	-	-	-

(Notes) 1. On July 1, 2016, the Bank introduced a performance-based stock compensation plan using a structure called Board Incentive Plan as Non-cash compensation. (For details of the stock compensation plan see "1) Policies on determination of amount or calculation method of compensation for Officers.")
Total stock compensation in the table above includes expenses associated with the right to receive shares and the amounts of compensation provided during the current fiscal year granted under the plan. The amount of stock compensation for Directors who are Audit & Supervisory Committee Members includes the expenses associated with the right to receive shares and the amounts of compensation provided during the current fiscal year granted in the past under the plan.
2. In addition to the above, the Bank paid executive pensions in the current fiscal year to officers who retired in and prior to the current fiscal year as follows:
Retired Directors: ¥100 million
Retired Corporate Auditors: ¥3 million
3. Target of each indicator and attainment rate of the performance-based stock compensation plan relating to the current Medium-term Business Plan (fiscal 2018 to fiscal 2020)

Type of evaluation	Performance-based indicator	Evaluation weight	Target	Attainment rate					
				Fiscal 2018		Fiscal 2019		Fiscal 2020	
				By indicator	Total	By indicator	Total	By indicator	Total
Single-year evaluation	・Consolidated net business profit of MUFG	25%	Relative comparison with competitors	100%	120%	0%	0%	80%	115%
	・Net income attributable to the shareholders of MUFG	25%		140%		0%		150%	
Medium-to-long-term evaluation	・Consolidated ROE of MUFG (MUFG standard)	25%	[fiscal 2020] 7-8%	0% (MUFG's consolidated ROE for fiscal 2020: 5.63%)					
	・Consolidated expense ratio of MUFG	25%	[fiscal 2020] below fiscal 2017 results (68%)	76% (MUFG's consolidated expense ratio for fiscal 2020: 68.7%)					

4. Evaluation details of performance of the previous fiscal year for the executive bonus of the President & CEO paid during each fiscal year from fiscal 2018 through fiscal 2020 are as follows. The same evaluation method is applied for fiscal 2020, in principle.

Performance-based indicator	Evaluation weight	Paid in fiscal 2018		Paid in fiscal 2019		Paid in fiscal 2020	
		Fiscal 2017 attainment rate	Payment rate	Fiscal 2018 attainment rate	Payment rate	Fiscal 2019 attainment rate	Payment rate
<Overall evaluation>	100%	84.9%	75.0%	90.2%	75.0%	58.6%	50.0%
・ Quantitative evaluation (Combination of four indicators including the Bank's consolidated ROE)	60%	91.5%	–	100.4%	–	64.3%	–
・ Qualitative evaluation	40%	75.0%	–	75.0%	–	50.0%	–

(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 eight-grade method, while overall evaluation combining quantitative and qualitative evaluations is based on the nine-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."
・ Additionally, from the standpoint of ensuring the flexibility of decision-making and conducting appropriate bonus evaluations by overviewing the areas of each Director's responsibility, the compensations for individual Directors (excluding Directors who are Audit & Supervisory Committee Members) are determined by the President & CEO (Kanetsugu Mike in fiscal 2020), who has been delegated authority by the Board of Directors, reflecting the outcome of deliberations made by the Compensation Committee of the Bank's parent company MUFG. Contents of the compensation determined are reported to the Audit & Supervisory Committee.
・ The Board of Directors resolved the following matters in fiscal 2020.

・ 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 "Group"), which comprise the consolidated balance sheets as of March 31, 2021 and 2020, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, 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 Group as of March 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended 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 Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

In our audit of the consolidated financial statements of the current period, we identified the following three matters regarding "Calculation of the Allowance for Credit Losses in Lending Services" as a key audit matter.

1. Determination of certain borrowers' internal credit ratings

2. Adjustments to loss rates calculated based on the historical loss experiences for future loss projections and other factors

3. Calculation of the allowance for credit losses in overseas subsidiaries

Among these matters, 2. and 3. were identified as a key audit matter in our audit of the consolidated financial statements of the current period as such matters involve high degree of estimation uncertainty and subjective judgments made by management as well as their impacts on the consolidated financial statements, which were caused by adjustments made to loss rates by MUFG Bank, Ltd. (the "Bank") at the end of the current year, and the adoption of the new accounting policy for calculation of the allowance for credit losses in principal consolidated overseas banking subsidiaries of the Group.

"Valuation of Goodwill and Other Intangible Fixed Assets Associated with Acquisitions and Investment," which was the key audit matter in our audit of the consolidated financial statements of the previous period, is not a key audit matter in our audit of the consolidated financial statements of the current period as the related goodwill had been fully depreciated during the previous period and was not recorded on the consolidated balance sheet of the current period, and the valuation of related other intangible fixed assets at the time of business combinations was completed in the previous period.

Calculation of the Allowance for Credit Losses in Lending Services

The Group is engaged in lending services as one of its core businesses. There is a risk in the lending business that the Group incurs a loss from not collecting all or part of a loan amount due to credit events such as a borrower's bankruptcy. The Group maintains an allowance for credit losses to absorb such a probable loss inherent in the loan portfolio. The amount of the allowance for credit losses on the consolidated balance sheet was ¥987 billion as of March 31, 2021. The Group's accounting policy for the allowance for credit losses was disclosed in Note 2.(8) "Summary of Significant Accounting Policies—Allowance for Credit Losses" to the consolidated financial statements and in Note 2.(24) "Summary of Significant Accounting Policies—Significant Accounting Estimates" to the consolidated financial statements.

The allowance for credit losses is determined in accordance with the internal policies related to the self assessment of asset quality standards and the write offs and provisions standards and approved by the Credit Committee under the Executive Committee.

The calculation process for the Bank and domestic consolidated subsidiaries includes various estimates, such as the determination of borrowers' credit ratings, which are based on the evaluation and classification of the borrowers' debt service capacity, assessment of the value of collateral provided by borrowers, and adjustments for future loss projections and other factors to the loss rate calculated based on the historical loss experiences. The Bank recorded a loan balance and related allowance for credit losses in the amount of ¥88,447.0 billion and ¥465.3 billion, respectively, on its balance sheet at the end of the current year. Such allowance for credit losses included ¥30.8 billion of adjustments to loss rates, which was calculated based on the historical loss experiences for future loss projections and other factors.

Principal consolidated overseas banking subsidiaries adopted Accounting Standards Update 2016-13, Measurement of Credit Losses on Financial Instruments, (hereinafter referred to as "CECL") and calculated the allowance for credit losses by estimating the expected credit losses over the remaining term of the relevant contract. The loan balance and related allowance for credit losses calculated based on CECL were ¥13,916.7 billion and ¥491.8 billion, respectively.

Key Audit Matter Description

1. Determination of certain borrowers' internal credit ratings

The determination of borrowers' internal credit ratings, which are significant factors in the calculation of the allowance for credit losses, is highly dependent on judgments made in the estimation of the borrowers' future performance and business sustainability in case borrowers experience poor business performance or financial difficulties. In particular, the COVID-19 pandemic has had a significant impact on certain borrowers' financial position and financial performance. The estimation of certain borrowers' future performance and business sustainability is affected by changes in the external and internal business environment of borrowers, and involves a high degree of uncertainty and subjective judgments made by management.

2. Adjustments to loss rates calculated based on the historical loss experiences for future loss projections and other factors

The adjustments to loss rates calculated based on the historical loss experiences for future loss projections and other factors, which were disclosed in Note 2.(24) "Summary of Significant Accounting Policies—Significant Accounting Estimates 1. Calculation of allowance for credit losses," are made by reflecting the short-term increase observed in credit loss rates or default probabilities (hereinafter referred to as the "credit loss rates") under the most recent economic environment in the long-term average of the historical credit loss rates. The adjustments to loss rates are based on the assumption that the degree of uncertainty in estimating the collectability of loans held as of this fiscal year end is heightening specifically due to the significant deterioration in economic environment under the COVID-19 pandemic. There are also alternative methods considered in estimating the degree of uncertainty other than the method adopted by the management. The adjustments to loss rates involve a higher estimation uncertainty and subjective judgments made by management as they require the estimation of the effect of significant changes in the external economic environment on the credit risk of loans as well as the assumption regarding the future economic conditions for which objective data are not readily available. In addition, there is a risk that judgments made by management in determining the estimation method to be adopted are subjective.

3. Calculation of the allowance for credit losses in overseas subsidiaries

Expected credit losses under CECL in principal consolidated overseas banking subsidiaries are calculated based on the quantitative model, which reflects future projections using economic forecast scenarios including macroeconomic variables. Macroeconomic variables include the unemployment rate, GDP, and other inputs, which correlate with historical default losses. Expected credit losses using the quantitative model are determined as a weighted average of the expected credit losses calculated for multiple economic forecast scenarios by giving certain weightings to each scenario. Also, the calculation of expected credit losses using the quantitative model may be adjusted by qualitative factors that are not incorporated into the quantitative model (hereinafter referred to as the "qualitative adjustments"). In determining the macroeconomic variables related to selected economic forecast scenarios, the weightings given to each economic forecast scenario, and the qualitative adjustments, various factors are taken into consideration such as the recent economic conditions and the analysis of future economic conditions by internal and third-party economists. These factors include the estimation of the severity and duration of economic downturn caused by the COVID-19 pandemic, for which objective data are not readily available under the highly fluid economic conditions, and involves a high degree of estimation uncertainty and subjective judgments made by management.

There is a potential risk that the allowance for credit losses will not be appropriately determined if the borrowers' credit risks are not reflected in the significant estimates made by management and assumptions used in such estimates related to the above 1. to 3. Therefore, we identified the appropriateness of these significant estimates and related assumptions as a key audit matter.

How the Key Audit Matter Was Addressed in the Audit

1. Determination of certain borrowers' internal credit ratings

For the key audit matter, we performed the following audit procedures, among others:

- We tested the effectiveness of controls, including the review and approval, over borrowers' internal credit ratings in accordance with the internal standards.

- We tested the effectiveness of controls over the completeness and accuracy of the key data associated with the borrowers' underlying information used in performing the aforementioned controls.

- For certain 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 borrowers' internal credit ratings.

- We identified the significant assumptions used by management in estimating the borrowers' future performance, and with the assistance of our or our network firm's credit specialists, we evaluated the reasonableness of certain borrowers' credit ratings by comparing them with available external information.

2. Adjustments to loss rates calculated based on the historical loss experiences for future loss projections and other factors

For the key audit matter, we performed the following audit procedures, among others:

- We tested the effectiveness of controls, including the review and approval, over the adjustments to loss rates in accordance with the internal standards.

- We tested the effectiveness of controls over the completeness and accuracy of the key data associated with actual credit losses and actual default used in performing the aforementioned controls.

- With the assistance of our credit specialists, we identified the significant assumptions used by management in making adjustments to loss rates and evaluated the reasonableness of these significant assumptions by comparing them with available external information.

- With the assistance of our credit specialists, we evaluated the reasonableness of the adjustment method used by management by comparing adjustments made with the amounts determined using alternative methods of adjustments to the loss rates.

3. Calculation of the allowance for credit losses in overseas subsidiaries

For the key audit matter, we performed the following audit procedures, among others:

- We tested the effectiveness of controls over the determination of the allowance for credit losses under CECL, and in accordance with the internal standards, including the review and approval of the following:

  - The measurement method for expected credit losses and the quantitative model used in the measurement

  - The key macroeconomic variables and relative weightings

  - The qualitative adjustments

- We tested the effectiveness of controls over the completeness and accuracy of the key data used in performing the aforementioned controls.

- With the assistance of our credit specialists, we evaluated the conceptual soundness of the quantitative model used in the measurement of expected credit losses by inspecting documents related to the quantitative model, and tested the appropriateness of the validation of the level of precision in the quantitative model performed at these subsidiaries by reperforming the validation process.

- With the assistance of our credit specialists, we evaluated the reasonableness of the key macroeconomic variables included in the economic forecast scenarios, such as unemployment rate and GDP, and the relative weightings by comparing them to macroeconomic forecasts from available external sources and performing other testing procedures.

- We identified the significant assumptions used by management in determining the qualitative adjustment, and with the assistance of our credit specialists, we evaluated the reasonableness of these significant assumptions by comparing them with available external information.

Other Information

Management is responsible for the other information. 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 other information. The other information comprises the information included in Annual Securities Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Deloitte Touche Tohmatsu LLC

July 26, 2021

Consolidated Financial Statements

MUFG Bank, Ltd. and Subsidiaries

Consolidated Balance Sheets
As of March 31, 2021 and 2020

	Millions of Yen				Millions of U.S. Dollars (Note 1)	
	2021		2020		2021	
ASSETS:						
Cash and due from banks (Notes 3, 4, 11 and 26)	¥	86,975,271	¥	63,234,971	$	785,614
Call loans and bills bought (Note 26)		725,672		872,194		6,555
Receivables under resale agreements (Note 26)		3,250,944		12,947,807		29,365
Receivables under securities borrowing transactions (Note 26)		662,574		731,916		5,985
Monetary claims bought (Notes 4 and 26)		3,682,067		4,329,234		33,259
Trading assets (Notes 4, 11 and 26)		6,742,484		8,060,606		60,902
Money held in trust (Notes 5 and 26)		38,904		54,821		351
Securities (Notes 4, 6, 10, 11 and 26)		63,741,342		52,901,496		575,751
Loans and bills discounted (Notes 7, 11, 12, 26 and 29)		103,910,554		105,358,628		938,583
Foreign exchange (Note 26)		1,795,513		1,654,276		16,218
Tangible fixed assets (Note 8):		987,906		1,024,423		8,923
Buildings		263,351		281,998		2,379
Land (Note 9)		564,415		578,396		5,098
Lease assets (Note 23)		7,418		9,604		67
Construction in progress		43,972		34,323		397
Other tangible fixed assets		108,748		120,101		982
Intangible fixed assets:		849,364		916,047		7,672
Software		380,765		377,451		3,439
Goodwill		78,477		87,424		709
Lease assets (Note 23)		1		1		0
Other intangible fixed assets		390,118		451,170		3,524
Asset for retirement benefits (Note 15)		781,492		419,248		7,059
Deferred tax assets (Note 22)		92,668		77,332		837
Customers’ liabilities for acceptances and guarantees (Note 10)		7,713,068		7,528,402		69,669
Other assets (Notes 11 and 29)		9,306,949		10,919,638		84,066
Allowance for credit losses (Note 26)		(987,044)		(612,535)		(8,916)
Total assets	¥	290,269,735	¥	270,418,512	$	2,621,893

MUFG Bank, Ltd. and Subsidiaries

Consolidated Balance Sheets
As of March 31, 2021 and 2020

	Millions of Yen				Millions of U.S. Dollars (Note 1)	
	2021		2020		2021	
LIABILITIES:						
Deposits (Notes 11 and 26)	¥	202,537,751	¥	177,613,234	$	1,829,444
Negotiable certificates of deposit (Note 26)		6,219,043		5,596,531		56,174
Call money and bills sold (Note 26)		302,069		1,223,100		2,728
Payables under repurchase agreements (Notes 11 and 26)		8,937,944		17,120,945		80,733
Payables under securities lending transactions (Notes 11 and 26)		89,175		73,620		805
Commercial paper (Notes 13 and 26)		883,258		1,530,833		7,978
Trading liabilities (Notes 11 and 26)		3,194,068		3,376,204		28,851
Borrowed money (Notes 11, 13, 26 and 29)		36,814,266		30,521,462		332,529
Foreign exchange (Note 26)		2,248,044		2,437,007		20,306
Bonds payable (Notes 11, 14 and 26)		2,504,821		2,998,345		22,625
Reserve for employee bonuses		49,450		57,244		447
Reserve for bonuses to directors		894		789		8
Reserve for stocks payment		4,788		5,014		43
Liability for retirement benefits (Note 15)		79,511		76,186		718
Reserve for retirement benefits to directors		456		407		4
Reserve for loyalty award credits		11,714		12,449		106
Reserve for contingent losses (Note 16)		84,337		69,771		762
Deferred tax liabilities (Notes 6 and 22)		663,935		533,908		5,997
Deferred tax liabilities for land revaluation (Note 9)		97,744		103,409		883
Acceptances and guarantees (Note 10)		7,713,068		7,528,402		69,669
Other liabilities (Notes 11, 13 and 29)		5,261,413		7,254,136		47,524
Total liabilities	¥	277,697,759	¥	258,133,007	$	2,508,335
EQUITY (Notes 17, 18 and 25):						
Capital Stock						
Common stock:						
Authorized, 33,000,000 thousand shares;						
issued, 12,350,038 thousand shares in 2021 and 2020, with no stated value	¥	1,586,958	¥	1,586,958	$	14,334
Preferred stock:						
Authorized, 1,157,700 thousand shares;						
issued, 357,700 thousand shares in 2021 and 2020, with no stated value		125,000		125,000		1,129
Capital surplus		3,671,803		3,674,512		33,166
Retained earnings		4,978,691		5,076,746		44,971
Treasury stock—at cost, 357,700 thousand shares in 2021 and 2020		(645,700)		(645,700)		(5,832)
Total shareholders' equity		9,716,753		9,817,517		87,768
Accumulated other comprehensive income:						
Net unrealized gain on available-for-sale securities (Notes 4 and 6)		1,907,639		1,485,339		17,231
Net deferred gain on derivatives under hedge accounting		188,194		313,523		1,700
Land revaluation surplus (Note 9)		190,008		202,845		1,716
Foreign currency translation adjustments		4,532		127,868		41
Defined retirement benefit plans (Note 15)		148,384		(88,678)		1,340
Total accumulated other comprehensive income		2,438,760		2,040,899		22,028
Non-controlling interests		416,462		427,088		3,762
Total equity		12,571,975		12,285,505		113,558
Total liabilities and equity	¥	290,269,735	¥	270,418,512	$	2,621,893

See the accompanying notes to consolidated financial statements.

