

Semi-annual Securities Report

“Hanki Hokokusho”

(Excerpt)

for the six-month period ended September 30, 2017

The Bank of Tokyo-Mitsubishi UFJ, Ltd.

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[Document Submitted]	Semi-annual Securities Report (“Hanki Hokokusho”)
[Submitted to]	Director, Kanto Local Finance Bureau
[Date of Submission]	November 29, 2017
[Accounting Period]	During the 13th Fiscal Year (from April 1, 2017 to September 30, 2017)
[Company Name]	Kabushiki-Kaisha Mitsubishi Tokyo UFJ Ginko
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I. Overview of the Company

1. Key Financial Data and Trends

(1) Key consolidated financial data and trends over the recent three semi-annual periods and two fiscal years

(Millions of yen, unless otherwise stated)

	Semi-annual Period of Fiscal 2015	Semi-annual Period of Fiscal 2016	Semi-annual Period of Fiscal 2017	Fiscal 2015	Fiscal 2016
	From April 1, 2015 to September 30, 2015	From April 1, 2016 to September 30, 2016	From April 1, 2017 to September 30, 2017	From April 1, 2015 to March 31, 2016	From April 1, 2016 to March 31, 2017
Consolidated ordinary income	2,074,286	1,963,169	2,153,218	4,033,796	4,237,395
Consolidated ordinary profit	637,926	534,474	549,213	1,083,701	992,055
Semi-annual net income attributable to the shareholders of The Bank of Tokyo-Mitsubishi UFJ	408,599	374,844	376,022	–	–
Net income attributable to the shareholders of The Bank of Tokyo-Mitsubishi UFJ	–	–	–	685,835	689,929
Semi-annual consolidated comprehensive income	(60,018)	(111,477)	587,803	–	–
Consolidated comprehensive income	–	–	–	453,557	266,086
Consolidated total equity	12,857,352	12,323,850	12,813,225	13,118,288	12,427,078
Consolidated total assets	220,723,906	219,652,995	234,877,976	222,797,387	229,108,371
Total equity per share (yen)	926.84	920.75	963.90	952.16	933.06
Semi-annual net income per common share (yen)	33.08	30.35	30.44	–	–
Net income per common share (yen)	–	–	–	55.53	55.86
Diluted semi-annual net income per common share (yen)	33.08	30.35	30.44	–	–
Diluted net income per common share (yen)	–	–	–	55.53	55.86
Capital ratio (%)	5.18	5.17	5.06	5.27	5.02
Net cash provided by (used in) operating activities	(4,380,775)	9,195,717	4,287,812	1,382,275	6,800,032
Net cash provided by investing activities	4,670,804	1,487,849	1,607,228	2,580,849	6,512,818
Net cash used in financing activities	(305,707)	(604,913)	(15,444)	(82,996)	(721,099)
Cash and cash equivalents at end of semi-annual period	3,689,990	17,447,401	25,945,455	–	–
Cash and cash equivalents at end of period	–	–	–	7,513,181	20,086,245
Number of employees [Besides the above, average number of temporary employees]	80,620 [22,900]	81,290 [22,500]	85,380 [22,200]	80,088 [22,800]	84,025 [22,500]

- (Notes)
1. National and local consumption taxes of The Bank of Tokyo-Mitsubishi UFJ, 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 (semi-annual period)” - “subscription rights to shares at the end of fiscal year (semi-annual period)” - “noncontrolling interests at the end of fiscal year (semi-annual period)”) by “total assets at the end of fiscal year (semi-annual period).”
 3. The average number of temporary employees includes contractors and figures are rounded to the nearest hundred.

(2) Key non-consolidated financial data and trends of the Bank over the recent three semi-annual periods and two fiscal years

(Millions of yen, unless otherwise stated)

Fiscal period	11th Semi-annual Period	12th Semi-annual Period	13th Semi-annual Period	11th Term	12th Term
Period of account	September 2015	September 2016	September 2017	March 2016	March 2017
Ordinary income	1,563,186	1,501,227	1,570,415	2,925,593	3,072,712
Ordinary profit	538,379	410,239	411,819	863,736	632,205
Semi-annual net income	379,654	323,043	294,264	–	–
Net income	–	–	–	586,066	481,455
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	10,131,730	10,621,234	10,564,762	10,627,781	10,231,499
Total assets	197,720,795	200,787,348	209,936,874	200,261,895	204,190,574
Balance of deposits	126,316,782	134,123,071	142,121,265	131,986,582	139,164,104
Balance of loans and bills discounted	84,834,422	79,523,573	80,969,897	86,691,727	81,394,063
Balance of securities	47,875,327	45,927,197	40,993,747	48,913,432	42,235,515
Dividends per share (yen)	Common stock 14.07	Common stock 21.18	Common stock 18.94	Common stock 30.00	Common stock 35.66
Capital ratio (%)	5.12	5.28	5.03	5.30	5.01
Number of employees [Besides the above, average number of temporary employees]	35,534 [12,453]	35,504 [12,315]	34,729 [12,140]	34,865 [12,399]	34,276 [12,407]

(Notes) 1. National and local consumption taxes are accounted for using the tax-excluded method.

2. Dividends per share for the 11th Semi-annual Period, the 11th Term, the 12th Semi-annual Period, the 12th Term and the 13th Semi-annual Period include the special dividends of ¥6.27, ¥13.64, ¥13.05, ¥19.87 and ¥6.82, respectively.

3. The Bank paid dividends in kind in the 11th Semi-annual Period, the 11th Term and the 13th Semi-annual Period but these dividends are not included in the dividends per share mentioned above.

4. Capital ratio is calculated by dividing (“total equity at the end of fiscal year (semi-annual period)” - “subscription rights to shares at the end of fiscal year (semi-annual period)”) by “total assets at the end of fiscal year (semi-annual period).”

5. The average number of temporary employees includes contractors.

2. Business Outline

Under its parent company, Mitsubishi UFJ Financial Group, Inc., the Group (The Bank of Tokyo-Mitsubishi UFJ, Ltd. and its subsidiaries and affiliates) comprises the Bank, 125 consolidated subsidiaries, and 48 equity method investees, and is engaged in banking and other financial services (including leasing).

There were no significant changes in the nature of business operated by the Group during the current semi-annual period.

Changes in major subsidiaries and affiliates are stated in “3. Information on Subsidiaries and Affiliates.”

3. Information on Subsidiaries and Affiliates

There were no significant changes in subsidiaries and affiliates during the current semi-annual period.

The Bank’s relation with its consolidated subsidiaries, BTMU LF Capital LLC and BTMU Leasing & Finance, Inc., changed from direct ownership to indirect ownership, due to the transfer of all shares therein held by the Bank by way of investment in kind to a consolidated subsidiary MUFG Americas Holdings Corporation.

4. Employees

(1) Number of employees in consolidated companies

As of September 30, 2017

	Retail Banking Business Unit	Corporate Banking Business Unit	Global Business Unit	Global Markets Unit	Other units	Total
Number of employees	16,109 [8,700]	9,615 [1,900]	49,813 [4,400]	1,125 [0]	8,718 [7,300]	85,380 [22,200]

- (Notes)
1. Number of employees includes locally hired overseas staff members, but excludes 3,874 contract employees and 22,200 temporary employees.
 2. Numbers within brackets indicate average number of temporary employees over the current semi-annual period.
 3. Number of temporary employees includes contractors and is rounded to the nearest hundred for the end of the current semi-annual period as well as for an average over the half year.
 4. Number of contractors counted as temporary employees was 5,500 at the end of the current semi-annual period while 5,600 on average over the half year (both numbers are rounded to the nearest hundred).

(2) Employees of the Bank

As of September 30, 2017

	Retail Banking Business Unit	Corporate Banking Business Unit	Global Business Unit	Global Markets Unit	Other units	Total
Number of employees	15,115 [8,209]	7,992 [1,478]	6,211 [612]	1,125 [38]	4,286 [1,803]	34,729 [12,140]

- (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 1,627 contract employees and 12,094 temporary employees.
 2. Number of employees excludes 94 Executive Officers (14 of whom serving as Directors concurrently).
 3. Number of temporary employees includes contractors. Number of contractors was 2,794 at the end of the current semi-annual period and 2,815 on average over the half year.
 4. Number within brackets indicates average number of temporary employees for the current semi-annual period.
 5. Employees union of the Bank is called The Bank of Tokyo-Mitsubishi UFJ Union with the membership of 32,846. No significant issues exist between the union and the management.

II. Business Overview

1. Summary of Results

(Results for the current semi-annual period)

Results for the current semi-annual period are as follows:

Assets increased by ¥15,224.9 billion compared to the same period of the previous fiscal year to ¥234,877.9 billion. Major components were loans and bills discounted of ¥94,826.9 billion, cash and due from banks of ¥55,780.3 billion and securities of ¥42,451.4 billion. Liabilities increased by ¥14,735.6 billion compared to the same period of the previous fiscal year to ¥222,064.7 billion. Major components were deposits and negotiable certificates of deposit of ¥164,506.0 billion.