MUFG Bank, Ltd. and Subsidiaries

Consolidated Statements of Income
For the Fiscal Years Ended March 31, 2021 and 2020

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2021	2020	2021
INCOME:			
Interest income:			
Interest on loans and bills discounted	¥ 1,596,397	¥ 2,153,456	$ 14,420
Interest and dividends on securities	354,510	517,145	3,202
Interest on call loans and bills bought	5,412	12,191	49
Interest on receivables under resale agreements	33,109	115,931	299
Interest on receivables under securities borrowing transactions	4,301	15,902	39
Interest on due from banks	51,113	135,269	462
Other interest income	237,297	296,272	2,143
Trust fees	12,249	12,810	111
Fees and commissions	840,571	899,136	7,593
Trading income	163,959	43,760	1,481
Other operating income	565,998	848,821	5,112
Other income (Note 20)	284,111	347,502	2,566
Total income	4,149,033	5,398,200	37,477
EXPENSES:			
Interest expenses:			
Interest on deposits	280,085	674,609	2,530
Interest on negotiable certificates of deposit	38,635	118,958	349
Interest on call money and bills sold	1,225	4,102	11
Interest on payables under repurchase agreements	46,213	175,551	417
Interest on payables under securities lending transactions	550	1,441	5
Interest on commercial paper	7,777	41,445	70
Interest on borrowed money	194,975	254,590	1,761
Interest on bonds payable	79,801	107,580	721
Other interest expenses	33,929	262,868	306
Fees and commissions	176,225	197,518	1,592
Trading expenses	–	470	–
Other operating expenses	306,822	469,687	2,771
General and administrative expenses	1,875,321	1,912,939	16,939
Provision for allowance for credit losses	368,000	107,966	3,324
Other expenses (Note 21)	315,106	728,079	2,846
Total expenses	3,724,670	5,057,809	33,643
Income before income taxes	424,362	340,391	3,833
Income taxes (Note 22):			
Current	178,172	196,788	1,609
Deferred	(81,769)	4,047	(739)
Total income taxes	96,402	200,836	871
Net income before attribution of non-controlling interests	327,960	139,555	2,962
Net income attributable to non-controlling interests	20,198	41,634	182
Net income attributable to the shareholders of MUFG Bank	¥ 307,761	¥ 97,921	$ 2,780

	Yen		U.S. Dollars
	2021	2020	2021
Per share of common stock (Notes 18 and 25):			
Basic earnings per common share	¥ 24.91	¥ 7.92	$ 0.23
Diluted earnings per common share	24.91	7.92	0.23
Cash dividends applicable to the year per common share	18.44	26.16	0.17

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, 2021 and 2020

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2021	2020	2021
Net income before attribution of non-controlling interests	¥ 327,960	¥ 139,555	$ 2,962
Other comprehensive income (loss) (Note 24):			
Net unrealized gain (loss) on available-for-sale securities	425,704	(212,609)	3,845
Net deferred (loss) gain on derivatives under hedge accounting	(123,885)	148,575	(1,119)
Foreign currency translation adjustments	(136,164)	(21,876)	(1,230)
Defined retirement benefit plans	236,819	(103,827)	2,139
Share of other comprehensive (loss) income in affiliates accounted for using the equity method	(2,706)	20,414	(24)
Total other comprehensive income (loss)	399,766	(169,323)	3,611
Comprehensive income (loss)	¥ 727,726	¥ (29,768)	$ 6,573
Total comprehensive income (loss) attributable to:			
The shareholders of MUFG Bank	¥ 719,473	¥ (86,988)	$ 6,499
Non-controlling interests	8,253	57,219	75

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, 2021 and 2020

	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	Non-controlling interests	Total equity
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
Cumulative 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, APRIL 1, 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
Cumulative effects of changes in accounting policies	–	–	(116,805)	–	(116,805)	–	–	–	–	–	–	(25,608)	(142,414)
BALANCE, APRIL 1, 2020 (as restated)	1,711,958	3,674,512	4,959,940	(645,700)	9,700,711	1,485,339	313,523	202,845	127,868	(88,678)	2,040,899	401,480	12,143,091
Dividends paid	–	–	(278,863)	–	(278,863)	–	–	–	–	–	–	–	(278,863)
Net income attributable to the shareholders of MUFG Bank	–	–	307,761	–	307,761	–	–	–	–	–	–	–	307,761
Reversal of land revaluation surplus	–	–	12,836	–	12,836	–	–	–	–	–	–	–	12,836
Changes of application of equity method	–	–	(104)	–	(104)	–	–	–	–	–	–	–	(104)
Decrease due to company split	–	–	(22,880)	–	(22,880)	–	–	–	–	–	–	–	(22,880)
Changes in equity of consolidated subsidiaries	–	(2,709)	–	–	(2,709)	–	–	–	–	–	–	–	(2,709)
Other changes in the year	–	–	–	–	–	422,299	(125,328)	(12,836)	(123,335)	237,062	397,860	14,982	412,843
BALANCE, MARCH 31, 2021	¥ 1,711,958	¥ 3,671,803	¥ 4,978,691	¥ (645,700)	¥ 9,716,753	¥ 1,907,639	¥ 188,194	¥ 190,008	¥ 4,532	¥ 148,384	¥ 2,438,760	¥ 416,462	¥ 12,571,975

	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	Non-controlling interests	Total equity
BALANCE, APRIL 1, 2020	$ 15,463	$ 33,190	$ 45,856	$ (5,832)	$ 88,678	$ 13,416	$ 2,832	$ 1,832	$ 1,155	$ (801)	$ 18,435	$ 3,858	$ 110,970
Cumulative effects of changes in accounting policies	–	–	(1,055)	–	(1,055)	–	–	–	–	–	–	(231)	(1,286)
BALANCE, APRIL 1, 2020 (as restated)	15,463	33,190	44,801	(5,832)	87,623	13,416	2,832	1,832	1,155	(801)	18,435	3,626	109,684
Dividends paid	–	–	(2,519)	–	(2,519)	–	–	–	–	–	–	–	(2,519)
Net income attributable to the shareholders of MUFG Bank	–	–	2,780	–	2,780	–	–	–	–	–	–	–	2,780
Reversal of land revaluation surplus	–	–	116	–	116	–	–	–	–	–	–	–	116
Changes of application of equity method	–	–	(1)	–	(1)	–	–	–	–	–	–	–	(1)
Decrease due to company split	–	–	(207)	–	(207)	–	–	–	–	–	–	–	(207)
Changes in equity of consolidated subsidiaries	–	(24)	–	–	(24)	–	–	–	–	–	–	–	(24)
Other changes in the year	–	–	–	–	–	3,814	(1,132)	(116)	(1,114)	2,141	3,594	135	3,729
BALANCE, MARCH 31, 2021	$ 15,463	$ 33,166	$ 44,971	$ (5,832)	$ 87,768	$ 17,231	$ 1,700	$ 1,716	$ 41	$ 1,340	$ 22,028	$ 3,762	$ 113,558

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, 2021 and 2020

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2021	2020	2021
OPERATING ACTIVITIES:			
Income before income taxes	¥ 424,362	¥ 340,391	$ 3,833
Adjustments for:			
Income taxes paid	(159,809)	(179,352)	(1,443)
Income taxes refunds	17,088	55,381	154
Depreciation and amortization	235,929	237,942	2,131
Impairment loss on fixed assets	23,472	58,849	212
Amortization of goodwill	6,049	384,542	55
Equity in (earnings) losses of the equity method investees	(19,130)	2,468	(173)
Increase in allowance for credit losses	225,879	11,873	2,040
(Decrease) increase in reserve for employee bonuses	(6,593)	6,867	(60)
Increase (decrease) in reserve for bonuses to directors	146	(77)	1
(Decrease) increase in reserve for stocks payment	(226)	83	(2)
(Increase) decrease in asset for retirement benefits	(359,621)	83,126	(3,248)
Increase in liability for retirement benefits	3,320	3,661	30
Increase in reserve for retirement benefits to directors	48	10	0
(Decrease) increase in reserve for loyalty award credits	(156)	628	(1)
Increase (decrease) in reserve for contingent losses	10,497	(48,269)	95
Interest income (accrual basis)	(2,282,143)	(3,246,169)	(20,614)
Interest expenses (accrual basis)	683,194	1,641,147	6,171
Gains on securities	(221,388)	(539,562)	(2,000)
Losses (gains) on money held in trust	33,442	(7,779)	302
Foreign exchange (gains) losses	(868,046)	517,568	(7,841)
Gains on disposition of fixed assets	(16,949)	(3,770)	(153)
Decrease (increase) in trading assets	1,248,995	(2,097,488)	11,282
(Decrease) increase in trading liabilities	(152,848)	227,705	(1,381)
Adjustment of unsettled trading accounts	(214,847)	143,119	(1,941)
Net decrease (increase) in loans and bills discounted	615,817	(46,714)	5,562
Net increase in deposits	25,794,970	6,222,769	232,996
Net increase (decrease) in negotiable certificates of deposit	638,822	(1,502,486)	5,770
Net increase in borrowed money (excluding subordinated borrowings)	6,036,024	6,919,368	54,521
Net decrease (increase) in call loans, bills bought and receivables under resale agreements	10,322,696	(8,198,975)	93,241
Net decrease (increase) in receivables under securities borrowing transactions	28,858	(132,863)	261
Net (decrease) increase in call money, bills sold and payables under repurchase agreements	(8,917,606)	3,053,539	(80,549)
Net (decrease) increase in commercial paper	(647,222)	147,421	(5,846)
Net increase in payables under securities lending transactions	18,591	62,399	168
Net (increase) decrease in foreign exchange assets	(148,825)	503,700	(1,344)
Net decrease in foreign exchange liabilities	(187,164)	(6,218)	(1,691)
Net decrease in straight bonds due to issuance and redemption	(238,466)	(52,807)	(2,154)
Interest and dividends received (cash basis)	2,327,111	3,337,921	21,020
Interest paid (cash basis)	(746,459)	(1,647,616)	(6,742)
Other-net	(273,043)	238,087	(2,466)
Total adjustments	32,810,408	6,150,032	296,364
Net cash provided by operating activities	¥ 33,234,771	¥ 6,490,423	$ 300,197

MUFG Bank, Ltd. and Subsidiaries

Consolidated Statements of Cash Flows
For the Fiscal Year Ended March 31, 2021 and 2020

	Millions of Yen		Millions of U.S. Dollars (Note1)
	2021	2020	2021
INVESTING ACTIVITIES:			
Purchases of securities	¥ (107,173,423)	¥ (82,209,850)	$ (968,055)
Proceeds from sales of securities	59,847,663	59,148,419	540,580
Proceeds from redemption of securities	37,878,659	19,971,291	342,143
Payments for increase in money held in trust	(37,972)	(23,413)	(343)
Proceeds from decrease in money held in trust	12,453	5,368	112
Purchases of tangible fixed assets	(82,621)	(72,409)	(746)
Purchases of intangible fixed assets	(163,282)	(224,726)	(1,475)
Proceeds from sales of tangible fixed assets	31,581	42,221	285
Proceeds from sales of intangible fixed assets	8,223	4,229	74
Payments for business transfers (Note 3)	(520)	(559,561)	(5)
Payments for purchases of stocks of subsidiaries affecting the scope of consolidation (Note 3)	–	(255,077)	–
Proceeds from sales of stocks of subsidiaries affecting the scope of consolidation	–	58,701	–
Other-net	(830)	(990)	(7)
Net cash used in investing activities	(9,680,070)	(4,115,796)	(87,436)
FINANCING ACTIVITIES:			
Proceeds from subordinated borrowings	802,382	1,465,611	7,248
Repayments of subordinated borrowings	(511,270)	(173,369)	(4,618)
Proceeds from issuance of subordinated bonds and bonds with subscription rights to shares	742	68,337	7
Payments for redemption of subordinated bonds and bonds with subscription rights to shares	(142,754)	(33,241)	(1,289)
Proceeds from issuance of common stock to non-controlling interests	6,430	6,021	58
Repayments to non-controlling interests	(23)	–	(0)
Payments for redemption of preferred securities	–	(330,000)	–
Cash dividends paid	(278,863)	(235,638)	(2,519)
Cash dividends paid to non-controlling interests	(6,203)	(28,397)	(56)
Proceeds from sales of stocks of subsidiaries not affecting the scope of consolidation	3,275	−	30
Net cash (used in) provided by financing activities	(126,285)	739,323	(1,141)
Effect of foreign exchange rate changes on cash and cash equivalents	311,885	(270,868)	2,817
Net increase in cash and cash equivalents	23,740,299	2,843,083	214,437
Cash and cash equivalents, beginning of year	63,234,971	60,389,520	571,177
Increase in cash and cash equivalents due to new consolidation (Note 3)	–	2,368	−
Cash and cash equivalents, end of year (Note 3)	¥ 86,975,271	¥ 63,234,971	$ 785,614

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 the 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 2020 consolidated financial statements to conform to the classifications used in 2021.

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

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Bank is incorporated and mainly operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥110.71 to U.S. $1, the approximate rate of exchange as of March 31, 2021. Such translations should not be construed as representations that the Japanese yen amounts could 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 122 and 121 subsidiaries as of March 31, 2021 and 2020, respectively.

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

Investments in 44 and 42 affiliates were accounted for using the equity method as of March 31, 2021 and 2020, 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, 2021 and 2020 were as follows:

As of March 31, 2021 and 2020:
MUFG Americas Holdings Corporation ("MUAH")
Bank of Ayudhya Public Company Limited ("Krungsri")

Changes in the subsidiaries in the fiscal year ended March 31, 2021 were as follows:
Mitsubishi UFJ Life Science III, Limited Partnership and four other companies were newly included in the scope of consolidation as they were newly established in the fiscal year ended March 31, 2021.

MU Business Partner Co., Ltd. and three other companies were excluded from the scope of consolidation due to termination accompanied with a merger and liquidation in the fiscal year ended March 31, 2021.

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.

b) There were no unconsolidated subsidiaries as of March 31, 2021 and 2020.

c) The companies that were not regarded as subsidiaries, although the majority of voting rights (right to execute business) were owned by the Bank as of March 31, 2021 and 2020 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, 2021 and 2020.

2) Application of the equity method

a) There were no unconsolidated subsidiaries accounted for using the equity method as of March 31, 2021 and 2020.

b) Major affiliates accounted for using the equity method as of March 31, 2021 and 2020 were as follows:

As of March 31, 2021 and 2020:
Vietnam Joint Stock Commercial Bank for Industry and Trade
Security Bank Corporation

Changes in the affiliates accounted for using the equity method for the fiscal year ended March 31, 2021 were as follows:
Mars Growth Capital Pte. Ltd. and three other companies were newly included in the scope of the equity method as they were newly established in the fiscal year ended March 31, 2021 or for other reasons. In addition, BOT Lease (Eurasia) LLC and another company were excluded from the scope of application of the equity method due to the decrease in ownerships in the fiscal year ended March 31, 2021.

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.

c) There were no unconsolidated subsidiaries not accounted for using the equity method as of March 31, 2021 and 2020.

d) There were no affiliates not accounted for using the equity method as of March 31, 2021 and 2020.

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, 2021:
ISLE Co., Ltd.
Alchemedicine, Inc.
Fun Place Co., Ltd.
HuLa Immune Inc.
Kamui Pharma Co., Ltd.
Vermillion Therapeutics, Inc.
GEXVal Inc.
Verfication Technology Inc.
Reborna Biosciences, Inc.
DT Axis Inc.

As of March 31, 2020:
ISLE Co., Ltd.
Reborna Biosciences, Inc.
Fun Place Co., Ltd.
Alchemedicine, Inc.
Kamui Pharma Co., Ltd.

HuLa immune Inc.
GEXVal Inc.
Vermillion Therapeutics, Inc.

3) The fiscal year end dates of subsidiaries

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

	Number of subsidiaries	
	2021	2020
October 31	1	–
December 31	85	83
January 24	–	1
March 31	36	37

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 end dates.

Adjustments were made in the consolidated financial statements to reflect significant transactions within the Group occurring in the period between the fiscal year end dates of subsidiaries and March 31, 2021 and 2020.

(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 allowances.

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 rate or historical probability-of-default 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 the 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 ¥267,776 million ($2,419 million) and ¥266,615 million as of March 31, 2021 and 2020, 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)
(Allowance for credit losses of certain overseas subsidiaries which apply U.S. GAAP)
Certain overseas subsidiaries which apply U.S. GAAP have adopted Accounting Standards Update ("ASU") 2016-13, "Measurement of Credit Losses on Financial Instruments" and provide for an allowance for credit losses by estimating credit losses currently expected for the remaining term of the relevant contract. Expected credit losses are calculated collectively for each portfolio of loans with similar risk characteristics based on the loss rates derived from past credit loss experience or bankruptcy experience through the application of a model that incorporates future forecast information, such as macroeconomic variables, into the probability of bankruptcy, etc. In addition, adjustments are made in the calculation of allowance for credit losses for qualitative factors relating to current conditions and future forecasts which may not be sufficiently captured in such model but should be appropriately taken into account. Future uncertainties due to the impact of the COVID-19 pandemic are factored into estimates for the credit loss provisioning through such adjustments based on macroeconomic variables and/or qualitative factors.

With respect to loan assets with deteriorated credit risk that are deemed not to entail risks in common with other loan assets, an allowance for credit losses is recognized individually for each loan asset based on risks that are particular to the asset. This credit loss provisioning is done through certain methodologies, including calculating the difference between the carrying amount of the loan asset and the amount of estimated cash flows from the loan asset discounted by the effective interest rate as well as using the fair value of the collateral for the loan asset.

(Calculation of estimated impact of the COVID-19 pandemic relating to allowance for credit losses)
Fiscal year ended March 31, 2021
The adjustments for forecasts and other factors made to the allowance for credit losses for the fiscal year ended March 31, 2021 are described in "1 Calculation of allowance for credit losses" under (24) Significant Accounting Estimates in accordance with ASBJ Statement No. 31, "Accounting Standard for Disclosure of Accounting Estimates" (March 31, 2020).

Fiscal year ended March 31, 2020
The Bank and some of its consolidated subsidiaries recorded an allowance for credit losses of ¥45,347 million for the fiscal year ended March 31, 2020 by estimating the impact of the COVID-19 pandemic on credit risk, to the extent that such impact was considered not to have been reflected in the borrowers' financial information, considering the expected impact of the pandemic on the borrowers' financial performance and on the overall economic environment.

The process for preparing the recorded allowance amount involved, among other things, determining the scope of borrowers (in terms of industry, geographical region, etc.) that were expected to be significantly affected, making certain assumptions relating to economic factors based on certain scenarios, and collectively estimating the degree to which the internal credit ratings assigned to borrowers in particular industries or geographic regions would be downgraded.

Since there was no precedent or established market view regarding the extent of the pandemic or the timing of containment of the pandemic available for reference, the Bank and some of its consolidated subsidiaries made certain assumptions including the assumption that the pandemic will subside around the end of December 2020, and estimated the amount, as best as it could under the circumstances, based on, among other things, such assumptions and information available from external sources and through receiving approval from management decision-making bodies in accordance with prescribed 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 to have 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 to have accrued at the consolidated balance sheet date based on the estimated amount of benefits.

(14) Reserve for Loyalty Award Credits

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

(15) Reserve for Contingent Losses

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

(16) Assets and Liabilities Denominated in Foreign Currencies

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

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

(17) Leases

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

With respect to derivative transactions (except 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 financial assets and liabilities. Portfolio hedging or individual hedging, as described in the Japanese Institute of Certified Public Accountants ("JICPA") Industry Committee Practical Guidelines No. 24 "Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (October 8, 2020) 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 JICPA Industry Committee Practical Guidelines 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 JICPA Industry Committee Practical Guidelines No. 24. Since material terms related to hedged items and hedging instruments are substantially identical and such hedging transactions are deemed highly effective, the assessment of effectiveness is based on the similarity of the terms. The effectiveness of hedging transactions is also assessed by 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 financial assets and liabilities denominated in foreign currencies. Portfolio hedging is applied to determine hedged items as described in JICPA Industry Committee Practical Guidelines No. 25 "Treatment of Accounting and Auditing concerning Accounting for Foreign Currency Transactions in the Banking Industry" (October 8, 2020). Hedging instruments (e.g. currency swaps and forward exchange contracts) are designated to hedged items collectively by currency.

The Bank has applied portfolio hedging and individual hedging using financial 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 Committee Practical Guidelines 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) Significant Accounting Estimates

1. Calculation of allowance for credit losses

1) Amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2021

The Group is engaged in lending business as one of its core businesses. The Group maintains an allowance for credit losses in accordance with the calculation process predetermined in the internal policies to provide for the Group's risk of loss from decreases in or elimination of the value of assets such as loans, etc. (the Group defines the risk as "credit risk") due to deterioration of financial positions of the borrowers including of loans and other factors. The allowance for credit losses recorded in the consolidated balance sheet as of March 31, 2021 amounts to ¥987,044 million ($8,916 million).

The allowance for credit losses is determined in accordance with predetermined internal policies and approved by the Credit Committee under the Executive Committee. In addition, the Internal Audit & Credit Examination Division, which is independent from operating divisions, conducts verifications of these assessments as described in "(8) Allowance for credit losses" under 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

There is uncertainty in the estimates and significant assumptions used in calculating the allowance for credit losses. In particular, future developments concerning the COVID-19 pandemic, which are expected to impact our transaction counterparties' operating environment and the economic environment, remain subject to significant uncertainty. Accordingly, we make certain assumptions, including that the pace of future economic recovery would be generally gradual, although the pace may vary from country to country, as balancing economic activity and pandemic control continues. The recorded allowance represents our best estimate made in a manner designed to ensure objectivity and rationality.

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

(Allowance for credit losses of the Bank and its domestic consolidated subsidiaries)

a. Method of calculation of the amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2021

The process of calculating the allowance for credit losses in the Bank and its domestic consolidated subsidiaries involves various estimates such as determination of borrower credit ratings which are based on evaluation and classification of borrowers' debt-service capacity, assessment of the value of collateral provided by borrowers, and adjustments for future loss projections and other factors to the loss rates calculated based on historical credit loss experience. The details of the provision method are stated in note (8) "Allowance for Credit Losses" under 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. The allowance for credit losses and loans and bills discounted of the Bank recorded in the consolidated balance sheet as of March 31, 2021 amounted to ¥465,391 million ($4,204 million) and ¥88,447,036 million ($798,907 million), respectively.

b. Significant assumptions used in calculating the amounts presented in the consolidated financial statements for the fiscal year ended March 31, 2021

In order to make appropriate borrower classification determinations, the Bank and its domestic consolidated subsidiaries use a credit rating system that is consistent with the borrower classification as a uniform standard for evaluating credit risk. As a general rule, internal credit ratings are assigned to all customers to which we extend credit and their transactions. Among our internal credit ratings, the borrower ratings for non-financial business corporations and certain other borrowers are assigned based on our evaluation of their debt-service capacity over the next 3 to 5 years on a 15-rating scale. Our principal consolidated domestic banking subsidiaries assign internal credit ratings to borrowers based on qualitative factors such as the current and expected future business environment of the industry to which borrowers belong as well as their management and funding risks in addition to quantitative financial evaluations through an analysis of their financial results. In this regard, our internal credit ratings may be highly dependent on estimation of borrowers' future performance and business sustainability in case they experience poor business performance or financial difficulties. In particular, the COVID-19 pandemic has had significant impacts on the financial positions and operating results of some borrowers of our principal consolidated domestic banking subsidiaries. Estimation of these borrowers' future performance and business sustainability are affected by changes in their external and internal business environment and are accordingly subject to a high degree of uncertainty.

The Bank determines loss rates primarily by calculating a rate of loss based on a historical average of the credit loss rate or a historical average of the default probability derived from actual credit loss experience or actual bankruptcy experience and making necessary adjustments based on future projections and other factors. When making adjustments based on future loss projections and other factors to loss rates calculated based on historical loss experience, the subsidiaries take into account the rate of increase in the credit loss rate or the default probability in a more recent period, especially in light of the sudden and significant deterioration in economic environment under the COVID-19 pandemic. The amount of impact of these adjustments is ¥30,846 million ($279 million).

Due to these adjustments based on future loss projections and other factors to loss rates calculated based on historical loss experience, which are made to reflect the credit risk for loans and other assets held as of the end of the fiscal year, are based on estimation relating to the economic environment with respect to which objective data are not readily available, such estimation are subject to a high degree of uncertainty.

c. Effect on the consolidated financial statements for the following fiscal year

The internal credit ratings are reviewed at least once a year. Estimations of borrowers' future performance and business sustainability, which we consider to be significant assumptions, may be reviewed in light of changes in borrowers' creditworthiness due to changes in their financial condition and in the industry environment. As a result, the allowance for credit losses may increase or decrease in the following fiscal year if the overall credit risk of the Bank and its domestic consolidated subsidiaries is deemed to have increased or decreased.

Adjustments based on future loss projections and other factors to loss rates calculated based on historical loss experience, which we consider to be significant assumptions, are based on estimation relating to the economic environment with respect to which objective data are not readily available. These assumptions change to reflect developments in the economic environment, and changes in the assumptions may result in an increase or decrease in the allowance for credit losses in the following fiscal year.

(Allowance for credit losses of certain overseas subsidiaries which apply U.S. GAAP)

a. Method of calculation of the amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2021

Certain overseas subsidiaries which apply U.S. GAAP have adopted ASU 2016-13, "Measurement of Credit Losses on Financial Instruments" and provide for allowance for credit losses by estimating credit losses currently expected for the remaining term of the relevant contract. The details of the providing method are stated in (Additional Information) of (8) "Allowance for Credit Losses" under 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. The allowance for credit losses and loans and bills discounted of main overseas subsidiaries applying U.S. GAAP amounted to ¥491,868 million ($4,443 million) and ¥13,916,797 million ($125,705 million), respectively.

b. Significant assumptions used in calculating the amounts presented in the consolidated financial statements for the fiscal year ended March 31, 2021

Expected credit losses of main overseas subsidiaries that apply U.S. GAAP are calculated for each portfolio of loans with similar risk characteristics using a quantitative model that reflects economic forecast scenarios based on macroeconomic variables. Macroeconomic variables include the unemployment rate and GDP, and other inputs, which correlate with past default losses. The subsidiaries select multiple economic forecast scenarios and consider such scenarios by applying certain weightings. Various factors, such as the latest economic environment and the views of internal and external economists are taken into account in the selection of economic forecast scenarios and the determination of the values of the macroeconomic variables used in such economic forecast scenarios and the weightings applied to each economic forecast scenario. In this regard, the estimation made in determining the values of such macroeconomic variables and the weightings applied to the selected economic forecast scenarios are subject to significant uncertainty due to the significant variability and uncertainty in the future economic environment, including the severity and duration of economic downturn caused by the COVID-19 pandemic.

The calculated amount of expected credit losses is adjusted for qualitative factors to compensate for expected credit losses that are not reflected in the quantitative model. The subsidiaries not only apply economic assumptions to macroeconomic variables used in the quantitative model but also make qualitative adjustments. As a result, the estimation made in making such qualitative adjustments are similarly subject to significant uncertainty.

c. Effect on the consolidated financial statements for the following fiscal year
The selection of economic forecast scenarios, the determination of the values of the macroeconomic variables used in such economic forecast scenarios and the weightings applied to the selected economic forecast scenarios, and the qualitative adjustments are based on estimation relating to the economic environment with respect to which objective data are not readily available. These assumptions change to reflect developments in the economic environment, and changes in the assumptions may result in an increase or decrease in the allowance for credit losses in the following fiscal year.

2. Fair value measurement of derivatives

1) Amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2021
The Group engages in a large number of various derivative transactions in connection with the business of providing foreign exchange, financing and securities services to customers as well as market transactions and liquidity and funding management operations. The breakdown of fair value by type of derivatives recorded in the consolidated balance sheet as of March 31, 2021 is stated in (2) “Matters concerning Fair Value of Financial Instruments and Breakdown by Fair Value Hierarchy” under 26. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES.

The fair value of derivative transactions is calculated in accordance with the policies and procedures for the calculation of fair value and the procedures for the use of fair value valuation models set forth in predetermined internal policies. The estimates and significant assumptions made in calculating the fair value of derivative transactions are subject to uncertainty. The recorded fair value represents our best estimate made in a manner designed to ensure objectivity and rationality and subject to internal controls. Details of the calculation process of fair value of derivatives are stated in (1) “Disclosures on Financial Instruments” and (Note) 1 “Explanation about valuation techniques and inputs used to measure fair value” of (2) “Matters concerning Fair Value of Financial Instruments and Breakdown by Fair Value Hierarchy” under 26. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES.

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

a. Method of calculation of the amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2021
The fair value of exchange-traded derivative transactions is based on the market price. The fair value of over-the-counter derivative transactions is based on the discounted present value or amount calculated under the option-price calculation model. The valuation models are tested from a market consistency perspective. However, the estimates and assumptions used in such models necessarily involve judgment and are subject to complexity and uncertainty. Details of the calculation method are stated in (Note) 1 “Explanation about valuation techniques and inputs used to measure fair value” of (2) “Matters concerning Fair Value of Financial Instruments and Breakdown by Fair Value Hierarchy” under 26. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES.

b. Significant assumptions used in calculating the amounts presented in the consolidated financial statements for the fiscal year ended March 31, 2021
Inputs used in valuation models include inputs that can be observed directly or indirectly in the market such as foreign currency exchange rates, yield curves, volatility, credit curves and stock prices, as well as inputs that cannot be observed in the market such as correlation coefficients and other significant estimates. The Group classifies fair value of derivatives into three levels according to observability and materiality of inputs used for calculating fair value. Particularly, derivatives classified as Level 3 due to their fair value being determined based on significant unobservable inputs involve a high degree of complexity and uncertainty in estimates and assumptions used for valuation of fair value. Details of information about inputs are stated in (1) “Quantitative information about significant unobservable inputs” of (Note) 2 “Information about fair value of financial assets and liabilities stated at fair value which is classified as Level 3” of (2) “Matters concerning Fair Value of Financial Instruments and Breakdown by Fair Value Hierarchy” under 26. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES.

c. Effect on the consolidated financial statements for the following fiscal year
The Group has determined that the fair value of derivatives transactions is reasonable after conducting testing. However, the significant assumptions used to calculate the fair value are subject to uncertainty. In particular, the estimates and assumptions made in the valuation of the fair value of derivative transactions classified into Level 3 are subject to significant complexity and uncertainty.