As for profits and losses, ordinary profit increased by ¥14.7 billion compared to the same period of the previous fiscal year to ¥549.2 billion, and semi-annual net income attributable to the shareholders of The Bank of Tokyo-Mitsubishi UFJ increased by ¥1.1 billion compared to the same period of the previous fiscal year to ¥376.0 billion.

Results by reportable segment are as follows:

1. Retail Banking Business Unit

Net operating income was ¥26.5 billion, with a decrease of ¥1.2 billion from the same period of the previous fiscal year.

2. Corporate Banking Business Unit

Net operating income was ¥138.4 billion, with a decrease of ¥18.8 billion from the same period of the previous fiscal year.

3. Global Business Unit

Net operating income was ¥197.6 billion, with an increase of ¥2.3 billion from the same period of the previous fiscal year.

4. Global Markets Unit

Net operating income was ¥154.8 billion, with a decrease of ¥38.8 billion from the same period of the previous fiscal year.

5. Other units

Net operating loss was ¥46.0 billion, with a decrease of ¥21.0 billion from the same period of the previous fiscal year.

From the current semi-annual period, the Bank has changed the calculation method of business segment profit in accordance with the changes in the allocation method of income and expenses among business segments.

Segment information for the previous semi-annual period that was prepared in accordance with the restated calculation method is provided in “Segment Information” under the Section entitled “Notes to Semi-annual Consolidated Financial Statements” of “IV. Financial Information.”

(Summary of cash flows)

With regard to cash flows, operating activities generated net cash of ¥4,287.8 billion, with a ¥4,907.9 billion decrease in cash inflows from the same period of the previous fiscal year. Investing activities generated net cash of ¥1,607.2 billion, with a ¥119.3 billion increase in cash inflows from the same period of the previous fiscal year. Financing activities used net cash of ¥15.4 billion, with a ¥589.4 billion decrease in cash outflows from the same period of the previous fiscal year.

Cash and cash equivalents at the end of the current semi-annual period were ¥25,945.4 billion, with an ¥8,498.0 billion increase from the same period of the previous fiscal year.

The consolidated risk-adjusted capital ratio based on uniform international standards as of September 30, 2017 was 15.84%.

(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 semi-annual period was ¥1,354.5 billion, with a ¥13.2 billion decrease from the same period of the previous fiscal year. Of this, domestic operations posted an income of ¥785.0 billion, with a decrease of ¥28.6 billion from the same period of the previous fiscal year, and overseas operations posted an income of ¥723.4 billion, with an increase of ¥63.7 billion from the same period of the previous fiscal year.

(Millions of yen)

Item	Semi-annual period	Domestic	Overseas	Amount of elimination	Total
		Amount	Amount	Amount	Amount
Net interest income	Previous semi-annual period	447,614	424,206	(38,244)	833,575
	Current semi-annual period	428,505	467,163	(86,777)	808,891
Of which, interest income	Previous semi-annual period	554,111	662,518	(75,185)	1,141,444
	Current semi-annual period	558,865	846,280	(121,782)	1,283,363
Of which, interest expenses	Previous semi-annual period	106,497	238,312	(36,940)	307,869
	Current semi-annual period	130,359	379,117	(35,005)	474,471
Net fees and commissions	Previous semi-annual period	218,174	178,718	(65,265)	331,626
	Current semi-annual period	204,124	199,844	(65,573)	338,395
Of which, fees and commissions income	Previous semi-annual period	291,927	208,368	(88,411)	411,884
	Current semi-annual period	279,694	233,893	(87,472)	426,115
Of which, fees and commissions expenses	Previous semi-annual period	73,753	29,650	(23,146)	80,257
	Current semi-annual period	75,569	34,048	(21,898)	87,719
Net trading income	Previous semi-annual period	60,886	14,990	3,092	78,969
	Current semi-annual period	22,381	16,946	(2,120)	37,207
Of which, trading income	Previous semi-annual period	61,006	31,145	(12,238)	79,913
	Current semi-annual period	23,004	38,103	(23,316)	37,791
Of which, trading expenses	Previous semi-annual period	120	16,154	(15,330)	944
	Current semi-annual period	622	21,157	(21,196)	583
Net other operating income	Previous semi-annual period	87,017	41,785	(5,214)	123,588
	Current semi-annual period	130,069	39,486	456	170,011
Of which, other operating income	Previous semi-annual period	129,991	132,403	(77,371)	185,023
	Current semi-annual period	158,601	94,481	(32,485)	220,597
Of which, other operating expenses	Previous semi-annual period	42,974	90,618	(72,157)	61,435
	Current semi-annual period	28,532	54,995	(32,942)	50,585

- (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 intercompany transactions, etc. between consolidated companies.

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

1) 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 semi-annual period decreased by ¥7,277.1 billion compared to the same period of the previous fiscal year to ¥124,249.5 billion. Yield on interest-earning assets rose by 0.05% to 0.89% and the total interest income stood at ¥558.8 billion, with an increase of ¥4.7 billion from the same period of the previous fiscal year. The average balance of interest-bearing liabilities in the current semi-annual period increased by ¥6,055.8 billion compared to the same period of the previous fiscal year to ¥139,570.9 billion. Yield on interest-bearing liabilities rose by 0.02% to 0.18% and total interest expenses stood at ¥130.3 billion, with an increase of ¥23.8 billion from the same period of the previous fiscal year.

(Millions of yen)

Item	Semi-annual period	Average balance	Interest	Yield
		Amount	Amount	(%)
Interest-earning assets	Previous semi-annual period	131,526,715	554,111	0.84
	Current semi-annual period	124,249,563	558,865	0.89
Of which, loans and bills discounted	Previous semi-annual period	59,047,673	271,202	0.91
	Current semi-annual period	55,569,928	280,125	1.00
Of which, securities	Previous semi-annual period	43,047,667	243,750	1.12
	Current semi-annual period	36,176,077	242,952	1.33
Of which, call loans and bills bought	Previous semi-annual period	2,706	0	0.03
	Current semi-annual period	82,019	20	0.04
Of which, receivables under resale agreements	Previous semi-annual period	6,393	0	0.00
	Current semi-annual period	8,858	(11)	(0.26)
Of which, receivables under securities borrowing transactions	Previous semi-annual period	935,195	48	0.01
	Current semi-annual period	4,378,999	219	0.01
Of which, due from banks	Previous semi-annual period	24,772,764	12,306	0.09
	Current semi-annual period	24,688,263	12,200	0.09
Interest-bearing liabilities	Previous semi-annual period	133,515,141	106,497	0.15
	Current semi-annual period	139,570,947	130,359	0.18
Of which, deposits	Previous semi-annual period	113,109,470	16,572	0.02
	Current semi-annual period	121,827,760	22,097	0.03
Of which, negotiable certificates of deposit	Previous semi-annual period	1,455,164	301	0.04
	Current semi-annual period	1,135,784	164	0.02
Of which, call money and bills sold	Previous semi-annual period	110,092	243	0.44
	Current semi-annual period	32,860	271	1.64
Of which, payables under repurchase agreements	Previous semi-annual period	9,646,311	27,730	0.57
	Current semi-annual period	4,980,214	29,533	1.18
Of which, payables under securities lending transactions	Previous semi-annual period	4,097,759	205	0.00
	Current semi-annual period	3,664,189	184	0.01
Of which, commercial paper	Previous semi-annual period	–	–	–
	Current semi-annual period	–	–	–
Of which, borrowed money	Previous semi-annual period	11,092,313	51,887	0.93
	Current semi-annual period	16,477,296	57,000	0.68

(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.

2) 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 semi-annual period increased by ¥9,850.2 billion compared to the same period of the previous fiscal year to ¥65,172.1 billion. Yield on interest-earning assets rose by 0.20% to 2.58% and total interest income stood at ¥846.2 billion, with an increase of ¥183.7 billion from the same period of the previous fiscal year. The average balance of interest-bearing liabilities in the current semi-annual period increased by ¥10,106.0 billion compared to the same period of the previous fiscal year to ¥65,795.8 billion. Yield on interest-bearing liabilities rose by 0.29% to 1.14% and total interest expenses stood at ¥379.1 billion, with an increase of ¥140.8 billion from the same period of the previous fiscal year.