The fair value of derivative transactions held by the Group may fluctuate as a result of changes in inputs used for valuation due to changes in the market environment and other factors. For details of the effects on fair value of changing in inputs, refer to “(4) “Explanation about effects on fair value of changing a significant unobservable input” of (Note) 2 “Information about fair value of financial assets and liabilities stated at fair value which is classified as Level 3” of (2) “Matters concerning Fair Value of Financial Instruments and Breakdown by Fair Value Hierarchy” under 26. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES.

(25) Changes in Accounting Policies

Fiscal year ended March 31, 2021

(Additional Information)

(ASU 2016-13, Measurement of Credit Losses on Financial Instruments)

The Bank has adopted ASU No. 2016-13, "Measurement of Credit Losses on Financial Instruments" with respect to its consolidated overseas subsidiaries applying U.S. GAAP as of the beginning of the fiscal year ended March 31, 2021. This update primarily applies to financial assets measured at amortized cost and replaced the incurred loss impairment methodology with a methodology that reflects expected credit losses, and full life time expected credit losses are recognized upon initial recognition of a financial asset measured on an amortized cost basis, considering forward-looking information such as macroeconomic indicators. In applying this new accounting standard, cumulative effects at the beginning of the fiscal year ended March 31, 2021 are adjusted in retained earnings.

This update resulted in an increase in the allowance for credit losses of ¥172,363 million ($1,557 million), a decrease in retained earnings of ¥114,943 million ($1,038 million) and a decrease in total equity per common share of ¥9.30 ($0.08) as of the beginning of the fiscal year ended March 31, 2021.

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 retrospectively 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, "Trading assets" decreased by ¥17,428 million, "Other assets" decreased by ¥5,509 million, "Trading liabilities" increased by ¥4,083 million, "Other liabilities" increased by ¥1,680 million and "Net assets per share" decreased by ¥1.66.

(26) New Accounting Pronouncements

The ASBJ issued ASBJ Statement No. 29, "Accounting Standard for Revenue Recognition" (March 30, 2018), and ASBJ Guidance No. 30, "Implementation Guidance on Accounting Standard for Revenue Recognition" (March 30, 2018). The Standard is a comprehensive accounting standard concerning revenue recognition in which an entity should recognize revenue by applying the following steps:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The Bank expects to apply the accounting standard and guidance from the beginning of the fiscal year beginning on April 1, 2021, and is in the process of measuring the effects of applying the accounting standard and guidance in future applicable periods.

(27) Changes in Presentation

(Adoption of "Accounting Standard for Disclosure of Accounting Estimates")

The Bank has adopted ASBJ Statement No. 31, "Accounting Standard for Disclosure of Accounting Estimates" (March 31, 2020) starting from the consolidated financial statements as of the end of the fiscal year ended March 31, 2021 and accordingly, a note concerning significant accounting estimates is provided in the consolidated financial statements.

However, the said note does not state the contents related to the fiscal year ended March 31, 2020 pursuant to the transitional treatment prescribed in the provision of the Paragraph 11 of the above Accounting Standard.

(28) Additional Information

(Total credit-related expenses of foreign subsidiaries which may have impacts on the first quarter consolidated financial statements for the fiscal year ending March 2022)

From the beginning of the fiscal year ended March 31, 2021, the new accounting standard (ASU 2016-13, “Measurement of Credit Losses on Financial Instruments”) is applied to major foreign subsidiaries which are consolidated using their financial statements for the fiscal year ended December 31, 2020, and an expected credit losses methodology is introduced, considering forward-looking information such as macroeconomic indicators.

Accordingly, for major foreign subsidiaries in the first quarter (January through March 2021) of the fiscal year ending December 31, 2021, total credit-related expenses are currently estimated to amount to approximately ¥10 billion ($90 million), and will be reflected in the Bank’s first quarter results of the consolidated financial statements of for the fiscal year ending March 31, 2022.

The definition of total credit-related expenses is stated in “1) Analyses of Results of Operations, (ii) Total Credit Costs” under “II. Business Overview, 3. Management Analyses of Financial Position, Results of Operations and Cash Flows, (2) Discussion and Analysis of Results of Operations, etc. from the Management Perspective.” In “(ii) Total Credit Costs,” total credit-related expenses are defined as “total credit costs.”

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, 2021 and 2020.

Major components of assets and liabilities of companies newly consolidated due to acquisition of shares
Fiscal year ended March 31, 2021
Not applicable

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 the 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	
Assets	¥ 1,762,489	
Liabilities	(1,276,124)	
Non-controlling interests	(40,883)	
Foreign currency translation adjustments	8,537	
Goodwill	234,710	
Acquisition value of shares of Bank Danamon and Bank BNP	688,728	
Acquisition value prior to obtaining control	(274,891)	
Valuation amount using the equity method prior to obtaining control	3,456	
Gains on step acquisitions	(2,105)	
Cash and cash equivalents included in above assets	(165,440)	
Payments for purchase of Bank Danamon and Bank BNP	¥ 249,747	

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

Fiscal year ended March 31, 2021
Not applicable

Fiscal year ended March 31, 2020
The Bank received a 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	
Assets	¥ 522,797	
[Of which, loans and bills discounted]	*[515,932]*	
Liabilities	(138)	
Goodwill	23,023	
Deferred tax assets	9,567	
Transfer value	555,249	
Cash and cash equivalents included in above assets	–	
Payments for business transfer	¥ 555,249	

Significant non-cash transactions

Fiscal Year ended March 31, 2021
There was no significant non-cash transaction to be disclosed for the year ended March 31, 2021.

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

4. TRADING ASSETS OR LIABILITIES AND SECURITIES

Securities as of March 31, 2021 and 2020 include equity securities in affiliates of ¥326,425 million ($2,948 million) and ¥327,176 million, respectively, and capital subscriptions to entities such as limited liability companies of ¥15,877 million ($143 million) and ¥14,320 million, respectively. These amounts include investments in jointly controlled entities in an amount of ¥36,320 million ($328 million) and ¥31,756 as of March 31, 2021 and 2020, respectively.

Securities loaned under unsecured securities lending transactions amounted to nil and ¥300,120 million as of March 31, 2021 and 2020, respectively.

For securities borrowed and purchased under resale agreements where the secured parties are permitted to sell or re-pledge the securities without restrictions, ¥6,116,243 million ($55,246 million) and ¥14,898,792 million of such securities were re-pledged as of March 31, 2021 and 2020, respectively.

The remaining ¥4,027,765 million ($36,381 million) and ¥3,285,607 million of these securities were held without disposition as of March 31, 2021 and 2020, 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 securitized products in "Monetary claims bought" in addition to "Securities."

(1) Trading securities:

Net unrealized gains on trading securities were ¥3,567 million ($32 million) for the fiscal year ended March 31, 2021 and net unrealized losses on trading securities were ¥6,636 million for the fiscal year ended March 31, 2020.

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

	Millions of Yen				
	March 31, 2021				
	Carrying amount	Fair value	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Japanese government bonds	¥ 1,100,447	¥ 1,123,480	¥ 23,032	¥ 23,032	¥ –
Foreign bonds	756,657	779,560	22,902	25,711	(2,808)
Other	706,888	698,622	(8,265)	15	(8,281)
Total	¥ 2,563,993	¥ 2,601,663	¥ 37,669	¥ 48,759	¥ (11,089)

	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 U.S. Dollars				
	March 31, 2021				
	Carrying amount	Fair value	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Japanese government bonds	$ 9,940	$ 10,148	$ 208	$ 208	$ –
Foreign bonds	6,835	7,041	207	232	(25)
Other	6,385	6,310	(75)	0	(75)
Total	$ 23,160	$ 23,500	$ 340	$ 440	$ (100)

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

	Millions of Yen				
	March 31, 2021				
	Carrying amount	Acquisition cost	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Domestic equity securities	¥ 4,330,449	¥ 1,617,946	¥ 2,712,503	¥ 2,747,659	¥ (35,155)
Domestic bonds	38,404,427	38,284,821	119,605	157,408	(37,803)
Japanese government bonds	31,016,340	30,932,703	83,637	113,466	(29,829)
Municipal bonds	3,706,242	3,693,990	12,251	15,066	(2,814)
Corporate bonds	3,681,844	3,658,128	23,716	28,875	(5,159)
Foreign equity securities	85,949	65,196	20,753	20,755	(1)
Foreign bonds	15,074,318	15,140,627	(66,308)	155,940	(222,249)
Other	4,232,395	4,176,703	55,692	119,639	(63,947)
Total	¥ 62,127,541	¥ 59,285,295	¥ 2,842,246	¥ 3,201,404	¥ (359,158)

Note:
Gains of ¥160,697million included in “Net unrealized gain (loss)” were recognized in profit or loss by applying the fair value hedge accounting.

	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:
Gains of ¥23,052million included in “Net unrealized gain (loss)” were recognized in profit or loss by applying the fair value hedge accounting.

	Millions of U.S. Dollars				
	March 31, 2021				
	Carrying amount	Acquisition cost	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Domestic equity securities	$ 39,115	$ 14,614	$ 24,501	$ 24,819	$ (318)
Domestic bonds	346,892	345,812	1,080	1,422	(341)
Japanese government bonds	280,158	279,403	755	1,025	(269)
Municipal bonds	33,477	33,366	111	136	(25)
Corporate bonds	33,257	33,042	214	261	(47)
Foreign equity securities	776	589	187	187	(0)
Foreign bonds	136,160	136,759	(599)	1,409	(2,007)
Other	38,230	37,727	503	1,081	(578)
Total	$ 561,174	$ 535,501	$ 25,673	$ 28,917	$ (3,244)

Note:
Gains of $1,452 million included in “Net unrealized gain (loss)” were 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, 2021 and 2020 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2021	March 31, 2020	March 31, 2021
Sales proceeds	¥ 58,463,273	¥ 57,378,815	$ 528,076
Realized gains	535,980	735,365	4,841
Realized losses	211,494	170,597	1,910

(5) Reclassified securities

In the fiscal year ended March 31, 2021, there were no securities which were reclassified.

In the fiscal year ended March 31, 2020, an overseas subsidiary whose fiscal year end date is December 31 reclassified its securitized products of ¥18,606 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.

(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, 2021 and 2020 were ¥1,190 million ($11 million) consisting of ¥1,118 million ($10 million) on domestic equity securities and ¥71 million ($1 million) on debt securities and others and ¥52,380 million consisting of ¥52,368 million on domestic equity securities and ¥12 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, 2021 and 2020 was as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2021	March 31, 2020	March 31, 2021
Carrying amount	¥ 37,257	¥ 50,471	$ 337
Net unrealized (loss) gain	(8,870)	10,414	(80)

There was no "Money held in trust" classified as held-to-maturity as of March 31, 2021 and 2020.

"Money held in trust" classified as other than trading and held-to-maturity as of March 31, 2021 and 2020 was as follows:

	Millions of Yen				
	March 31, 2021				
	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	¥ 1,647	¥ 1,647	¥ –	¥ –	¥ –

	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 U.S. Dollars				
	March 31, 2021				
	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	$ 15	$ 15	$ –	$ –	$ –

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

Net unrealized gain on available-for-sale securities as of March 31, 2021 and 2020 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2021	March 31, 2020	March 31, 2021
Unrealized gain:	¥ 2,678,640	¥ 2,069,385	$ 24,195
Available-for-sale securities	2,685,371	2,080,717	24,256
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	(6,731)	(11,331)	(61)
Deferred tax liabilities	(764,030)	(580,477)	(6,901)
Net unrealized gain on available-for-sale securities before adjustments by ownership share	1,914,610	1,488,907	17,294
Non-controlling interests	(8,817)	(4,775)	(80)
Bank's ownership share in unrealized gain on available-for-sale securities held by affiliates accounted for using the equity method	1,846	1,206	17
Net unrealized gain on available-for-sale securities	¥ 1,907,639	¥ 1,485,339	$ 17,231

Notes:

1. Unrealized gains as of March 31, 2021 and 2020 in the table above do not include gains which were recognized in profit or loss by the fair value hedge accounting in the amount of ¥160,697 million ($1,452 million) and ¥23,052 million, respectively as described in Note 4 (3).
2. Unrealized gain in the table above includes ¥3,822 million ($35 million) and ¥966 million of net unrealized gain on available-for-sale securities invested in limited partnerships as of March 31, 2021 and 2020, respectively.

7. LOANS AND BILLS DISCOUNTED

Bills discounted and rediscounted are accounted for as financial transactions in accordance with JICPA Industry Committee Practical Guidelines No. 24 "Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry." The Bank has the rights to sell or pledge bank acceptances, commercial bills discounted, documentary bills and foreign exchanges bills bought without restriction. The total face value of these bills discounted was ¥1,156,955 million ($10,450 million) and ¥1,122,656 million as of March 31, 2021 and 2020 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 ¥5,238 million ($47 million) and ¥6,905 million as of March 31, 2021 and 2020, respectively.

"Loans and bills discounted" as of March 31, 2021 and 2020 included the following:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2021	March 31, 2020	March 31, 2021
Loans to bankrupt borrowers	¥ 41,332	¥ 31,601	$ 373
Non-accrual delinquent loans	742,249	540,622	6,704
Loans past due for three months or more	18,525	11,274	167
Restructured loans	358,206	320,269	3,236
Total	¥ 1,160,313	¥ 903,767	$ 10,481

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 a 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, 2021 and 2020 amounted to ¥893,177 million ($8,068 million) and ¥922,489 million, respectively.

Deferred gains on “Tangible fixed assets” not recognized for tax purposes as of March 31, 2021 and 2020 amounted to ¥57,725 million ($521 million) and ¥60,860 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 accounts, 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, 2021 and 2020 were ¥268,057 million ($2,421 million) and ¥297,220 million, respectively.

11. ASSETS PLEDGED AS COLLATERAL

Assets pledged as collateral and their relevant liabilities as of March 31, 2021 and 2020 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2021	March 31, 2020	March 31, 2021
Assets pledged as collateral:			
Cash and due from banks	¥ 3,466	¥ 453	$ 31
Trading assets	–	1,371,668	–
Securities	16,138,432	7,156,126	145,772
Loans and bills discounted	11,495,048	12,621,983	103,830
Other assets	5,048	–	46
Total	¥ 27,641,995	¥ 21,150,231	$ 249,679
Relevant liabilities to above assets:			
Deposits	¥ 458,344	¥ 411,273	$ 4,140
Trading liabilities	19,360	15,600	175
Borrowed money	27,326,072	20,753,041	246,826
Bonds payable	55,905	86,650	505
Other liabilities	1,686	–	15
Total	¥ 27,861,370	¥ 21,266,565	$ 251,661

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, 2021	March 31, 2020	March 31, 2021
Assets pledged as collateral:			
Trading assets	¥ 591,741	¥ –	$ 5,345
Securities	12,358,629	9,132,153	111,631
Loans and bills discounted	4,163,439	4,626,353	37,607
Total	¥ 17,113,809	¥ 13,758,506	$ 154,582

Furthermore, “Trading assets” and “Securities” sold under repurchase agreements or loaned under securities lending with cash collateral were ¥1,580,821 million ($14,279 million) and ¥2,383,963 million ($21,533 million), respectively, as of March 31, 2021 and ¥1,085,126 million and ¥6,113,140 million, respectively, as of March 31, 2020.

“Payables under repurchase agreements” relevant to above assets were ¥3,639,512 million ($32,874 million) and ¥6,885,985 million as of March 31, 2021 and 2020, respectively.

“Payables under securities lending transactions” relevant to above assets were ¥7,483 million ($68 million) and ¥19,429 million as of March 31, 2021 and 2020, respectively.

“Securities” pledged by GC Repos under the Subsequent Collateral JGB Allocation Method were ¥948,493 million ($8,567 million) and ¥2,238,206 million as of March 31, 2021 and 2020, respectively.

“Non-recourse debts” of consolidated special purpose company corresponding to borrowed money were ¥2,100 million ($19million) and nil as of March 31, 2021 and 2020, respectively.

Relevant assets to above non-recourse debt corresponding to loans and bills discounted were ¥20,000 million ($181million) and nil as of March 31, 2021 and 2020, respectively.