(Millions of yen)

Item	Semi-annual period	Average balance	Interest	Yield
		Amount	Amount	(%)
Interest-earning assets	Previous semi-annual period	55,321,890	662,518	2.38
	Current semi-annual period	65,172,109	846,280	2.58
Of which, loans and bills discounted	Previous semi-annual period	38,156,685	494,130	2.58
	Current semi-annual period	42,308,866	596,534	2.81
Of which, securities	Previous semi-annual period	5,716,029	60,716	2.11
	Current semi-annual period	6,343,570	71,885	2.26
Of which, call loans and bills bought	Previous semi-annual period	641,092	5,358	1.66
	Current semi-annual period	553,133	5,949	2.14
Of which, receivables under resale agreements	Previous semi-annual period	513,189	12,794	4.97
	Current semi-annual period	2,525,243	28,371	2.24
Of which, receivables under securities borrowing transactions	Previous semi-annual period	–	–	–
	Current semi-annual period	566,760	2,924	1.02
Of which, due from banks	Previous semi-annual period	6,422,350	23,691	0.73
	Current semi-annual period	8,151,318	47,871	1.17
Interest-bearing liabilities	Previous semi-annual period	55,689,858	238,312	0.85
	Current semi-annual period	65,795,872	379,117	1.14
Of which, deposits	Previous semi-annual period	32,803,594	102,426	0.62
	Current semi-annual period	36,967,096	162,087	0.87
Of which, negotiable certificates of deposit	Previous semi-annual period	4,363,511	20,135	0.92
	Current semi-annual period	5,479,052	37,268	1.35
Of which, call money and bills sold	Previous semi-annual period	340,569	1,685	0.98
	Current semi-annual period	441,063	3,533	1.59
Of which, payables under repurchase agreements	Previous semi-annual period	715,448	3,784	1.05
	Current semi-annual period	3,593,820	20,540	1.13
Of which, payables under securities lending transactions	Previous semi-annual period	–	–	–
	Current semi-annual period	48,983	393	1.60
Of which, commercial paper	Previous semi-annual period	1,268,053	4,019	0.63
	Current semi-annual period	1,550,730	9,677	1.24
Of which, borrowed money	Previous semi-annual period	1,904,315	9,992	1.04
	Current semi-annual period	2,016,240	13,720	1.35

- (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.

3) Total

(Millions of yen)

Item	Semi-annual period	Average balance			Interest			Yield (%)
		Subtotal	Amount of elimination	Total	Subtotal	Amount of elimination	Total	
Interest-earning assets	Previous semi-annual period	186,848,606	(7,343,185)	179,505,420	1,216,630	(75,185)	1,141,444	1.26
	Current semi-annual period	189,421,672	(7,681,021)	181,740,651	1,405,145	(121,782)	1,283,363	1.40
Of which, loans and bills discounted	Previous semi-annual period	97,204,359	(2,728,578)	94,475,781	765,332	(34,733)	730,598	1.54
	Current semi-annual period	97,878,794	(2,257,686)	95,621,108	876,659	(26,987)	849,671	1.77
Of which, securities	Previous semi-annual period	48,763,696	(2,817,977)	45,945,719	304,467	(35,282)	269,184	1.16
	Current semi-annual period	42,519,648	(3,190,998)	39,328,649	314,838	(85,106)	229,731	1.16
Of which, call loans and bills bought	Previous semi-annual period	643,799	(157,531)	486,267	5,359	(33)	5,325	2.18
	Current semi-annual period	635,153	(107,160)	527,993	5,969	(129)	5,840	2.20
Of which, receivables under resale agreements	Previous semi-annual period	519,583	–	519,583	12,794	–	12,794	4.91
	Current semi-annual period	2,534,102	–	2,534,102	28,360	–	28,360	2.23
Of which, receivables under securities borrowing transactions	Previous semi-annual period	935,195	–	935,195	48	–	48	0.01
	Current semi-annual period	4,945,760	–	4,945,760	3,143	–	3,143	0.12
Of which, due from banks	Previous semi-annual period	31,195,114	(1,361,764)	29,833,350	35,998	(4,120)	31,877	0.21
	Current semi-annual period	32,839,581	(1,806,769)	31,032,812	60,072	(7,068)	53,003	0.34
Interest-bearing liabilities	Previous semi-annual period	189,205,000	(4,546,353)	184,658,647	344,809	(36,940)	307,869	0.33
	Current semi-annual period	205,366,819	(4,502,219)	200,864,600	509,476	(35,005)	474,471	0.47
Of which, deposits	Previous semi-annual period	145,913,065	(1,073,027)	144,840,037	118,999	(2,027)	116,971	0.16
	Current semi-annual period	158,794,856	(1,398,583)	157,396,273	184,184	(3,805)	180,379	0.22
Of which, negotiable certificates of deposit	Previous semi-annual period	5,818,675	–	5,818,675	20,437	–	20,437	0.70
	Current semi-annual period	6,614,837	–	6,614,837	37,432	–	37,432	1.12
Of which, call money and bills sold	Previous semi-annual period	450,662	(57,554)	393,107	1,928	(217)	1,711	0.86
	Current semi-annual period	473,924	(162,684)	311,239	3,804	(1,112)	2,691	1.72
Of which, payables under repurchase agreements	Previous semi-annual period	10,361,760	–	10,361,760	31,515	–	31,515	0.60
	Current semi-annual period	8,574,034	–	8,574,034	50,074	–	50,074	1.16
Of which, payables under securities lending transactions	Previous semi-annual period	4,097,759	–	4,097,759	205	–	205	0.00
	Current semi-annual period	3,713,172	–	3,713,172	577	–	577	0.03
Of which, commercial paper	Previous semi-annual period	1,268,053	–	1,268,053	4,019	–	4,019	0.63
	Current semi-annual period	1,550,730	–	1,550,730	9,677	–	9,677	1.24
Of which, borrowed money	Previous semi-annual period	12,996,628	(2,660,698)	10,335,930	61,879	(31,467)	30,411	0.58
	Current semi-annual period	18,493,537	(2,114,531)	16,379,005	70,720	(23,503)	47,217	0.57

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

(3) Fees and commissions by domestic and overseas offices

Net fees and commissions income are as follows:

Fees and commissions income of domestic offices for the current semi-annual period was ¥279.6 billion, with a decrease of ¥12.2 billion from the same period of the previous fiscal year. Fees and commissions expenses were ¥75.5 billion, with an increase of ¥1.8 billion from the same period of the previous fiscal year, resulting in a net fees and commissions income of ¥204.1 billion, with a decrease of ¥14.0 billion from the same period of the previous fiscal year. Fees and commissions income of overseas offices during the current semi-annual period was ¥233.8 billion, with an increase of ¥25.5 billion from the same period of the previous fiscal year, while fees and commissions expenses were ¥34.0 billion, with an increase of ¥4.3 billion from the same period of the previous fiscal year, resulting in a net fees and commissions income of ¥199.8 billion, with an increase of ¥21.1 billion from the same period of the previous fiscal year.

Consequently, total net fees and commissions income for the current semi-annual period stood at ¥338.3 billion, with an increase of ¥6.7 billion from the same period of the previous fiscal year.

(Millions of yen)

Item	Semi-annual period	Domestic	Overseas	Amount of elimination	Total
		Amount	Amount	Amount	Amount
Fees and commissions income	Previous semi-annual period	291,927	208,368	(88,411)	411,884
	Current semi-annual period	279,694	233,893	(87,472)	426,115
Of which, domestic and foreign exchange services	Previous semi-annual period	74,709	6,051	(160)	80,601
	Current semi-annual period	74,732	6,031	(156)	80,606
Of which, other commercial banking services	Previous semi-annual period	124,419	130,950	(1,766)	253,602
	Current semi-annual period	111,415	123,580	(1,685)	233,310
Of which, guarantee services	Previous semi-annual period	24,263	11,365	(8,322)	27,306
	Current semi-annual period	23,381	16,557	(8,125)	31,813
Of which, securities-related services	Previous semi-annual period	19,912	3,690	(22)	23,579
	Current semi-annual period	22,786	25,749	(38)	48,497
Fees and commissions expenses	Previous semi-annual period	73,753	29,650	(23,146)	80,257
	Current semi-annual period	75,569	34,048	(21,898)	87,719
Of which, domestic and foreign exchange services	Previous semi-annual period	16,885	3,477	(149)	20,214
	Current semi-annual period	16,544	4,475	(152)	20,867

- (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 intercompany transactions, etc. between consolidated companies.

(4) Trading results by domestic and overseas offices

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 semi-annual period was ¥23.0 billion, with a decrease of ¥38.0 billion from the same period of the previous fiscal year. Trading expenses of domestic offices for the current semi-annual period were ¥0.6 billion, with an increase of ¥0.5 billion from the same period of the previous fiscal year, resulting in a net trading income of ¥22.3 billion, accompanied by a decrease of ¥38.5 billion from the same period of the previous fiscal year. Trading income of overseas offices for the current semi-annual period was ¥38.1 billion, with an increase of ¥6.9 billion from the same period of the previous fiscal year. Trading expenses of overseas offices were ¥21.1 billion, an increase of ¥5.0 billion from the same period of the previous fiscal year. As a result, net trading income for the current semi-annual period was ¥16.9 billion, with an increase of ¥1.9 billion from the same period of the previous fiscal year.