These amounts are included in above tables.

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 ¥85,522,045 million ($772,487 million) and ¥79,637,841 million as of March 31, 2021 and 2020, respectively.

The total amount of the unused portion does not necessarily represent the 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 borrowers' request for disbursement or decrease contracted limits for cause, such as changes in financial conditions or deterioration in the borrowers' 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 borrowers' 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, 2021 and 2020 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2021	March 31, 2020	March 31, 2021
Borrowings from banks and other, due 2020-2040, 0.50% on the average	¥ 36,814,266	¥ 30,517,632	$ 332,529
Bills rediscounted	–	3,830	–
Total borrowed money	¥ 36,814,266	¥ 30,521,462	$ 332,529
Lease liabilities, due 2020-2048	102,537	114,418	926
Commercial paper, 0.17% on the average	883,258	1,530,833	7,978

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 for the total amount of lease payments including interest.
2. The borrowings above include subordinated borrowings in the amounts of ¥7,915,319 million ($71,496 million) and ¥7,503,164 million as of March 31, 2021 and 2020, respectively.
3. The borrowings above include perpetual subordinated borrowings without the repayment term.
4. The borrowings above include non-recourse debts of a consolidated special purpose entity in the amount of ¥2,100 million ($19 million).
5. Lease liabilities are included in "Other liabilities" in the consolidated balance sheets.
6. "Commercial paper" is issued in the form of promissory notes as a fund-raising activity.

Annual maturities of borrowings as of March 31, 2021 were as follows:

Year ending March 31	Millions of Yen	Millions of U.S. Dollars
2022	¥ 11,177,283	$ 100,960
2023	1,384,295	12,504
2024	1,686,016	15,229
2025	17,137,082	154,793
2026	580,644	5,245
2027 and thereafter	4,848,943	43,799
Total	¥ 36,814,266	$ 332,529

Annual maturities of lease liabilities as of March 31, 2021 were as follows:

Year ending March 31	Millions of Yen	Millions of U.S. Dollars
2022	¥ 21,487	$ 194
2023	17,074	154
2024	13,779	124
2025	10,999	99
2026	9,478	86
2027 and thereafter	29,718	268
Total	¥ 102,537	$ 926

14. BONDS PAYABLE

"Bonds payable" as of March 31, 2021 and 2020 consisted of the following:

Description	Issued	Millions of Yen 2021	Millions of Yen 2020	Millions of U.S. Dollars 2021	Coupon rate (%)	Secured or unsecured	Due
The Bank:							
Straight bonds payable in yen	Jul. 2000-Jul. 2014	¥ 123,400 [51,000]	¥ 142,000 [18,600]	$ 1,115 [461]	0.35-2.57	Unsecured	Jul. 2020-Apr. 2027
Senior bonds payable in US$	Feb. 2013-Sep. 2015	431,167 (USD 3,895 million) [83,033]	532,757 (USD 4,895 million) [108,822]	3,895 [750]	2.60-4.70	Unsecured	Sep. 2020-Mar. 2044
Euro senior bonds payable in US$	Jan. 2015-Oct. 2020	598,437 (USD 5,405 million)	562,826 (USD 5,171 million)	5,405	0.00-2.44	Unsecured	Apr. 2020-Oct. 2050
Senior bonds payable in Euro	Mar. 11, 2015	97,288 (EUR 750 million) [97,288]	89,548 (EUR 749 million)	879 [879]	0.87	Unsecured	Mar. 11, 2022
Euro senior bonds payable in Euro	Dec. 2016-Sep. 2018	12,331 (EUR 95 million)	18,530 (EUR 155 million)	111	(0.32)-0.14	Unsecured	Aug. 2020-Sep. 2033
Euro senior bonds payable in A$	Mar. 17, 2017	3,095 (AUD 37 million)	2,306 (AUD 34 million)	28	0.00	Unsecured	Mar. 18, 2047
Senior bonds payable in RMB	Jan. 16, 2018	–	15,310 (CNY 1,000 million) [15,310]	–	5.30	Unsecured	Jan. 18, 2021
Subordinated bonds payable in yen	Jul. 2005-May 2012	351,000 [115,000]	491,000 [140,000]	3,170 [1,039]	1.31-2.91	Unsecured	Jul. 2020-Jan. 2031
Subsidiaries*1:							
Straight bonds payable	Jun. 2012-Mar. 2021	626,480 (USD 3,314 million) (KHR 120,000 million) (THB 77,865 million) (IDR 8,406,810 million) (MYR 250 million) [222,485]	868,597 (USD 3,311 million) (KHR 120,000 million) (THB 107,744 million) (IDR 13,468,450 million) [267,319]	5,659 [2,010]	0.00-10.25	*2	Jan. 2020-Oct. 2026
Subordinated bonds payable	Aug. 1997-Dec. 2020	261,621 (USD 49 million) (THB 60,811 million) [2,606]	275,468 (USD 48 million) (THB 60,814 million) [834]	2,363 [24]	0.09-10.92	Unsecured	Jun. 2020-Sep. 2036
Total		¥ 2,504,821	¥ 2,998,345	$ 22,625			

Notes:

1. *1 Subsidiaries include MUAH, BTMU (Curacao) Holdings N.V., MUFG Bank (Malaysia) Berhad, Krungsri, Bank Danamon and others.
2. *2 42 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 ¥612,621 million ($5,534 million) and ¥766,468 million as of March 31, 2021 and 2020, respectively.

Annual maturities of bonds payable as of March 31, 2021 were as follows:

Year ending March 31	Millions of Yen	Millions of U.S. Dollars
2022	¥ 571,413	$ 5,161
2023	472,526	4,268
2024	170,469	1,540
2025	166,515	1,504
2026	62,000	560
2027 and thereafter	1,061,895	9,592
Total	¥ 2,504,821	$ 22,625

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, 2021 and 2020 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2021	March 31, 2020	March 31, 2021
Balance at beginning of year	¥ 1,919,904	¥ 1,890,124	$ 17,342
[of which foreign exchange translation adjustments]	*[20,955]*	*[7,630]*	*[189]*
Service cost	48,217	51,286	436
Interest cost	23,150	26,642	209
Actuarial losses	29,381	51,239	265
Benefits paid	(93,074)	(96,222)	(841)
Past service (credit) cost	(1,248)	3,837	(11)
Others	664	13,951	6
Balance at end of year	¥ 1,926,993	¥ 1,940,859	$ 17,406

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, 2021 and 2020 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2021	March 31, 2020	March 31, 2021
Balance at beginning of year	¥ 2,262,858	¥ 2,331,390	$ 20,440
[of which foreign exchange translation adjustments]	*[21,063]*	*[9,370]*	*[190]*
Expected return on plan assets	76,396	78,388	690
Actuarial gains (losses)	348,452	(68,676)	3,147
Contributions from the employer	11,305	12,867	102
Benefits paid	(70,419)	(71,522)	(636)
Others	381	1,474	3
Balance at end of year	¥ 2,628,974	¥ 2,283,921	$ 23,746

(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, 2021 and 2020 was as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2021	March 31, 2020	March 31, 2021
Funded defined benefit obligation	¥ 1,849,214	¥ 1,866,647	$ 16,703
Plan assets	(2,628,974)	(2,283,921)	(23,746)
	(779,759)	(417,274)	(7,043)
Unfunded defined benefit obligation	77,778	74,212	703
Net asset arising from defined benefit obligation	¥ (701,980)	¥ (343,062)	$ (6,341)

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2021	March 31, 2020	March 31, 2021
Liability for retirement benefits	¥ 79,511	¥ 76,186	$ 718
Asset for retirement benefits	(781,492)	(419,248)	(7,059)
Net asset arising from defined benefit obligation	¥ (701,980)	¥ (343,062)	$ (6,341)

(4) The components of net periodic retirement benefit costs for the fiscal years ended March 31, 2021 and 2020 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2021	March 31, 2020	March 31, 2021
Service cost	¥ 48,217	¥ 51,286	$ 436
Interest cost	23,150	26,642	209
Expected return on plan assets	(76,396)	(78,388)	(690)
Amortization of past service credit	(5,212)	(5,863)	(47)
Recognized actuarial losses (gains)	18,814	(21,293)	170
Others (additional temporary severance benefits)	15,415	13,821	139
Net periodic retirement benefit costs	¥ 23,989	¥ (13,795)	$ 217

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, 2021 and 2020 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2021	March 31, 2020	March 31, 2021
Past service cost	¥ (4,390)	¥ (9,908)	$ (40)
Actuarial gains (losses)	344,521	(139,495)	3,112
Total	¥ 340,131	¥ (149,404)	$ 3,072

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2021 and 2020 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2021	March 31, 2020	March 31, 2021
Unrecognized past service credit	¥ 6,104	¥ 10,495	$ 55
Unrecognized actuarial gains (losses)	211,749	(132,772)	1,913
Total	¥ 217,853	¥ (122,277)	$ 1,968

(7) Plan assets

a. Components of plan assets

The composition of plan assets by major category as of March 31, 2021 and 2020 was as follows:

	March 31, 2021	March 31, 2020
Domestic equity investments	28.74%	27.54%
Domestic debt investments	16.64	16.83
Foreign equity investments	22.82	24.18
Foreign debt investments	16.66	16.35
General account of life insurance	7.37	8.57
Others	7.77	6.53
Total	100.00	100.00

Note:
Total plan assets include retirement benefit trust of 20.83% and 18.81% which was set up on corporate pension plans as of March 31, 2021 and 2020, respectively.

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

The expected rate of return on plan assets is determined considering the allocation of the plan assets 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, 2021 and 2020 were set forth as follows:

	2021	2020
Discount rate:		
Domestic	0.00%-0.75%	0.00%-0.67%
Overseas	0.51%-8.50%	1.50%-8.70%
Expected salary increase rate:		
Domestic	2.63%-4.50%	3.20%-4.50%
Overseas	0.90%-9.00%	2.50%-9.50%
Expected rate of return on plan assets:		
Domestic	1.92%-3.00%	1.57%-3.00%
Overseas	0.90%-7.00%	1.50%-7.07%

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 positions, 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 positions, 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, 2021 and 2020 were as follows:

	Number of shares in thousands			
	April 1, 2020	Increase	Decrease	March 31, 2021
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, 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

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

The Bank paid the following cash dividends during the fiscal years ended March 31, 2021 and 2020:

Fiscal year ended March 31, 2021:

Cash dividends approved at the Board of Directors' meeting held on May 15, 2020:	Total amount (Millions of Yen)	Per share amount (Yen)	Dividend record date	Effective date
Common stock	¥ 139,678	¥ 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)	Per share amount (U.S. Dollar)	Dividend record date	Effective date
Common stock	$ 1,262	$ 0.10	Mar. 31, 2020	May 18, 2020

Cash dividends approved at the Board of Directors' meeting held on November 13, 2020:	Total amount (Millions of Yen)	Per share amount (Yen)	Dividend record date	Effective date
Common stock	¥ 139,184	¥ 11.27	Sep. 30, 2020	Nov. 16, 2020

Cash dividends approved at the Board of Directors' meeting held on November 13, 2020:	Total amount (Millions of U.S. Dollars)	Per share amount (U.S. Dollar)	Dividend record date	Effective date
Common stock	$ 1,257	$ 0.10	Sep. 30, 2020	Nov. 16, 2020

Fiscal year ended March 31, 2020:

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 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 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

Subject to approval at the Board of Directors' meeting, the Bank paid the following cash dividends on May 17, 2021, to shareholders of record as of March 31, 2021:

Cash dividends approved at the Board of Directors' meeting held on May 17, 2021:	Total amount (Millions of Yen)	Dividend resource	Per share amount (Yen)	Dividend record date	Effective date
Common stock	¥ 88,549	Retained earnings	¥ 7.17	Mar. 31, 2021	May 18, 2021

Cash dividends approved at the Board of Directors' meeting held on May 17, 2021:	Total amount (Millions of Yen)	Dividend resource	Per share amount (Yen)	Dividend record date	Effective date
Common stock	$ 800	Retained earnings	$ 0.06	Mar. 31, 2021	May 18, 2021

19. STOCK OPTIONS

There were no stock options outstanding as of March 31, 2021 and 2020.

20. OTHER INCOME

Other income for the fiscal years ended March 31, 2021 and 2020 was as follows:

	Millions of Yen				Millions of U.S. Dollars	
Fiscal years ended March 31	2021		2020		2021	
Gains on sales of equity securities and other securities	¥	131,889	¥	123,577	$	1,191
Gain on sales of stocks of subsidiaries		−		31,462		−
Gain on sales of stocks of affiliates		−		12,828		−
Gain on step acquisitions		−		2,105		−
Lease income of consolidated subsidiaries operating leasing business		3,849		6,248		35
Gain on disposal of fixed assets		28,873		13,622		261
Gain on reversal of reserve for contingent losses		−		28,236		−
Gain on collection of bad debts		44,649		73,713		403
Equity in earnings of the equity method investees		19,130		−		173
Other		55,719		55,706		503
Total	¥	284,111	¥	347,502	$	2,566

21. OTHER EXPENSES

Other expenses for the fiscal years ended March 31, 2021 and 2020 was as follows:

	Millions of Yen		Millions of U.S. Dollars
Fiscal years ended March 31	2021	2020	2021
Losses on write-down or sales of equity securities and other securities	¥ 44,932	¥ 108,559	$ 406
Loss on sales of stocks of subsidiaries	–	3,546	–
Outsourcing expenses of consolidated subsidiaries operating information services	–	20,891	–
Write-offs of loans	110,545	92,415	999
Provision of reserve for contingent losses	10,801	–	98
Loss on forgiveness of loans and others	22,209	21,979	201
Loss on disposal of fixed assets	11,925	9,852	108
Impairment loss on fixed assets	23,472	*58,849	212
Amortization of goodwill	–	**359,323	–
Defeasance for borrowings	–	15,845	–
Other	91,220	36,816	824
Total	¥ 315,106	¥ 728,079	$ 2,846

Impairment loss on fixed assets:
For the fiscal year ended March 31, 2020, the Bank recognized an impairment loss of ¥27,181 million on goodwill recognized for the 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 Unit, 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.