Consequently, total net trading income posted by both domestic and overseas offices for the current semi-annual period stood at ¥37.2 billion, with a decrease of ¥41.7 billion from the same period of the previous fiscal year.

(Millions of yen)

Item	Semi-annual period	Domestic	Overseas	Amount of elimination	Total
		Amount	Amount	Amount	Amount
Trading income	Previous semi-annual period	61,006	31,145	(12,238)	79,913
	Current semi-annual period	23,004	38,103	(23,316)	37,791
Of which, income from trading securities	Previous semi-annual period	2,403	961	(67)	3,298
	Current semi-annual period	254	23,313	(12,923)	10,644
Of which, income from securities related to trading transactions	Previous semi-annual period	–	–	–	–
	Current semi-annual period	–	–	–	–
Of which, income from trading-related financial derivatives	Previous semi-annual period	58,229	30,183	(12,171)	76,241
	Current semi-annual period	22,511	14,789	(10,393)	26,908
Of which, income from other trading transactions	Previous semi-annual period	373	0	–	373
	Current semi-annual period	238	–	–	238
Trading expenses	Previous semi-annual period	120	16,154	(15,330)	944
	Current semi-annual period	622	21,157	(21,196)	583
Of which, expenses on trading securities	Previous semi-annual period	–	67	(67)	–
	Current semi-annual period	–	12,923	(12,923)	–
Of which, expenses on securities related to trading transactions	Previous semi-annual period	120	824	–	944
	Current semi-annual period	622	(39)	–	583
Of which, expenses on trading-related financial derivatives	Previous semi-annual period	–	15,263	(15,263)	–
	Current semi-annual period	–	8,272	(8,272)	–

Item	Semi-annual period	Domestic	Overseas	Amount of elimination	Total
		Amount	Amount	Amount	Amount
Of which, expenses on other trading transactions	Previous semi-annual period	–	–	–	–
	Current semi-annual period	–	–	–	–

- (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 intercompany transactions, etc. between consolidated companies.

(5) Balance of deposits by domestic and overseas offices
 ・ Deposits by classification (ending balance)

(Millions of yen)

Item	Semi-annual period	Domestic	Overseas	Amount of elimination	Total
		Amount	Amount	Amount	Amount
Total deposits	Previous semi-annual period	114,739,988	33,912,605	(1,221,813)	147,430,780
	Current semi-annual period	121,703,624	37,267,564	(1,220,454)	157,750,734
Of which, liquid deposits	Previous semi-annual period	81,793,247	18,244,795	(594,608)	99,443,434
	Current semi-annual period	90,190,711	21,402,536	(600,497)	110,992,750
Of which, fixed-term deposits	Previous semi-annual period	26,877,408	15,620,130	(606,426)	41,891,112
	Current semi-annual period	26,380,351	15,785,470	(610,233)	41,555,588
Of which, other deposits	Previous semi-annual period	6,069,333	47,679	(20,778)	6,096,233
	Current semi-annual period	5,132,561	79,557	(9,724)	5,202,395
Negotiable certificates of deposit	Previous semi-annual period	1,159,154	3,464,693	–	4,623,848
	Current semi-annual period	1,270,852	5,484,422	–	6,755,274
Total	Previous semi-annual period	115,899,143	37,377,298	(1,221,813)	152,054,628
	Current semi-annual period	122,974,476	42,751,986	(1,220,454)	164,506,008

- (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 intercompany 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 semi-annual period		Current semi-annual period	
	Amount (Millions of yen)	Composition ratio (%)	Amount (Millions of yen)	Composition ratio (%)
Domestic (excluding Japan offshore market account)	55,416,791	100.00	53,441,598	100.00
Manufacturing	8,535,311	15.40	8,295,248	15.52
Construction	655,722	1.18	624,838	1.17
Wholesale and retail	5,553,977	10.02	5,712,273	10.69
Finance and insurance	5,777,581	10.43	5,669,777	10.61
Real estate, goods rental and leasing	8,074,115	14.57	8,337,195	15.60
Services	2,349,928	4.24	2,394,488	4.48
Other industries	24,470,155	44.16	22,407,777	41.93
Overseas and Japan offshore market account	36,307,655	100.00	41,385,357	100.00
Governments and public organizations	1,021,173	2.81	977,419	2.36
Financial institutions	7,919,342	21.81	9,764,510	23.59
Others	27,367,139	75.38	30,643,427	74.05
Total	91,724,446	–	94,826,956	–

(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)

(Reference information)

In accordance with the provisions of Article 14-2 of the Banking Law, 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, hereinafter referred to as the “Notification”).

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

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

(Billions of yen, %)

	As of September 30, 2017
1. Consolidated Total Capital Ratio (4/7)	15.84
2. Consolidated Tier 1 Capital Ratio (5/7)	13.10
3. Consolidated Common Equity Tier 1 Capital Ratio (6/7)	11.55
4. Consolidated Total Capital	14,470.1
5. Consolidated Tier 1 Capital	11,970.3
6. Consolidated Common Equity Tier 1 Capital	10,547.9
7. Risk-weighted Assets	91,318.6
8. Consolidated Total Capital Requirements	7,305.4

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

(Billions of yen, %)

	As of September 30, 2017
1. Non-consolidated Total Capital Ratio (4/7)	17.03
2. Non-consolidated Tier 1 Capital Ratio (5/7)	14.07
3. Non-consolidated Common Equity Tier 1 Capital Ratio (6/7)	12.25
4. Non-consolidated Total Capital	13,206.2
5. Non-consolidated Tier 1 Capital	10,910.4
6. Non-consolidated Common Equity Tier 1 Capital	9,502.6
7. Risk-weighted Assets	77,510.7
8. Non-consolidated Total Capital Requirements	6,200.8

(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 semi-annual 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 semi-annual 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. Management Policy, Business Environment and Issues to be Addressed, etc.

(1) Management policy and target financial data, etc.

During the current semi-annual period, there were no significant changes in the Bank's management policy or target financial data, etc. In addition, there were no management policies or target financial data, etc. newly established.

(2) Issues to be addressed

During the current semi-annual period, there were no significant changes in the Bank's issues to be addressed. In addition, there were no new issues to be addressed.

3. Risks Related to Business

Of the risks related to business, as stated in the annual securities report of the previous fiscal year, emerging risks or significant changes in the existing risks that are deemed to have potential significant impact on the judgment of investors as perceived by the Bank are as follows. This section contains forward-looking statements, which unless specifically described otherwise, reflect the Bank's understanding as of the date of filing of this Semi-annual Securities Report.

The item number given to the heading below corresponds to the item number in "II. Business Overview, 3. Risks Related to Business" of the Annual Securities Report for the previous fiscal year.

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

The Bank conducts its business subject to ongoing regulations and associated compliance risks (including the effects of changes in laws, regulations, policies and self-regulated rules in Japan and other markets where the Bank operates). In the current regulatory environment, the Bank is subject to various regulatory inquiries or investigations from time to time in connection with various aspects of its business and operations. The Bank's compliance risk management systems and programs may not be fully effective in preventing all violations of laws, regulations and rules.

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

In December 2012, the Bank agreed to make a payment to the Office of Foreign Assets Control of the U.S. Department of the Treasury, or OFAC, to settle potential civil liability for apparent violations of certain U.S. sanctions regulations from 2006 to 2007. In addition, in June 2013, the Bank entered into a consent agreement with the New York State Department of Financial Services, or NYDFS, to resolve issues relating to certain U.S. dollar payments that were routed through New York from 2002 to 2007. Under the terms of the agreement with NYDFS, the Bank agreed to make a civil monetary payment to NYDFS and engage an independent consultant to conduct a compliance review of the relevant controls and related matters in the Bank's current operations. Furthermore, in November 2014, the Bank entered into a consent agreement with the NYDFS to resolve issues relating to instructions given to PricewaterhouseCoopers LLP, or PwC, and the disclosures made to NYDFS in connection with the Bank's 2007 and 2008 voluntary investigation of BTMU's U.S. dollar clearing activity toward countries subject to U.S. economic sanctions. The Bank had hired PwC to conduct a historical transaction review report in connection with that investigation. Under the terms of the agreement with NYDFS, the Bank made a payment of the stipulated amount to NYDFS, and agreed to take actions on persons involved in the matter at that time, relocate its U.S. BSA/AML and OFAC sanctions compliance programs to New York, and extend, if regarded as necessary by NYDFS, the period during which an independent consultant is responsible for assessing the Bank's internal controls regarding compliance with applicable laws and regulations related to U.S. economic sanctions. On November 9, 2017 (U.S. time), the Bank entered into a consent agreement with the Office of Currency Comptroller, or OCC, that OCC would be engaged in the monitoring of the Bank's internal controls regarding compliance with applicable laws and regulations related to U.S. economic sanctions. This agreement was associated with the change in the U.S. regulatory regime on November 7, 2017 (U.S. time), in which the supervisory authority

over the licensed banking business of U.S. branches and agencies of the Bank and The Mitsubishi UFJ Trust and Banking Corporation, including the Bank's New York Branch, was taken over by OCC from the New York state authority, including NYDFS, whereby OCC effectively succeeded the aforementioned agreements reached between the Bank and NYDFS in June 2013 and November 2014. The Bank continues to cooperate closely with all relevant regulators and provide reports regarding events and matters associated as described above and is undertaking necessary actions relating to these matters. In addition, the Bank is currently in a lawsuit with NYDFS in relation to the change of the supervisory authority over the licensed banking business of its New York Branch. These developments or other similar events may result in additional regulatory actions against the Bank or agreements to make significant settlement payments.