*****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% for the fiscal years ended March 31, 2021 and 2020.

The tax effects of significant temporary differences which resulted in "Deferred tax assets" and "Deferred tax liabilities" as of March 31, 2021 and 2020 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Deferred tax assets:			
Excess over deductible limit of provision of allowance for credit losses and write-offs of loans	¥ 301,104	¥ 219,366	$ 2,720
Revaluation loss on securities	72,614	96,142	656
Unrealized losses on available-for-sale securities	4,530	11,765	41
Liability for retirement benefits	27,612	129,695	249
Reserve for contingent losses	24,419	20,821	221
Depreciation and impairment losses	48,016	45,758	434
Tax loss carryforwards	7,955	5,478	72
Cost adjustments on land merger	25,135	26,121	227
Other	300,845	282,105	2,717
Subtotal	812,234	837,256	7,337
Less valuation allowances	(117,323)	(131,095)	(1,060)
Total	¥ 694,910	¥ 706,160	$ 6,277
Deferred tax liabilities:			
Unrealized gains on available-for-sale securities	¥ (763,307)	¥ (585,441)	$ (6,895)
Revaluation gain on securities at merger	(52,562)	(53,385)	(475)
Unrealized gain on lease transactions	(49,812)	(56,341)	(450)
Deferred gains on derivatives under hedge accounting	(79,543)	(141,653)	(718)
Gain on establishment of retirement benefit trust	(45,495)	(45,047)	(411)
Retained earnings of affiliates	(103,430)	(98,256)	(934)
Other	(172,025)	(182,610)	(1,554)
Total	¥ (1,266,177)	¥ (1,162,736)	$ (11,437)
Net deferred tax liabilities	¥ (571,266)	¥ (456,575)	$ (5,160)

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, 2021 and 2020 was as follows:

	2021	2020
Normal effective statutory tax rate	30.62 %	30.62 %
Elimination of dividends received from subsidiaries and affiliates	2.04	3.15
Permanent non-taxable differences (e.g., non-taxable dividend income)	(3.09)	(5.13)
Change in valuation allowances	0.21	(0.23)
Equity in earnings of the equity method investees	(1.38)	0.22
Tax rate difference of overseas subsidiaries	(5.43)	(9.57)
Retained earnings of affiliates	1.21	6.20
Amortization of goodwill	0.34	34.54
Other	(1.81)	(0.80)
Actual effective tax rate	22.71 %	59.00 %

23. LEASES

Operating Leases

(1) Lessee

Future lease payments including interest payables under noncancelable operating leases as of March 31, 2021 and 2020 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2021	March 31, 2020	March 31, 2021
Due within one year	¥ 30,990	¥ 29,643	$ 280
Due after one year	87,826	101,633	793
Total	¥ 118,816	¥ 131,277	$ 1,073

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

(2) Lessor

Future lease receivables including interest receivables under noncancelable operating leases as of March 31, 2021 and 2020 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2021	March 31, 2020	March 31, 2021
Due within one year	¥ 2,759	¥ 9,680	$ 25
Due after one year	15,862	10,039	143
Total	¥ 18,621	¥ 19,719	$ 168

24. COMPREHENSIVE INCOME

The components of other comprehensive income (loss) for the fiscal years ended March 31, 2021 and 2020 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Net unrealized gain (loss) on available-for-sale securities:			
Gain arising during the year	¥ 838,699	¥ 153,341	$ 7,576
Reclassification adjustments to loss	(229,445)	(491,433)	(2,072)
Amount before income tax effect	609,253	(338,091)	5,503
Income tax effect	(183,549)	125,481	(1,658)
Total	425,704	(212,609)	3,845
Net deferred (loss) gain on derivatives under hedge accounting:			
Loss arising during the year	(179,934)	(37,336)	(1,625)
Reclassification adjustments to profit	(1,613)	251,395	(15)
Adjustments to acquisition costs of assets	−	(594)	−
Amount before income tax effect	(181,548)	213,464	(1,640)
Income tax effect	57,662	(64,888)	521
Total	(123,885)	148,575	(1,119)
Foreign currency translation adjustments:			
Loss arising during the year	(136,394)	(22,351)	(1,232)
Reclassification adjustments to profit	−	22	−
Amount before income tax effect	(136,394)	(22,329)	(1,232)
Income tax effect	230	452	2
Total	(136,164)	(21,876)	(1,230)
Defined retirement benefit plans:			
Gain (loss) arising during the year	326,529	(122,315)	2,949
Reclassification adjustments to profit	13,601	(27,088)	123
Amount before income tax effect	340,131	(149,404)	3,072
Income tax effect	(103,312)	45,576	(933)
Total	236,819	(103,827)	2,139
Share of other comprehensive (loss) income in affiliates accounted for using the equity method:			
(Loss) income arising during the year	(2,539)	3,205	(23)
Reclassification adjustments to profit	(167)	17,209	(2)
Total	(2,706)	20,414	(24)
Total other comprehensive income (loss)	¥ 399,766	¥ (169,323)	$ 3,611

25. PER SHARE INFORMATION

	Yen		U.S. Dollars
Fiscal years ended March 31	2021	2020	2021
Basic earnings per common share	¥ 24.91	¥ 7.92	$ 0.23
Diluted earnings per common share	24.91	7.92	0.23

	Yen		U.S. Dollars
	March 31, 2021	March 31, 2020	March 31, 2021
Total equity per common share	¥ 984.24	¥ 960.19	$ 8.89

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	2021	2020	2021
Net income attributable to the shareholders of the Bank	¥ 307,761	¥ 97,921	$ 2,780
Net income attributable to the shareholders of the Bank related to common shares	307,761	97,921	2,780

	Number of shares in thousands	
Fiscal years ended March 31	2021	2020
Average number of common shares during the year	12,350,038	12,350,038

	Millions of Yen		Millions of U.S. Dollars
Fiscal years ended March 31	2021	2020	2021
Diluted earnings per common share			
Adjustment to net income attributable to the shareholders of the Bank	¥ (16)	¥ (16)	$ (0)

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

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2021	March 31, 2020	March 31, 2021
Total equity	¥ 12,571,975	¥ 12,285,505	$ 113,558
Deductions from total equity:			
Non-controlling interests	416,462	427,088	3,762
Total	416,462	427,088	3,762
Total equity attributable to common shares	¥ 12,155,513	¥ 11,858,416	$ 109,796

	Number of shares in thousands	
	March 31, 2021	March 31, 2020
Number of common shares used in computing total equity per common share at the fiscal year end	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 the 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 financial assets and liabilities through hedging instruments including currency swap transactions and forward exchange contracts. In lieu of determining effectiveness, 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, the 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 by providing guidance to the Group companies on each credit risk control system. In screening individual transactions and managing credit risk, the Bank has in place a check-and-balance system in which the credit administration section and the business promotion section are kept separate. The Bank holds regular management committee meetings to ensure full reporting and discussion on important credit risk management and administration matters. In addition to providing checks and balances 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 — 1 business days; confidence interval — 95%; and observation period — 250 business days for trading operations; and holding period — 10 business days; confidence interval — 99%; and observation period — 701 business days for banking operations).

* VaR measurement model for trading operations has been changed from the fiscal year ended March 31, 2021 in light of the nature of trading operations.
* 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 the VaR, while the amount of specific market risk is called VaI.
* The historical simulation method calculates the 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 the 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 +100 basis points (+1.00%) 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 ¥1,167 million ($11 million) and ¥5,667 million as of March 31, 2021 and 2020, 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 ¥496,112 million ($4,481 million) and ¥526,556 million as of March 31, 2021 and 2020, respectively. As the 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, 2020 and 2019 was +4.38% at the time of interest rate changes of +100 basis points (+1.00%) and +1.04% at the time of interest rate changes of +200 basis points (+2.00%), respectively, and -2.96% and -2.37%, respectively, at the time of interest rate changes of -100 basis points (-1.00%).

EaR of banking activities of Krungsri as of December 31, 2020 and 2019 was -2.21% and -0.60%, respectively, at the time of interest rate changes of +100 basis points (+1.00%) and -7.10% and -5.55%, respectively, at the time interest changes of -100 basis points (-1.00%).

EaR of banking activities of Bank Danamon as of December 31, 2020 and 2019 was -7.34% and -5.37% respectively, at the time of interest rate changes of +400 basis points (+4.00%) and -6.81% and -6.35%, respectively, at the time of interest rate changes of -400 basis points (-4.00%).

(iii) Risk of strategic equity portfolio

The market value of the strategically held stocks (publicly traded) of the Bank as of March 31, 2021 and 2020 was subject to a variation of approximately ¥2,261 million ($20 million) and ¥2,349 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 the 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 (Basel Regulation basis) (250 business days) in the trading activities showed that the frequency that hypothetical loss exceeded the VaR was zero and 5 times in the fiscal year ended March 31, 2021 and 2020, respectively. Since the excess frequency was within 4 times, the Bank's VaR measurement model is considered to be sufficiently precise in measuring market risk.

f) Stress Testing

The Bank's VaR determined 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, 2021 and March 31, 2020 together with their difference and the fair value of financial instruments by level within the fair value hierarchy as of March 31, 2021 and 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 stated at fair value on the consolidated balance sheets

	Millions of Yen			
	March 31, 2021			
	Carrying amount			
	Level 1	Level 2	Level 3	Total
Monetary claims bought (*1)	¥ –	¥ 572,992	¥ –	¥ 572,992
Trading assets	502,844	3,258,127	46,179	3,807,152
Money held in trust (Trading purpose, other)	–	38,904	–	38,904
Securities (Available-for-sale securities)	43,639,255	14,261,753	430,304	58,331,313
Of which:				
Domestic equity securities	*4,308,357*	*22,091*	*–*	*4,330,449*
Japanese government bonds	*30,795,138*	*221,202*	*–*	*31,016,340*
Municipal bonds	*–*	*3,706,242*	*–*	*3,706,242*
Corporate bonds	*–*	*3,681,786*	*57*	*3,681,844*
Foreign equity securities	*85,064*	*885*	*–*	*85,949*
Foreign bonds	*8,445,826*	*6,512,140*	*116,351*	*15,074,318*
*Other (*2)*	*4,868*	*117,403*	*313,895*	*436,167*
Total assets	44,142,100	18,131,777	476,484	62,750,361
Trading liabilities	*259,299*	49,986	–	309,286
Total liabilities	*259,299*	49,986	–	309,286
Derivatives (*3) (*4) (*5)	¥ (741)	¥ 134,764	¥ (2,473)	¥ 131,550
Of which:				
Interest related instruments	*544*	*383,826*	*(11,100)*	*373,270*
Currency related instruments	*(48)*	*(207,033)*	*6,018*	*(201,063)*
Equity related instruments	*(3,527)*	*(1,361)*	*(376)*	*(5,264)*
Bond related instruments	*2,290*	*(10,531)*	*2,312*	*(5,928)*
Commodity related instruments	*–*	*(0)*	*0*	*0*
Credit derivative instruments	*–*	*(30,135)*	*–*	*(30,135)*
Other	*–*	*–*	*672*	*672*

(*1) Monetary claims bought consist of securitized products accounted for in the same manner as available-for-sale securities, which are ¥572,992 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 amount to ¥2,897,398 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 to which hedge accounting is applied are reported in the consolidated balance sheets at ¥(272,364) million.

(*5) Derivatives for which hedge accounting is applied are primarily interest rate swaps and interest rate futures designated as hedging instruments to fix cash flows of loans, etc. as hedged items, and are mainly subject to deferral hedge accounting. Of these hedging relationships, all the hedging relationships for which PITF No. 40, "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" is applied are subject to deferral hedge accounting.

	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 amount 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.

	Thousands of U.S. Dollars			
	March 31, 2021			
	Carrying amount			
	Level 1	Level 2	Level 3	Total
Monetary claims bought (*1)	$ –	$ 5,176	$ –	$ 5,176
Trading assets	4,542	29,429	417	34,389
Money held in trust (Trading purpose, other)	–	351	–	351
Securities (Available-for-sale securities)	394,176	128,821	3,887	526,884
Of which:				
Domestic equity securities	*38,916*	*200*	–	*39,115*
Japanese government bonds	*278,160*	*1,998*	–	*280,158*
Municipal bonds	–	*33,477*	–	*33,477*
Corporate bonds	–	*33,256*	*1*	*33,257*
Foreign equity securities	*768*	*8*	–	*776*
Foreign bonds	*76,288*	*58,822*	*1,051*	*136,160*
*Other (*2)*	*44*	*1,060*	*2,835*	*3,940*
Total assets	398,718	163,777	4,304	566,799
Trading liabilities	2,342	452	–	2,794
Total liabilities	2,342	452	–	2,794
Derivatives (*3) (*4) (*5)	$ (7)	$ 1,217	$ (22)	$ 1,188
Of which:				
Interest related instruments	*5*	*3,467*	*(100)*	*3,372*
Currency related instruments	*(0)*	*(1,870)*	*54*	*(1,816)*
Equity related instruments	*(32)*	*(12)*	*(3)*	*(48)*
Bond related instruments	*21*	*(95)*	*21*	*(54)*
Commodity related instruments	–	*(0)*	*0*	*0*
Credit derivative instruments	–	*(272)*	–	*(272)*
Other	–	–	*6*	*6*

(*1) Monetary claims bought consist of securitized products accounted for in the same manner as available-for-sale securities, which are $5,176 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 amount to $26,171 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 $(2,460) million.

(*5) Derivatives for which hedge accounting is applied are primarily interest rate swaps and interest rate futures designated as hedging instruments to fix cash flows of loans, etc. as hedged items, and are mainly subject to deferral hedge accounting. Of these hedging relationships, all the hedging relationships for which PITF No. 40, “Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR” is applied are subject to deferral hedge accounting.

(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 carrying amounts approximate their fair values.

	Millions of Yen					
	March 31, 2021					
	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
Monetary claims bought (*1)	¥ –	¥ –	¥ 3,100,809	¥ 3,100,809	¥ 3,109,075	¥ (8,265)
Securities (Held-to-maturity debt securities)	1,123,480	779,560	–	1,903,040	1,857,104	45,935
Of which:						
Japanese government bonds	*1,123,480*	–	–	*1,123,480*	*1,100,447*	*23,032*
Municipal bonds	–	–	–	–	–	–
Corporate bonds	–	–	–	–	–	–
Foreign bonds	–	*779,560*	–	*779,560*	*756,657*	*22,902*
Other	–	–	–	–	–	–
Loans and bills discounted (*2)	–	177	103,861,284	103,861,461	103,045,696	815,765
Total assets	1,123,480	779,737	106,962,094	108,865,311	108,011,876	853,435
Deposits	¥ –	¥ 202,567,212	¥ –	¥ 202,567,212	¥ 202,537,751	¥ 29,460
Negotiable certificates of deposit	–	6,220,925	–	6,220,925	6,219,043	1,882
Borrowed money	–	37,070,039	–	37,070,039	36,814,266	255,773
Bonds payable	–	2,590,610	–	2,590,610	2,504,821	85,789
Total liabilities	–	248,448,788	–	248,448,788	248,075,882	372,906

(*1) Monetary claims bought includes securitized products accounted for in the same manner as held-to-maturity debt securities, which are ¥706,888 million.

(*2) Loans and bills discounted are presented net of allowances for credit losses in the amount of ¥864,858 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, 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) Loans and bills discounted are presented net of allowances for credit losses in the 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 U.S. Dollars					
	March 31, 2021					
	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
Monetary claims bought (*1)	$ –	$ –	$ 28,008	$ 28,008	$ 28,083	$ (75)
Securities (Held-to-maturity debt securities)	10,148	7,041	–	17,189	16,774	415
Of which:						
Japanese government bonds	*10,148*	–	–	*10,148*	*9,940*	*208*
Municipal bonds	–	–	–	–	–	–
Corporate bonds	–	–	–	–	–	–
Foreign bonds	–	*7,041*	–	*7,041*	*6,835*	*207*
Other	–	–	–	–	–	–
Loans and bills discounted (*2)	–	2	938,138	938,140	930,771	7,368
Total assets	10,148	7,043	966,147	983,338	975,629	7,709
Deposits	$ –	$ 1,829,710	$ –	$ 1,829,710	$ 1,829,444	$ 266
Negotiable certificates of deposit	–	56,191	–	56,191	56,174	17
Borrowed money	–	334,839	–	334,839	332,529	2,310
Bonds payable	–	23,400	–	23,400	22,625	775
Total liabilities	–	2,244,140	–	2,244,140	2,240,772	3,368

(*1) Monetary claims bought consist of securitized products accounted for in the same manner as held-to-maturity debt securities, which are $6,385 million.

(*2) Loans and bills discounted are presented net of allowances for credit losses in the amount of $7,812 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 the 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 the amount calculated by estimating the 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 such carrying value approximates the fair value. Accordingly, they are classified into Level 3.

Trading assets

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

Money held in trust

For securities that are part of a 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 the 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 and other bonds are classified principally into Level 2. Preferred securities and others included in “Other” are principally classified into Level 3.
For privately placed guaranteed bonds held by the Bank, the fair value is determined based on the present value of expected future cash flows, which is adjusted to reflect default risk, amount to be collected from collateral, guarantees and 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 discount 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 such carrying amount approximates the fair value, unless the creditworthiness of the borrower has changed significantly since the loan origination, and classified principally into Level 3.
For loans 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 net amount of loans after the deduction of allowance for credit losses on the consolidated balance sheets as of the fiscal year end date approximates the fair value of these items, 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 end date (i.e., the carrying amount) is considered to be the fair value. For variable rate time deposits, the carrying amount is presented as the fair value, as such carrying amount approximates the fair value 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 expected future cash flow discounted at the market interest rate. These are classified into Level 2.