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

4. Analyses of Financial Position, Results of Operations and Cash Flows

The Bank's financial position, results of operations and cash flows for the current semi-annual period are as follows:

Consolidated gross operating income for the current semi-annual period decreased by ¥12.9 billion from the same period of the previous fiscal year, primarily reflecting an increase in interest expenses. Meanwhile, general and administrative expenses increased by ¥64.7 billion from the same period of the previous fiscal year. As a result, consolidated net business profit (before provision for general allowance for credit losses) for the current semi-annual period was ¥475.4 billion, with a decrease of ¥77.7 billion from the same period of the previous fiscal year.

Meanwhile, semi-annual net income attributable to the shareholders of The Bank of Tokyo-Mitsubishi UFJ was ¥376.0 billion, with an increase of ¥1.1 billion from the same period of the previous fiscal year.

The main items for the current semi-annual period are shown in the table below.

(Billions of yen)				
		Previous semi-annual period (A)	Current semi-annual period (B)	Change (B - A)
Interest income	(1)	1,141.4	1,283.3	141.9
Interest expenses (after deduction of expenses related to money held in trust)	(2)	307.8	474.4	166.6
Trust fees	(3)	6.2	6.6	0.3
Of which, credit costs for trust accounts	(4)	–	–	–
Fees and commissions income	(5)	411.8	426.1	14.2
Fees and commissions expenses	(6)	80.2	87.7	7.4
Trading income	(7)	79.9	37.7	(42.1)
Trading expenses	(8)	0.9	0.5	(0.3)
Other operating income	(9)	185.0	220.5	35.5
Other operating expenses	(10)	61.4	50.5	(10.8)
Consolidated gross operating income (= (1) - (2) + (3) + (5) - (6) + (7) - (8) + (9) - (10))	(11)	1,374.0	1,361.1	(12.9)
General and administrative expenses (after deduction of non-recurring expenses)	(12)	820.8	885.6	64.7
Consolidated net business profit (loss) (before provision for general allowance for credit losses = (11) + (4) - (12))		553.1	475.4	(77.7)
Other ordinary expenses (Provision for general allowance for credit losses)	(13)	–	–	–
Consolidated net business profit (loss) (= (11) - (12) - (13))		553.1	475.4	(77.7)
Other ordinary income	(14)	138.6	178.7	40.1
Of which, reversal of allowance for credit losses		31.1	57.8	26.7
Of which, gains on collection of bad debts		17.5	28.0	10.4
Of which, gains on sales of equity securities and other securities		62.2	50.3	(11.9)
Interest expenses (expenses related to money held in trust)	(15)	0.0	0.0	(0.0)
General and administrative expenses (non-recurring expenses)	(16)	23.2	27.4	4.1
Other ordinary expenses (after deduction of provision for general allowance for credit losses)	(17)	134.0	77.5	(56.4)
Of which, credit costs		79.0	45.8	(33.1)
Of which, losses on sales of equity securities and other securities		27.7	9.3	(18.4)
Of which, losses on write-down of equity securities and other securities		10.7	0.8	(9.9)

	Previous semi-annual period (A)	Current semi-annual period (B)	Change (B - A)
Net non-recurring gains (losses) (= (14) - (15) - (16) - (17))	(18.7)	73.7	92.4
Ordinary profit	534.4	549.2	14.7
Net extraordinary gains (losses)	(5.1)	(9.6)	(4.5)
Of which, impairment loss of long-lived assets	(2.6)	(8.0)	(5.4)

	Previous semi-annual period (A)	Current semi-annual period (B)	Change (B - A)
Income before income taxes	529.3	539.5	10.2
Total income taxes	123.7	142.8	19.0
Net income before attribution of noncontrolling interests	405.5	396.7	(8.8)
Net income attributable to noncontrolling interests	30.7	20.6	(10.0)
Net income attributable to the shareholders of The Bank of Tokyo-Mitsubishi UFJ	374.8	376.0	1.1

1. Analysis of Results of Operations

(1) Total credit costs

Total credit costs for the current semi-annual period decreased by ¥70.2 billion compared to the same period of the previous fiscal year to a reversal of ¥39.9 billion, primarily reflecting an increase of reversal of allowance for credit losses and a decrease of credit costs.

(Billions of yen)

	Previous semi-annual period (A)	Current semi-annual period (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)	31.1	57.8	26.7
Of other ordinary income, reversal of reserve for contingent losses (3)	-	-	-
Of other ordinary income, gains on collection of bad debts (4)	17.5	28.0	10.4
Of other ordinary expenses, provision for general allowance for credit losses (5)	-	-	-
Of other ordinary expenses, credit costs (6)	79.0	45.8	(33.1)
Write-offs of loans	30.3	27.7	(2.6)
Provision for specific allowance for credit losses	-	-	-
Other credit costs	48.6	18.1	(30.4)
Total credit costs (= (1) - (2) - (3) - (4) + (5) + (6))	30.2	(39.9)	(70.2)
Consolidated net business profit (loss) (before credit costs for trust accounts and provision for general allowance for credit losses)	553.1	475.4	(77.7)
Consolidated net business profit (loss) (after deduction of total credit costs)	522.8	515.4	(7.4)

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

The Bank posted ¥40.1 billion gains on equity securities and other securities for the current semi-annual period with an increase of ¥16.4 billion from the same period of the previous fiscal year.

Gains on sales of equity securities and other securities decreased by ¥11.9 billion compared to the same period of the previous fiscal year to ¥50.3 billion while losses on sales of equity securities and other securities decreased by ¥18.4 billion compared to the same period of the previous fiscal year to ¥9.3 billion. Losses on write-down of equity securities and other securities decreased by ¥9.9 billion compared to the same period of the previous fiscal year to ¥0.8 billion.

(Billions of yen)

	Previous semi-annual period (A)	Current semi-annual period (B)	Change (B - A)
Net gains (losses) on equity securities and other securities	23.6	40.1	16.4
Of other ordinary income, gains on sales of equity securities and other securities	62.2	50.3	(11.9)
Of other ordinary expenses, losses on sales of equity securities and other securities	27.7	9.3	(18.4)
Of other ordinary expenses, losses on write-down of equity securities and other securities	10.7	0.8	(9.9)

2. Analysis of Financial Position

(1) Loans and bills discounted

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

Claims disclosed under the Financial Reconstruction Act decreased by ¥107.8 billion from the end of the previous fiscal year to ¥999.2 billion.

The percentage of disclosed claims to total claims decreased by 0.12 percentage points from the end of the previous fiscal year to 1.10%.

Claims by borrowers' classification show claims against bankrupt or de facto bankrupt borrowers rose by ¥52.3 billion, doubtful claims decreased by ¥75.3 billion, and claims in need of special attention fell by ¥84.8 billion.

With regard to the status of coverage at the end of the current semi-annual period for these disclosed claims totaling ¥999.2 billion, the amount secured by allowance for credit losses was ¥272.6 billion and the amount secured by collaterals, guarantees and others was ¥553.3 billion, representing a percentage of covered claims to total disclosed claims (coverage ratio) of 82.65%.

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

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

(Billions of yen)

Category	Loan amount (A)	Allowance for credit losses (B)	Covered by collateral and/or guarantees (C)	Allowance ratio for unsecured portion (B) / [(A) - (C)]	Coverage ratio [(B) + (C)] / (A)
Claims against bankrupt or de facto bankrupt borrowers	170.0 (117.7)	15.3 (10.6)	154.6 (107.0)	100.00% (100.00%)	100.00% (100.00%)
Doubtful claims	342.6 (418.0)	80.3 (104.5)	189.1 (236.8)	52.32% (57.73%)	78.63% (81.68%)
Claims in need of special attention	486.5 (571.4)	176.9 (210.1)	209.5 (226.9)	63.85% (61.01%)	79.41% (76.49%)
Subtotal	999.2 (1,107.1)	272.6 (325.4)	553.3 (570.8)	61.12% (60.68%)	82.65% (80.95%)
Normal claims	89,622.3 (89,636.1)	–	–	–	–
Total	90,621.6 (90,743.2)	–	–	–	–
Percentage of disclosed claims to total claims	1.10% (1.22%)	–	–	–	–

(Note) The upper figures are as of September 30, 2017. The lower figures with parentheses are as of March 31, 2017.

(2) Securities

Securities decreased by ¥835.6 billion from the end of the previous fiscal year to ¥42,451.4 billion. Japanese government bonds decreased by ¥2,962.6 billion, while equity securities and other securities increased by ¥348.9 billion and ¥1,391.5 billion, respectively.

(Billions of yen)

	Previous fiscal year (A)	Current semi-annual period (B)	Change (B - A)
Securities	43,287.1	42,451.4	(835.6)
Japanese government bonds	21,043.3	18,080.7	(2,962.6)
Municipal bonds	1,009.7	1,250.5	240.7
Corporate bonds	2,441.0	2,586.7	145.7
Equity securities	4,473.9	4,822.9	348.9
Other securities	14,319.0	15,710.5	1,391.5

(Note) Other securities include foreign bonds and foreign equity securities.

3. Cash Flows

As stated in “II. Business Overview, 1. Summary of Results (Summary of cash flows).”

4. Results of Operations by Business Unit

Results of operations for the current semi-annual period posted by business units which are segmented based on the internal management classification.

[Principal business conducted by each business unit]

Retail Banking Business Unit : Providing financial services to individual customers in Japan
 Corporate Banking Business Unit: Providing financial services to corporate customers in Japan
 Global Business Unit : Providing financial services to overseas individual and corporate customers
 Of which, MUAH : MUFG Americas Holdings Corporation (including its banking subsidiary, MUFG Union Bank, N.A.)
 Of which, Bank of Ayudhya : Commercial bank in Thailand
 Global Markets Unit : Foreign exchange, funds and securities transactions for customers and markets, liquidity and cash management
 Other units : Settlement and custody services, investments, internal coordination, etc.

(Billions of yen)

	Retail Banking Business Unit	Corporate Banking Business Unit	Global Business Unit			Customer business units subtotal (Note 3)	Global Markets Unit	Other units (Note 4)	Total
				MUAH	Bank of Ayudhya (Note 2)				
Gross operating income	225.1	370.7	617.3	217.9	149.1	1,120.3	200.3	9.5	1,330.3
Non-consolidated	203.6	326.9	219.8	–	–	691.8	178.9	31.7	902.5
Net interest income	159.3	140.3	112.2	–	–	382.3	28.7	86.7	497.7
Net non-interest income	44.2	186.5	107.5	–	–	309.4	150.2	(54.9)	404.7
Subsidiaries	21.5	43.8	397.5	217.9	149.1	428.5	21.4	(22.1)	427.8
Expenses	198.5	232.3	419.6	159.3	75.8	774.0	45.4	55.6	875.1
Net operating income (Note 1)	26.5	138.4	197.6	58.5	73.2	346.3	154.8	(46.0)	455.1

(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. Amounts related to Bank of Ayudhya are calculated based on the accounting standards in Thailand.

3. “Corporate Banking Business Unit” and “Global Business Unit” record revenue and expenses related to Japanese corporate transactions in overseas countries, but the same amounts are deducted in “Customer business units subtotal.” Gross operating income, expenses and net operating income deducted in “Customer business units subtotal” are ¥92.8 billion, ¥76.4 billion and ¥16.4 billion, respectively.

4. Other units' gross operating income excludes dividends from subsidiaries and income from the loans to Mitsubishi UFJ Financial Group, Inc.

- (1) Retail Banking Business Unit

Income from the sales of fund management products was weak due to declining rates on fees and commissions. As a result, gross operating income fell below the amount of the previous fiscal year.

- (2) Corporate Banking Business Unit

Income from customer deposits in yen and income from loans decreased due to the impact of declining market rates and continued declines in loan spreads, while the unit continued its efforts to improve income from fees and commissions.

- (3) Global Business Unit

Though gross operating income in the Americas and East Asia fell below that of the previous fiscal year mainly due to decreases in income from loans and fees and commissions, gross operating income in Asia & Oceania and the Bank of Ayudhya exceeded the amount of the previous fiscal year.

- (4) Global Markets Unit

While income fell below that of the previous fiscal year mainly in sales, trading and multicurrency ALM, the unit aimed for agile management in response to changes in the external environment.

III. 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 semi-annual period (September 30, 2017)	Number of shares issued as of the date of submission (November 29, 2017)	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)
From April 1, 2017 to September 30, 2017	–	12,707,738	–	1,711,958	–	1,711,958

(3) Status of major shareholders

By number of shares held

As of September 30, 2017

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	97.18
(Treasury stock) The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2-7-1, Marunouchi, Chiyoda-ku, Tokyo	357,700	2.81
Total	–	12,707,738	100.00

By number of voting rights held

As of September 30, 2017

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 September 30, 2017

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 September 30, 2017

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. Changes in Share Prices

Not applicable as the Bank's stock is not listed.

3. Directors and Corporate Auditors

There are no changes in Directors or Corporate Auditors by the date of submission of this semi-annual securities report after the date of submission of the annual securities report for the previous fiscal year.

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of The Bank of Tokyo-Mitsubishi UFJ, Ltd.:

We have reviewed the accompanying semi-annual consolidated balance sheet of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (the "Bank") and its subsidiaries as of September 30, 2017, and the related semi-annual consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month periods ended September 30, 2017 and 2016, all expressed in Japanese yen, and the related notes.

Management's Responsibility

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

Accountant's Responsibility

Our responsibility is to express a conclusion on these semi-annual consolidated financial statements based on our reviews. We conducted our reviews in accordance with review standards for semi-annual financial statements generally accepted in Japan. A review of semi-annual financial statements consists of making inquiries, primarily of management and persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in Japan and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. We believe that we have obtained the evidence to provide a basis for our review conclusion.

Accountant's Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying semi-annual consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Bank and its subsidiaries as of September 30, 2017, and the consolidated results of their operations and their cash flows for the six-month periods ended September 30, 2017 and 2016, in accordance with accounting principles for semi-annual consolidated financial statements generally accepted in Japan.

We have previously audited, in accordance with auditing standards generally accepted in Japan, the consolidated balance sheet of the Bank and its subsidiaries as of March 31, 2017, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended (not presented herein); and in our report dated June 27, 2017, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of March 31, 2017, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Our reviews also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, based upon our reviews, nothing has come to our attention that causes us to believe that such translation has not been made in accordance with the basis stated in Note 1 to the semi-annual consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.



November 24, 2017 (December 27, 2017 as to Note 24)

**Semi-annual Consolidated Financial Statements (Unaudited) and
Consolidated Financial Statements**

The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Subsidiaries

**Semi-annual Consolidated Balance Sheet (Unaudited) as of September 30, 2017 and
Consolidated Balance Sheet as of March 31, 2017**

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	September 30	March 31	September 30
	<u>2017</u>	<u>2017</u>	<u>2017</u>
ASSETS:			
Cash and due from banks (Notes 3, 4, 12 and 21)	¥ 55,780,381	¥ 49,105,070	\$ 494,814
Call loans and bills bought (Note 21)	582,686	554,313	5,169
Receivables under resale agreements (Note 21)	2,663,784	2,473,291	23,630
Receivables under securities borrowing transactions (Note 21)	5,962,867	6,225,799	52,895
Monetary claims bought (Notes 4, 12 and 21)	4,374,295	4,612,670	38,803
Trading assets (Notes 12 and 21)	6,256,440	6,697,587	55,499
Money held in trust (Notes 5 and 21)	24,083	27,640	214
Securities (Notes 4, 6, 11, 12 and 21)	42,451,496	43,287,183	376,577
Loans and bills discounted (Notes 7, 12, 13 and 21)	94,826,956	95,121,265	841,187
Foreign exchange (Note 21)	2,038,776	2,006,259	18,085
Tangible fixed assets (Note 8)	1,093,353	1,076,740	9,699
Intangible fixed assets	849,867	876,781	7,539
Asset for retirement benefits	379,831	337,225	3,369
Deferred tax assets	18,721	25,213	166
Customers' liabilities for acceptances and guarantees (Note 11)	8,505,781	8,492,151	75,453
Other assets	9,754,876	8,985,185	86,533
Allowance for credit losses	(686,224)	(796,010)	(6,087)
Total assets	<u>¥ 234,877,976</u>	<u>¥ 229,108,371</u>	<u>\$ 2,083,545</u>