Borrowed money
For floating rate borrowings, the carrying amount is presented as the fair value, as such carrying amount is considered to approximate the fair value. 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 the market interest rate 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 the market interest rate. For variable rate corporate bonds without market prices, the carrying amount of such bonds is presented as the fair value, as such carrying amount is considered to approximate the fair value. 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 corporate bonds, which is discounted at the market interest rate 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 the market price. The fair value of 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 of financial assets and financial liabilities stated at fair value which is classified as Level 3

(1) Quantitative information about significant unobservable inputs

As of March 31, 2021

Category	Valuation technique	Significant unobservable inputs	Range of inputs	Weighted-average of inputs (*1)
Securities				
Foreign bonds	Return on equity method	Probability of default	0.0%-8.0%	0.3%
		Recovery rate	35.0%-90.0%	76.7%
		Market-required return on capital	8.0%-10.0%	9.9%
Other	Discounted cash flow	Liquidity premium	0.9%-3.2%	2.9%
Derivatives				
Interest related instruments	Option pricing models	Correlations between interest rates	37.9%-55.3%	−
		Correlations between interest rate and foreign exchange rate	15.1%-40.5%	−
		Option volatility	56.2%-77.5%	−

(*1) The weighted-average of inputs is computed relatively considering the fair value of financial assets related to each input.

As of March 31, 2020

Category	Valuation technique	Significant unobservable inputs	Range 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%	−
		Option volatility	18.0%-63.0%	−

(*1) The weighted-average of inputs is computed relatively considering the fair value of financial assets related to each input.

(2) A reconciliation of the beginning balance and the ending balance and unrealized gain (loss) recognized in net income or loss

	Millions of Yen							
	Fiscal year ended March 31, 2021							
	March 31, 2020	Included in net income (*1)	Included in other comprehensive income (*2)	Changes due to purchases, issues, sales and settlements	Transfers into fair value of Level 3 (*3)	Transfers out of fair value of Level 3 (*4)	March 31, 2021	Change in unrealized gains (losses) included in net income for financial assets and liabilities still held a March 31, 2021 (*1)
Trading assets	¥ 15,995	¥ 6,381	¥ –	¥ 23,802	¥ –	¥ –	¥ 46,179	¥ 6,381
Securities	335,505	3,490	(5,763)	106,116	70	(9,114)	430,304	3,489
Of which:								
Corporate bonds	*9,151*	*(2)*	*(0)*	*(46)*	*70*	*(9,114)*	*57*	*(3)*
Foreign bonds	*123,961*	*(3)*	*(5,582)*	*(2,024)*	*–*	*–*	*116,351*	*(3)*
Other	*202,393*	*3,496*	*(180)*	*108,186*	*–*	*–*	*313,895*	*3,496*
	¥ 351,501	¥ 9,872	¥ (5,763)	¥ 129,919	¥ 70	¥ (9,114)	¥ 476,484	¥ 9,870
Derivatives (*5)	¥ 22,858	¥ 23,668	¥ –	¥ (33,978)	¥ (17,440)	¥ 2,418	¥ (2,473)	¥ 25,556
Of which:								
Interest related	*19,089*	*17,771*	*–*	*(34,038)*	*(15,975)*	*2,053*	*(11,100)*	*19,775*
Currency related	*1,174*	*5,421*	*–*	*522*	*(1,464)*	*365*	*6,018*	*5,298*
Equity related	*(349)*	*(2)*	*–*	*(24)*	*–*	*–*	*(376)*	*(2)*
Bond related	*2,240*	*452*	*–*	*(380)*	*–*	*–*	*2,312*	*452*
Commodity related	*0*	*(0)*	*–*	*–*	*–*	*–*	*0*	*(0)*
Other	*704*	*25*	*–*	*(57)*	*–*	*–*	*672*	*31*

	Thousands of U.S. Dollars							
	Fiscal year ended March 31, 2021							
	March 31, 2020	Included in net income (*1)	Included in other comprehensive income (*2)	Changes due to purchases, issues, sales and settlements	Transfers into fair value of Level 3 (*3)	Transfers out of fair value of Level 3 (*4)	March 31, 2021	Change in unrealized gains (losses) included in net income for financial assets and liabilities still held a March 31, 2021 (*1)
Trading assets	$ 144	$ 58	$ –	$ 215	$ –	$ –	$ 417	$ 58
Securities	3,030	32	(52)	959	1	(82)	3,887	32
Of which:								
Corporate bonds	*83*	*(0)*	*(0)*	*(0)*	*1*	*(82)*	*1*	*(0)*
Foreign bonds	*1,120*	*(0)*	*(50)*	*(18)*	*–*	*–*	*1,051*	*(0)*
Other	*1,828*	*32*	*(2)*	*977*	*–*	*–*	*2,835*	*32*
	$ 3,175	$ 89	$ (52)	$ 1,174	$ 1	$ (82)	$ 4,304	$ 89
Derivatives (*5)	$ 206	$ 214	$ –	$ (307)	$ (158)	$ 22	$ (22)	$ 231
Of which:								
Interest related	*172*	*161*	*–*	*(307)*	*(144)*	*19*	*(100)*	*179*
Currency related	*11*	*49*	*–*	*5*	*(13)*	*3*	*54*	*48*
Equity related	*(3)*	*(0)*	*–*	*(0)*	*–*	*–*	*(3)*	*(0)*
Bond related	*20*	*4*	*–*	*(3)*	*–*	*–*	*21*	*4*
Commodity related	*0*	*(0)*	*–*	*–*	*–*	*–*	*0*	*(0)*
Other	*6*	*0*	*–*	*(1)*	*–*	*–*	*6*	*0*

(*1) Principally included in “Trading income” and “Other operating income” of the consolidated statement of income.

(*2) Principally included in “Net unrealized gain on available-for-sale securities” under “Other comprehensive income” of the consolidated statements of comprehensive income.

(*3) Transfer from fair value of Level 2 to that of Level 3 due to the lack of observable market data caused by a decrease in market activities of derivatives. This transfer was implemented at the beginning of the fiscal year ended March 31, 2021.

(*4) Transfers out of Level 3 and into Level 2 for corporate bonds (privately placed guaranteed bonds held by the Bank) were due to decreased significance of unobservable credit risks. This transfer was implemented at the beginning of the fiscal year ended March 31, 2021.

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

(3) Explanation about the valuation process of fair value

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

(4) 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 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 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 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 tables disclosed in “Matters concerning Fair Value of Financial Instruments and Breakdown by Fair Value Hierarchy” above.

	Carrying amount	
	March 31, 2021	
	Millions of Yen	Millions of U.S. Dollars
Non-marketable equity securities (*1) (*3)	¥ 216,314	$ 1,954
Investment in partnerships and others (*2) (*3)	96,907	875

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

(*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 ¥5,493 million ($50 million) and ¥2,975 million was recorded in the fiscal years ended March 31, 2021 and 2020, respectively.

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

	Millions of Yen					
	March 31, 2021					
	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):	¥25,642,366	¥ 5,835,886	¥ 7,655,679	¥ 3,851,889	¥ 6,435,310	¥ 9,161,820
Held-to-maturity debt securities:	14,561	270,152	909,781	66,212	417,466	885,819
Japanese government bonds	–	199,889	900,557	–	–	–
Foreign bonds	–	62,594	1,446	23,064	90,371	579,179
Other	14,561	7,667	7,776	43,147	327,094	306,640
Available-for-sale securities with contractual maturities:	25,627,804	5,565,734	6,745,898	3,785,677	6,017,844	8,276,000
Japanese government bonds	22,571,678	1,938,241	947,901	302,820	3,326,709	1,928,989
Municipal bonds	69,592	467,452	914,256	1,007,077	1,247,863	–
Corporate bonds	298,982	671,332	683,692	473,525	248,106	1,306,203
Foreign bonds	2,321,710	1,244,967	3,977,401	1,848,938	1,081,615	4,599,685
Other	365,840	1,243,740	222,646	153,315	113,549	441,121
Loans (*1) (*3)	42,277,576	19,594,048	13,093,093	7,369,354	6,457,981	14,334,918
Total	¥67,919,943	¥25,429,935	¥20,748,773	¥11,221,244	¥12,893,291	¥23,496,739

	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 U.S. Dollars					
	March 31, 2021					
	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):	$ 231,617	$ 52,713	$ 69,151	$ 34,793	$ 58,128	$ 82,755
Held-to-maturity debt securities:	132	2,440	8,218	598	3,771	8,001
Japanese government bonds	–	1,806	8,134	–	–	–
Foreign bonds	–	565	13	208	816	5,231
Other	132	69	70	390	2,955	2,770
Available-for-sale securities with contractual maturities:	231,486	50,273	60,933	34,195	54,357	74,754
Japanese government bonds	203,881	17,507	8,562	2,735	30,049	17,424
Municipal bonds	629	4,222	8,258	9,097	11,271	–
Corporate bonds	2,701	6,064	6,176	4,277	2,241	11,798
Foreign bonds	20,971	11,245	35,926	16,701	9,770	41,547
Other	3,304	11,234	2,011	1,385	1,026	3,984
Loans (*1) (*3)	381,877	176,985	118,265	66,564	58,332	129,482
Total	$ 613,494	$ 229,699	$ 187,416	$ 101,357	$ 116,460	$ 212,237

(*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 ¥783,581 million ($7,078 million) and ¥572,224 million in the fiscal years ended March 31, 2021 and 2020, respectively.

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

	Millions of Yen					
	March 31, 2021					
	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)	¥44,414,212	¥ 5,070,240	¥ 758,253	¥ 74,193	¥ 57,127	¥ 3,990
Borrowed money (*1) (*2) (*3)	11,177,283	3,070,312	17,717,726	1,527,767	1,482,303	1,838,872
Bonds (*1) (*2)	571,413	642,996	228,515	210,535	169,483	681,876
Total	¥56,162,909	¥ 8,783,549	¥18,704,495	¥ 1,812,496	¥ 1,708,915	¥ 2,524,739

	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 U.S. Dollars					
	March 31, 2021					
	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)	$ 401,176	$ 45,797	$ 6,849	$ 670	$ 516	$ 36
Borrowed money (*1) (*2) (*3)	100,960	27,733	160,037	13,800	13,389	16,610
Bonds (*1) (*2)	5,161	5,808	2,064	1,902	1,531	6,159
Total	$ 507,298	$ 79,338	$ 168,950	$ 16,372	$ 15,436	$ 22,805

(*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, 2021.

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 the 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 the 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 the 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, 2021 and 2020:

Derivatives to which hedge accounting is not applied:
With respect to derivatives to which hedge accounting is not applied, the contract amount, fair value and the related valuation gain (loss) at the fiscal year end 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, 2021			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Interest rate futures	Sold	¥ 2,942,384	¥ 80,311	¥ (927)	¥ (927)
	Bought	161,892	36,418	435	435
Over-the-counter ("OTC") transactions:					
Forward rate agreement	Sold	11,120,407	35,427	(49)	(49)
	Bought	10,621,276	33,213	42	42
Interest rate swaps	Receivable fixed rate/ Payable floating rate	166,735,466	133,383,057	2,287,083	2,287,083
	Receivable floating rate/ Payable fixed rate	170,222,168	132,677,349	(1,954,225)	(1,954,225)
	Receivable floating rate/ Payable floating rate	29,128,635	23,806,147	31,718	31,718
	Receivable fixed rate/ Payable fixed rate	996,178	969,538	7,931	7,931
Interest rate swaptions	Sold	2,523,424	1,581,048	(32,651)	19,063
	Bought	2,300,448	1,704,841	28,873	(15,173)
Other	Sold	1,699,638	1,195,345	(3,435)	11,096
	Bought	2,349,021	1,824,276	8,446	(13,680)
Total		–	–	¥ 373,241	¥ 373,314

		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
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 U.S. Dollars			
		March 31, 2021			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Interest rate futures	Sold	$ 26,577	$ 725	$ (8)	$ (8)
	Bought	1,462	329	4	4
OTC transactions:					
Forward rate agreement	Sold	100,446	320	(0)	(0)
	Bought	95,938	300	0	0
Interest rate swaps	Receivable fixed rate/ Payable floating rate	1,506,056	1,204,797	20,658	20,658
	Receivable floating rate/ Payable fixed rate	1,537,550	1,198,422	(17,652)	(17,652)
	Receivable floating rate/ Payable floating rate	263,108	215,032	286	286
	Receivable fixed rate/ Payable fixed rate	8,998	8,757	72	72
Interest rate swaptions	Sold	22,793	14,281	(295)	172
	Bought	20,779	15,399	261	(137)
Other	Sold	15,352	10,797	(31)	100
	Bought	21,218	16,478	76	(124)
Total		–	–	$ 3,371	$ 3,372

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, 2021			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Currency futures	Sold	¥ 60,158	¥ 453	¥ 468	¥ 468
	Bought	261,813	51,087	(477)	(477)
Currency options	Sold	–	–	–	–
	Bought	2,222	–	5	(2)
OTC transactions:					
Currency swaps		35,306,965	26,023,862	(49,369)	(49,369)
Forward contracts on foreign exchange		106,779,758	8,668,133	151,709	151,709
Currency options	Sold	6,960,076	1,346,858	(90,714)	8,261
	Bought	6,850,572	1,381,094	58,291	(32,058)
Total		–	–	¥ 69,912	¥ 78,531

		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 U.S. Dollars			
		March 31, 2021			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Currency futures	Sold	$ 543	$ 4	$ 4	$ 4
	Bought	2,365	461	(4)	(4)
Currency options	Sold	–	–	–	–
	Bought	20	–	0	(0)
OTC transactions:					
Currency swaps		318,914	235,063	(446)	(446)
Forward contracts on foreign exchange		964,500	78,296	1,370	1,370
Currency options	Sold	62,868	12,166	(819)	75
	Bought	61,879	12,475	527	(290)
Total		–	–	$ 631	$ 709

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, 2021			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Stock index futures	Sold	¥ 510	¥ –	¥ (2)	¥ (2)
	Bought	3,177	–	32	32
Stock index options	Sold	88,277	–	(5,173)	10,517
	Bought	91,882	–	1,616	(2,493)
OTC transactions:					
OTC securities option transactions	Sold	605	–	(94)	113
	Bought	18,957	–	(282)	(299)
Swaps on OTC securities index	Receivable index volatility/ Payable interest	4,251	4,251	17	17
	Receivable interest/ Payable index volatility	1,000	1,000	38	38
Total		–	–	¥ (3,847)	¥ 7,924

		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 U.S. Dollars			
		March 31, 2021			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Stock index futures	Sold	$ 5	$ –	$ (0)	$ (0)
	Bought	29	–	0	0
Stock index options	Sold	797	–	(47)	95
	Bought	830	–	15	(23)
OTC transactions:					
OTC securities option transactions	Sold	5	–	(1)	1
	Bought	171	–	(3)	(3)
Swaps on OTC securities index	Receivable index volatility/ Payable interest	38	38	0	0
	Receivable interest/ Payable index volatility	9	9	0	0
Total		–	–	$ (35)	$ 72

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, 2021 Contract amount Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Bond futures	Sold	¥ 194,412	¥ –	¥ 993	¥ 993
	Bought	251,598	–	(300)	(300)
Bond futures options	Sold	308,710	–	(227)	250
	Bought	654,779	–	1,824	119
OTC transactions:					
OTC bond options	Sold	80,584	–	(50)	5
	Bought	80,584	–	336	266
Bond forward contracts	Sold	1,928,691	–	(9,045)	(9,045)
	Bought	1,077,132	–	4,044	4,044
Total return swaps	Sold	–	–	–	–
	Bought	158,625	158,625	(3,504)	(3,504)
Total		–	–	¥ (5,928)	¥ (7,170)

		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 U.S. Dollars March 31, 2021 Contract amount Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Bond futures	Sold	$ 1,756	$ –	$ 9	$ 9
	Bought	2,273	–	(3)	(3)
Bond futures options	Sold	2,788	–	(2)	2
	Bought	5,914	–	16	1
OTC transactions:					
OTC bond options	Sold	728	–	(0)	0
	Bought	728	–	3	2
Bond forward contracts	Sold	17,421	–	(82)	(82)
	Bought	9,729	–	37	37
Total return swaps	Sold	–	–	–	–
	Bought	1,433	1,433	(32)	(32)
Total		–	–	$ (54)	$ (65)

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, 2021			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
OTC transactions:					
Commodity swaps	Receivable index volatility/ Payable floating rate	¥ 16	¥ –	¥ (0)	¥ (0)
	Receivable floating rate/ Payable index volatility	16	–	0	0
Commodity options	Sold	225	38	(4)	42
	Bought	225	38	4	(27)
Total		–	–	¥ 0	¥ 15

		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 U.S. Dollars			
		March 31, 2021			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
OTC transactions:					
Commodity swaps	Receivable index volatility/ Payable floating rate	$ 0	$ –	$ (0)	$ (0)
	Receivable floating rate/ Payable index volatility	0	–	0	0
Commodity options	Sold	2	0	(0)	0
	Bought	2	0	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, 2021			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
OTC transactions:					
Credit default options	Sold	¥ 1,479,005	¥ 1,377,589	¥ (17,362)	¥ (17,362)
	Bought	1,753,693	1,615,477	(12,772)	(12,772)
Total		–	–	¥ (30,135)	¥ (30,135)

		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 U.S. Dollars			
		March 31, 2021			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
OTC transactions:					
Credit default options	Sold	$ 13,359	$ 12,443	$ (157)	$ (157)
	Bought	15,840	14,592	(115)	(115)
Total		–	–	$ (272)	$ (272)

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, 2021			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
OTC transactions:					
Earthquake derivatives	Sold	¥ 18,000	¥ 18,000	¥ (288)	¥ 681
	Bought	18,674	18,000	961	(242)
Other	Sold	–	–	–	–
	Bought	5,228	3,290	–	–
Total		–	–	¥ 672	¥ 438

		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 U.S. Dollars			
		March 31, 2021			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
OTC transactions:					
Earthquake derivatives	Sold	$ 163	$ 163	$ (3)	$ 6
	Bought	169	163	9	(2)
Other	Sold	–	–	–	–
	Bought	47	30	–	–
Total		–	–	$ 6	$ 4

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, the contract amount, contractual principal amount and fair value at the fiscal year end 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, 2021		
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	¥ 16,135,075	¥ 12,932,828	¥ 206
	Receivable floating rate/ Payable fixed rate		1,986,832	1,264,042	(1,213)
	Interest rate futures		3,590,282	1,104,276	1,036
Total			–	–	¥ 29

			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 U.S. Dollars		
			March 31, 2021		
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	$ 145,742	$ 116,817	$ 2
	Receivable floating rate/ Payable fixed rate		17,946	11,418	(11)
	Interest rate futures		32,430	9,974	9
Total			–	–	$ 0

Note: These derivatives are mainly accounted for using the deferred hedge accounting in accordance with JICPA Industry Committee Practical Guidelines No. 24 "Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry."