The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Subsidiaries

Semi-annual Consolidated Balance Sheet (Unaudited) as of September 30, 2017 and Consolidated Balance Sheet as of March 31, 2017

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	September 30	March 31	September 30
	<u>2017</u>	<u>2017</u>	<u>2017</u>
LIABILITIES:			
Deposits (Notes 12 and 21)	¥ 157,750,734	¥ 154,710,129	\$ 1,399,368
Negotiable certificates of deposit (Note 21)	6,755,274	6,640,060	59,924
Call money and bills sold (Note 21)	450,558	394,119	3,997
Payables under repurchase agreements (Note 21)	8,772,032	7,382,733	77,815
Payables under securities lending transactions (Note 21)	3,194,482	3,119,310	28,337
Commercial paper (Note 21)	1,784,351	1,692,088	15,829
Trading liabilities (Notes 12 and 21)	4,126,151	4,276,059	36,602
Borrowed money (Notes 10, 12 and 21)	17,525,665	16,352,022	155,466
Foreign exchange (Note 21)	2,196,059	2,159,004	19,481
Bonds payable (Notes 10 and 21)	3,792,192	4,310,796	33,640
Reserve for employee bonuses	33,296	39,297	295
Reserve for bonuses to directors	32	114	0
Reserve for stocks payment	4,934	5,003	44
Liability for retirement benefits	50,386	49,023	447
Reserve for retirement benefits to directors	354	463	3
Reserve for loyalty award credits	10,781	9,911	96
Reserve for contingent losses	173,518	167,316	1,539
Acceptances and guarantees (Note 11)	8,505,781	8,492,151	75,453
Deferred tax liabilities	588,080	454,032	5,217
Deferred tax liabilities for land revaluation (Note 9)	119,254	120,147	1,058
Other liabilities	6,230,825	6,307,505	55,272
Total liabilities	¥ 222,064,750	¥ 216,681,292	\$ 1,969,882
EQUITY (Notes 15, 16 and 20):			
Common stock:			
Authorized, 33,000,000 thousand shares;			
issued, 12,350,038 thousand shares as of September 30 and March 31, 2017, with no stated value			
	¥ 1,586,958	¥ 1,586,958	\$ 14,078
Preferred stock:			
Authorized, 1,157,700 thousand shares;			
issued, 357,700 thousand shares as of September 30 and March 31, 2017, with no stated value			
	125,000	125,000	1,109
Capital surplus	3,667,957	3,668,009	32,538
Retained earnings	4,771,335	4,578,772	42,325
Treasury stock—at cost 357,700 thousand shares as of September 30 and March 31, 2017	(645,700)	(645,700)	(5,728)
Total shareholders' equity	<u>9,505,550</u>	<u>9,313,039</u>	<u>84,321</u>
Accumulated other comprehensive income:			
Net unrealized gain on available-for-sale securities (Note 6)	1,863,872	1,610,220	16,534
Net deferred gain on derivatives under hedge accounting	121,287	142,155	1,076
Land revaluation surplus (Note 9)	226,201	228,160	2,007
Foreign currency translation adjustments	220,923	283,319	1,960
Defined retirement benefit plans	(33,611)	(53,525)	(298)
Total accumulated other comprehensive income	<u>2,398,673</u>	<u>2,210,330</u>	<u>21,278</u>
Noncontrolling interests	909,001	903,707	8,064
Total equity	12,813,225	12,427,078	113,663
Total liabilities and equity	¥ 234,877,976	¥ 229,108,371	\$ 2,083,545

See the accompanying notes to semi-annual consolidated financial statements.

The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Subsidiaries

**Semi-annual Consolidated Statements of Income (Unaudited)
For the Six-Month Periods Ended September 30, 2017 and 2016**

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	Six-Month Periods Ended September 30		Six-Month Period Ended September 30
	<u>2017</u>	<u>2016</u>	<u>2017</u>
INCOME:			
Interest income:	¥ 1,283,363	¥ 1,141,444	\$ 11,384
Interest on loans and bills discounted	849,671	730,598	7,537
Interest and dividends on securities	229,731	269,184	2,038
Trust fees	6,625	6,293	59
Fees and commissions	426,115	411,884	3,780
Trading income	37,791	79,913	335
Other operating income	220,597	185,023	1,957
Other income (Note 17)	180,928	146,762	1,605
Total income	2,155,420	1,971,322	19,120
EXPENSES:			
Interest expenses:	474,477	307,876	4,209
Interest on deposits	180,379	116,971	1,600
Fees and commissions	87,719	80,257	778
Trading expenses	583	944	5
Other operating expenses	50,585	61,435	449
General and administrative expenses	913,080	844,131	8,100
Other expenses (Note 18)	89,396	147,328	793
Total expenses	1,615,843	1,441,973	14,334
Income before income taxes	539,577	529,349	4,786
Income taxes:			
Current	104,508	106,324	927
Deferred	38,356	17,442	340
Total income taxes	142,865	123,767	1,267
Net income before attribution of noncontrolling interests	396,712	405,581	3,519
Net income attributable to noncontrolling interests	20,689	30,736	184
Net income attributable to the shareholders of The Bank of Tokyo-Mitsubishi UFJ	¥ <u>376,022</u>	¥ <u>374,844</u>	\$ <u>3,336</u>
	Yen		U.S. Dollars
	Six-Month Periods Ended September 30		Six-Month Period Ended September 30
	<u>2017</u>	<u>2016</u>	<u>2017</u>
Per share of common stock (Note 16 and 20):			
Basic earnings per common share	¥ 30.44	¥ 30.35	\$ 0.27
Diluted earnings per common share	30.44	30.35	0.27
Cash dividends applicable to the reporting period per common share	12.12	8.13	0.11

See the accompanying notes to semi-annual consolidated financial statements.

The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Subsidiaries

**Semi-annual Consolidated Statements of Comprehensive Income (Unaudited)
For the Six-Month Periods Ended September 30, 2017 and 2016**

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	Six-Month Periods Ended September 30		Six-Month Period Ended September 30
	<u>2017</u>	<u>2016</u>	<u>2017</u>
Net income before attribution of noncontrolling interests	¥ 396,712	¥ 405,581	\$ 3,519
Other comprehensive income (loss):			
Unrealized gain (loss) on available-for-sale securities	251,319	(39,239)	2,229
Deferred (loss) gain on derivatives under hedge accounting	(20,903)	12,941	(185)
Land revaluation surplus	(6)	(15)	(0)
Foreign currency translation adjustments	(53,695)	(489,644)	(476)
Defined retirement benefit plans	19,975	27,293	177
Share of other comprehensive loss in associates accounted for using the equity method	(5,597)	(28,392)	(50)
Total other comprehensive income (loss)	<u>191,091</u>	<u>(517,058)</u>	<u>1,695</u>
Comprehensive income (loss)	<u>¥ 587,803</u>	<u>¥ (111,477)</u>	<u>\$ 5,214</u>
Total comprehensive income (loss) attributable to:			
The shareholders of The Bank of Tokyo-Mitsubishi UFJ	¥ 566,395	¥ (120,984)	\$ 5,024
Noncontrolling interests	21,407	9,507	190

See the accompanying notes to semi-annual consolidated financial statements.

The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Subsidiaries

Semi-annual Consolidated Statements of Changes in Equity (Unaudited) For the Six-Month Periods Ended September 30, 2017 and 2016