(2) Currency-related derivatives

Hedge accounting method	Transaction type	Major hedged item	Contract amount	Contract amount due after one year	Fair value
			Millions of Yen		
			March 31, 2021		
Deferred hedge accounting	Currency swaps	Loans, securities, deposits and others denominated in foreign currencies	¥ 10,425,325	¥ 4,699,002	¥ (270,976)

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

Hedge accounting method	Transaction type	Major hedged item	Contract amount	Contract amount due after one year	Fair value
			Millions of U.S. Dollars		
			March 31, 2021		
Deferred hedge accounting	Currency swaps	Loans, securities, deposits and others denominated in foreign currencies	$ 94,168	$ 42,444	$ (2,448)

Note: These derivatives are mainly accounted for using the deferred hedge accounting in accordance with JICPA Industry Committee Practical Guidelines 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	Contract amount	Contract amount due after one year	Fair value
			Millions of Yen		
			March 31, 2021		
Fair value hedge accounting	Total return swaps	Available-for-sale securities (equity securities)	¥ 540,066	¥ 540,066	¥ (1,417)

Hedge accounting method	Transaction type	Major hedged item	Contract amount	Contract amount due after one year	Fair value
			Millions of Yen		
			March 31, 2020		
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	Contract amount	Contract amount due after one year	Fair value
			Millions of U.S. Dollars		
			March 31, 2021		
Fair value hedge accounting	Total return swaps	Available-for-sale securities (equity securities)	$ 4,878	$ 4,878	$ (13)

(4) Bond-related derivatives
There were no bond-related derivatives as of March 31, 2021 and 2020.

28. BUSINESS COMBINATIONS OR DIVESTITURES

(Additional information)

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

Fiscal year ended March 31, 2021

On November 18, 2019, the Bank acquired part of the aviation finance division of DVB Bank SE ("DVB") in Germany based on the agreement among DVB, the Bank and BOT Lease Co., Ltd. ("BOT Lease"), an equity method affiliate of the Bank. DVB's Aviation Investment Management and Asset Management businesses were to be transferred to a newly established subsidiary of BOT Lease. However, the approval of the relevant authorities in each country was not fully obtained, making it difficult to complete the transfer of the businesses in the form originally planned. As a result of cancelling the acquisition of part of the business, the acquisition cost and amount of goodwill generated, which were provisional since the price adjustments had not been completed at March 31, 2020, have been finalized as below, and their financial impact on the consolidated financial statements of is minimal.

1. Acquisition cost of the acquired business and its components

Consideration for acquisition	Cash and due from banks	¥555,770 million ($5,020 million)
Acquisition cost		¥555,770 million ($5,020 million)

2. Amount of goodwill generated:
   ¥23,390 million ($211 million)

Fiscal year ended March 31, 2020

On November 18, 2019, the Bank completed its acquisition (the "Transaction") of part of the aviation finance division of DVB in Germany based on the agreement among DVB, the Bank and 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
Acquisition cost		¥555,249 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

   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
   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
	Of which, loans and bills discounted	¥515,932 million
	Of which, other assets	¥5,752 million
(2) Amount of liabilities	Total liabilities	¥138 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
Income before income taxes (Unaudited)	¥(465) million
Net income attributable to the shareholders of MUFG Bank (Unaudited)	¥(465) 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.

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

Fiscal year ended March 31, 2020

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 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 end date of acquirees Bank Danamon and Bank BNP is December 31, which is different from the consolidated fiscal year end 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
Acquisition cost		¥688,728 million

4. Major acquisition-related costs

Expenses directly required for acquisition	Advisory fees, etc.	¥2,759 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

6. Amount of goodwill generated, its cause, amortization method and period of amortization
   (1) Amount of goodwill generated:
   ¥234,710 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
	Of which, loans and bills discounted	¥996,800 million
(2) Amount of liabilities	Total liabilities	¥1,276,124 million
	Of which, deposits	¥915,074 million

In the allocation of acquisition cost, the amount allocated to intangible fixed assets other than goodwill was ¥141,351 million, which mainly consisted of ¥79,552 million of relationships with agents (amortization period of 13 years) and ¥29,803 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
Income before income taxes (Unaudited)	¥4,103 million
Net income attributable to the shareholders of MUFG Bank (Unaudited)	¥2,366 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.

29. RELATED-PARTY TRANSACTIONS

Related-party transactions:

Related-party transactions for the fiscal years ended March 31, 2021 and 2020 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, 2021

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)	¥ 272,656 154,747	Borrowed money Other liabilities	¥ 7,864,319 (Note 2) 24,270

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, 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, 2021

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	$ 19,343	Bank holding company	Direct 100.00%	Loans or others, Directors or others	Borrowings (Note 1) Payment of interest (Note 1)	$ 2,463 1,398	Borrowed money Other liabilities	$ 71,035 (Note 2) 219

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, 2021 and 2020.

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

There were no applicable transactions to be reported for the fiscal years ended March 31, 2021 and 2020.

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

Fiscal year ended March 31, 2021

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	¥ 43 0
Director	Shinichi Koide	–	None	Director of the Bank	Loans (Note 2) Receipt of interest (Note 2)	¥ – 0	Loans and bills discounted Other assets	¥ 77 0
Director's relative	Yoshinori Itoh	–	None	Relative of director of the Bank	Loans (Note 3) Receipt of interest (Note 3)	¥ – 0	Loans and bills discounted Other assets	¥ 43 0
Parent's director's relative	Takayuki Kondo	–	None	Relative of director of the Bank's parent	Loans (Note 4) Receipt of interest (Note 4)	¥ – 1	Loans and bills discounted Other assets	¥ 254 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 35 years.
4. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 26-30years.

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 assets	¥ 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, 2021

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
Director's relative	Yoshinori Itoh	−	None	Relative of director of the Bank	Loans (Note 3) Receipt of interest (Note 3)	$ − 0	Loans and bills discounted Other assets	$ 0 0
Parent's director's relative	Takayuki Kondo	−	None	Relative of director of the Bank's parent	Loans (Note 4) Receipt of interest (Note 4)	$ – 0	Loans and bills discounted Other assets	$ 2 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 35years.
4. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 26-30years.

(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, 2021 and 2020.

b. Unconsolidated subsidiaries and affiliates
There was no applicable transaction to be reported for the fiscal years ended March 31, 2021 and 2020.

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, 2021

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, 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.

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, 2021 and 2020.

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, 2021 and 2020.

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, 2021 and 2020 to income before income taxes shown in the consolidated statements of income was as follows:

	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Ordinary profit	¥ 430,887	¥ 711,942	$ 3,892
Gain on disposal of fixed assets	28,873	13,622	261
Gain on sales of stocks of subsidiaries	–	31,462	–
Gain on sales of stocks of affiliates	–	12,828	–
Gain on step acquisitions	–	2,105	–
Loss on disposal of fixed assets	(11,925)	(9,852)	(108)
Impairment loss on fixed assets	(23,472)	(58,849)	(212)
Amortization of goodwill	–	(359,323)	–
Loss on sales of stocks of subsidiaries	–	(3,546)	–
Income before income taxes	¥ 424,362	¥ 340,391	$ 3,833

For the fiscal years ended March 31, 2021 and 2020:

(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

(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, 2021, and has changed the calculation method of segment income.

The business segment information for the year ended March 31, 2020 has been restated to reflect the foregoing changes in the calculation method.

(3) Reportable segment information for the fiscal years ended March 31, 2021 and 2020

	Millions of Yen							
Fiscal year ended March 31, 2021	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	¥ 634,185	¥ 442,394	¥ 383,406	¥ 783,238	¥ 2,243,224	¥ 374,953	¥ 13,168	¥ 2,631,345
Non-consolidated	575,861	392,713	269,267	819	1,238,661	305,319	2,138	1,546,119
Net interest income	392,840	182,073	133,169	1,471	709,555	123,576	8,424	841,555
Net non-interest income	183,020	210,640	136,097	(652)	529,106	181,742	(6,285)	704,563
Subsidiaries	58,324	49,681	114,139	782,418	1,004,563	69,633	11,029	1,085,226
Expenses	596,722	251,742	253,828	509,031	1,611,324	101,054	91,805	1,804,185
Net operating income	¥ 37,462	¥ 190,651	¥ 129,578	¥ 274,207	¥ 631,899	¥ 273,898	¥ (78,637)	¥ 827,160

	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	¥ 695,689	¥ 457,039	¥ 400,854	¥ 795,386	¥ 2,348,969	¥ 303,113	¥ 2,341	¥ 2,654,423
Non-consolidated	632,737	389,898	287,081	(414)	1,309,303	238,600	(6,960)	1,540,943
Net interest income	431,044	183,209	121,367	380	736,002	65,240	11,075	812,318
Net non-interest income	201,693	206,689	165,713	(794)	573,300	173,360	(18,036)	728,624
Subsidiaries	62,951	67,140	113,772	795,800	1,039,665	64,512	9,302	1,113,480
Expenses	625,522	255,826	245,697	564,956	1,692,003	99,229	68,882	1,860,114
Net operating income	¥ 70,166	¥ 201,213	¥ 155,156	¥ 230,429	¥ 656,966	¥ 203,883	¥ (66,540)	¥ 794,308

	Millions of U.S. Dollars							
Fiscal year ended March 31, 2021	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	$ 5,728	$ 3,996	$ 3,463	$ 7,075	$ 20,262	$ 3,387	$ 119	$ 23,768
Non-consolidated	5,202	3,547	2,432	7	11,188	2,758	19	13,965
Net interest income	3,548	1,645	1,203	13	6,409	1,116	76	7,601
Net non-interest income	1,653	1,903	1,229	(6)	4,779	1,642	(57)	6,364
Subsidiaries	527	449	1,031	7,067	9,074	629	100	9,802
Expenses	5,390	2,274	2,293	4,598	14,554	913	829	16,296
Net operating income	$ 338	$ 1,722	$ 1,170	$ 2,477	$ 5,708	$ 2,474	$ (710)	$ 7,471

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	2021	2020	2021
Net operating income per reportable segment information	¥ 827,160	¥ 794,308	$ 7,471
Net business profit of subsidiaries excluded from the reportable segment information	22,810	22,494	206
Provision for allowance for credit losses	(209,101)	(107,866)	(1,889)
Credit-related expenses	(286,177)	(109,577)	(2,585)
Gain on reversal of reserve for contingent losses (credit-related)	–	8,192	–
Gain on collection of bad debts	44,649	73,713	403
Gains on equity securities and other securities	86,956	15,018	785
Equity in earnings of the equity method investees	19,130	(2,468)	173
Amortization of net unrecognized actuarial gain or loss	(18,814)	21,293	(170)
Gain on cancellation of sleeping deposit accounts	699	3,918	6
Other	(56,426)	(7,083)	(510)
Ordinary profit under the internal management reporting system	¥ 430,887	¥ 711,942	$ 3,892

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, 2021							
Japan	USA	North America (except for USA)	Latin America	Europe/Middle East	Thailand	Asia/Oceania (except for Thailand)	Total
¥ 1,923,092	¥ 851,616	¥ 18,592	¥ 44,284	¥ 204,211	¥ 503,272	¥ 575,090	¥ 4,120,160

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	¥ 783,093	¥ 5,338,180

Millions of U.S. Dollars

Fiscal year ended March 31, 2021							
Japan	USA	North America (except for USA)	Latin America	Europe/Middle East	Thailand	Asia/Oceania (except for Thailand)	Total
$ 17,371	$ 7,692	$ 168	$ 400	$ 1,845	$ 4,546	$ 5,195	$ 37,216

Notes:

1. “Ordinary income” corresponds to net sales of non-banking industries.
2. “Ordinary income” is classified into countries or geographic regions based on the locations of the head office or branches of the Bank and subsidiaries.

b) Tangible fixed assets

Millions of Yen

As of March 31, 2021						
Japan	USA	North America (except for USA)	Latin America	Europe/Middle East	Asia/Oceania	Total
¥ 766,080	¥ 88,849	¥ 184	¥ 426	¥ 3,826	¥ 128,538	¥ 987,906

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 U.S. Dollars

As of March 31, 2021						
Japan	USA	North America (except for USA)	Latin America	Europe/Middle East	Asia/Oceania	Total
$ 6,920	$ 803	$ 2	$ 4	$ 35	$ 1,161	$ 8,923

3) Information by major customer

There was no applicable information to be reported for the fiscal years ended March 31, 2021 and 2020.

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 ¥23,472 million ($212 million), and ¥58,849 million for the fiscal years ended March 31, 2021 and 2020, respectively.

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

	Millions of Yen							
Fiscal year ended March 31, 2021	Retail & Commercial Banking	Japanese Corporate & Investment Banking	Global Corporate & Investment Banking	Global Commercial Banking	Customer business units subtotal	Global Markets	Other units	Total
Amortization	¥ –	¥ –	¥ 2,977	¥ 3,072	¥ 6,049	¥ –	¥ –	¥ 6,049
Unamortized balance	–	–	40,453	38,024	78,477	–	–	78,477

	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	¥ –	¥ –	¥ 2,335	¥ 382,207	¥ 384,542	¥ –	¥ –	¥ 384,542
Unamortized balance	–	–	43,840	43,583	87,424	–	–	87,424

	Millions of U.S. Dollars							
Fiscal year ended March 31, 2021	Retail & Commercial Banking	Japanese Corporate & Investment Banking	Global Corporate & Investment Banking	Global Commercial Banking	Customer business units subtotal	Global Markets	Other units	Total
Amortization	$ –	$ –	$ 27	$ 28	$ 55	$ –	$ –	$ 55
Unamortized balance	–	–	365	343	709	–	–	709

Note: Part of the amortization and unamortized balance of goodwill for MUAH has been transferred from Global Commercial Banking to Global Corporate & Investment Banking from the fiscal year ended March 31, 2021, and figures for the fiscal year ended March 31, 2020 reflect the transfer.

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, 2021 and 2020.