	Millions of Yen												
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Accumulated other comprehensive income						Noncontrolling interests	Total equity
						Unrealized gain on available-for-sale securities	Deferred gain on derivatives under hedge accounting	Land revaluation surplus	Foreign currency translation adjustments	Defined retirement benefit plans	Total accumulated other comprehensive income		
BALANCE, APRIL 1, 2016	¥ 1,711,958	¥ 3,657,605	¥ 4,334,142	¥ (645,700)	¥ 9,058,006	¥ 1,811,614	¥ 421,257	¥ 234,399	¥ 392,298	¥ (158,343)	¥ 2,701,226	¥ 1,359,055	¥ 13,118,288
Dividends paid	-	-	(266,884)	-	(266,884)	-	-	-	-	-	-	-	(266,884)
Net income attributable to the shareholders of The Bank of Tokyo-Mitsubishi UFJ	-	-	374,844	-	374,844	-	-	-	-	-	-	-	374,844
Reversal of land revaluation surplus	-	-	4,570	-	4,570	-	-	-	-	-	-	-	4,570
Other changes in the period	-	-	-	-	-	(38,219)	13,020	(4,586)	(497,884)	27,269	(500,399)	(406,568)	(906,968)
BALANCE, SEPTEMBER 30, 2016	¥ 1,711,958	¥ 3,657,605	¥ 4,446,673	¥ (645,700)	¥ 9,170,537	¥ 1,773,394	¥ 434,278	¥ 229,812	¥ (105,585)	¥ (131,073)	¥ 2,200,826	¥ 952,486	¥ 12,323,850
BALANCE, APRIL 1, 2017	¥ 1,711,958	¥ 3,668,009	¥ 4,578,772	¥ (645,700)	¥ 9,313,039	¥ 1,610,220	¥ 142,155	¥ 228,160	¥ 283,319	¥ (53,525)	¥ 2,210,330	¥ 903,707	¥ 12,427,078
Dividends paid	-	-	(185,411)	-	(185,411)	-	-	-	-	-	-	-	(185,411)
Net income attributable to the shareholders of The Bank of Tokyo-Mitsubishi UFJ	-	-	376,022	-	376,022	-	-	-	-	-	-	-	376,022
Reversal of land revaluation surplus	-	-	1,952	-	1,952	-	-	-	-	-	-	-	1,952
Changes in equity of consolidated subsidiaries	-	(52)	-	-	(52)	-	-	-	-	-	-	-	(52)
Other changes in the period	-	-	-	-	-	253,651	(20,867)	(1,959)	(62,395)	19,913	188,342	5,293	193,635
BALANCE, SEPTEMBER 30, 2017	¥ 1,711,958	¥ 3,667,957	¥ 4,771,335	¥ (645,700)	¥ 9,505,550	¥ 1,863,872	¥ 121,287	¥ 226,201	¥ 220,923	¥ (33,611)	¥ 2,398,673	¥ 909,001	¥ 12,813,225

The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Subsidiaries

Semi-annual Consolidated Statements of Changes in Equity (Unaudited) For the Six-Month Periods Ended September 30, 2017 and 2016

	Millions of U.S. Dollars (Note 1)												
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Accumulated other comprehensive income						Noncontrolling interests	Total equity
						Unrealized gain on available-for-sale securities	Deferred gain on derivatives under hedge accounting	Land revaluation surplus	Foreign currency translation adjustments	Defined retirement benefit plans	Total accumulated other comprehensive income		
BALANCE, APRIL 1, 2017	\$ 15,186	\$ 32,538	\$ 40,617	\$ (5,728)	\$ 82,614	\$ 14,284	\$ 1,261	\$ 2,024	\$ 2,513	\$ (475)	\$ 19,607	\$ 8,017	\$ 110,238
Dividends paid	-	-	(1,645)	-	(1,645)	-	-	-	-	-	-	-	(1,645)
Net income attributable to the shareholders of The Bank of Tokyo-Mitsubishi UFJ	-	-	3,336	-	3,336	-	-	-	-	-	-	-	3,336
Reversal of land revaluation surplus	-	-	17	-	17	-	-	-	-	-	-	-	17
Changes in equity of consolidated subsidiaries	-	(0)	-	-	(0)	-	-	-	-	-	-	-	(0)
Other changes in the period	-	-	-	-	-	2,250	(185)	(17)	(553)	177	1,671	47	1,718
BALANCE, SEPTEMBER 30, 2017	\$ 15,186	\$ 32,538	\$ 42,325	\$ (5,728)	\$ 84,321	\$ 16,534	\$ 1,076	\$ 2,007	\$ 1,960	\$ (298)	\$ 21,278	\$ 8,064	\$ 113,663

See the accompanying notes to semi-annual consolidated financial statements.

The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Subsidiaries

Semi-annual Consolidated Statements of Cash Flows (Unaudited)
For the Six-Month Periods Ended September 30, 2017 and 2016

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	Six-Month Periods Ended September 30		Six-Month Period Ended September 30
	2017	2016	2017
OPERATING ACTIVITIES:			
Income before income taxes	¥ 539,577	¥ 529,349	\$ 4,786
Adjustments for:			
Income taxes paid	(112,461)	(157,894)	(998)
Income taxes refunds	12,727	9,086	113
Depreciation and amortization	108,657	103,927	964
Impairment loss on long-lived assets	8,097	2,601	72
Amortization of goodwill	7,839	6,890	70
Equity in earnings of the equity method investees	(18,251)	(9,997)	(162)
Decrease in allowance for credit losses	(108,691)	(98,851)	(964)
Decrease in reserve for employee bonuses	(6,120)	(7,367)	(54)
Decrease in reserve for bonuses to directors	(82)	(63)	(1)
(Decrease) increase in reserve for stocks payment	(68)	445	(1)
Increase in asset for retirement benefits	(43,717)	(41,863)	(388)
Increase (decrease) in liability for retirement benefits	1,030	(257)	9
Decrease in reserve for retirement benefits to directors	(108)	(85)	(1)
Increase in reserve for loyalty award credits	739	580	7
Increase in reserve for contingent losses	6,773	44,580	60
Interest income (accrual basis)	(1,283,363)	(1,141,444)	(11,384)
Interest expenses (accrual basis)	474,477	307,876	4,209
Gains on securities	(114,088)	(100,822)	(1,012)
Losses on money held in trust	5,779	5,117	51
Foreign exchange (gains) losses	(271,041)	1,812,226	(2,404)
Losses (gains) on disposition of fixed assets	1,538	(4,947)	14
Decrease (increase) in trading assets	403,299	(2,699)	3,578
Decrease in trading liabilities	(133,055)	(473,672)	(1,180)
Adjustment of unsettled trading accounts	(73,762)	(22,003)	(654)
Net decrease in loans and bills discounted	23,971	7,011,711	213
Net increase in deposits	3,381,910	1,996,332	30,000
Net increase (decrease) in negotiable certificates of deposit	119,192	(2,372,166)	1,057
Net increase in borrowed money (excluding subordinated borrowings)	937,438	2,126,009	8,316
Net (increase) decrease in due from banks (excluding cash equivalents)	(832,673)	585,020	(7,386)
Net (increase) decrease in call loans, bills bought and receivables under resale agreements	(49,477)	81,595	(439)
Net decrease (increase) in receivables under securities borrowing transactions	237,628	(1,295,597)	2,108
Net increase (decrease) in call money, bills sold and payables under repurchase agreements	1,557,640	(251,118)	13,817
Net increase (decrease) in commercial paper	93,442	(456,808)	829
Net increase in payables under securities lending transactions	78,359	1,635,753	695
Net increase in foreign exchange assets	(29,355)	(227,804)	(260)
Net increase (decrease) in foreign exchange liabilities	37,500	(380,712)	333
Decrease in straight bonds issuance and redemption	(356,394)	(587,486)	(3,161)
Interest and dividends received (cash basis)	1,298,215	1,199,480	11,516
Interest paid (cash basis)	(460,551)	(307,461)	(4,085)
Other-net	(1,154,760)	(321,739)	(10,244)
Total adjustments	3,748,234	8,666,368	33,250
Net cash provided by operating activities	¥ 4,287,812	¥ 9,195,717	\$ 38,036

The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Subsidiaries

**Semi-annual Consolidated Statements of Cash Flows (Unaudited)
For the Six-Month Periods Ended September 30, 2017 and 2016**

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	Six-Month Periods Ended September 30		Six-Month Period Ended September 30
	<u>2017</u>	<u>2016</u>	<u>2017</u>
INVESTING ACTIVITIES:			
Purchases of securities	¥ (31,478,790)	¥ (19,625,727)	\$ (279,241)
Proceeds from sales of securities	16,626,819	11,283,911	147,492
Proceeds from redemption of securities	16,580,902	9,910,959	147,085
Increase in money held in trust	(11,887)	(1)	(105)
Decrease in money held in trust	9,520	14,066	84
Purchases of tangible fixed assets	(58,559)	(41,821)	(519)
Purchases of intangible fixed assets	(64,396)	(71,035)	(571)
Proceeds from sales of tangible fixed assets	3,001	12,123	27
Proceeds from sales of intangible fixed assets	697	2,882	6
Proceeds from sales of stocks of subsidiaries resulting in change in the scope of consolidation	–	2,761	–
Other-net	(77)	(270)	(1)
Net cash provided by investing activities	<u>1,607,228</u>	<u>1,487,849</u>	<u>14,257</u>
FINANCING ACTIVITIES:			
Increase in subordinated borrowings	332,000	281,000	2,945
Decrease in subordinated borrowings	(30,000)	(15,000)	(266)
Proceeds from issuance of subordinated bonds and bonds with subscription rights to shares	56,035	7	497
Payments for redemption of subordinated bonds and bonds with subscription rights to shares	(181,082)	(241,037)	(1,606)
Proceeds from issuance of common stock to noncontrolling interests	2,182	101	19
Repayments to noncontrolling interests	(16)	–	(0)
Payments for redemption of preferred stocks and others	–	(330,560)	–
Cash dividends paid	(178,828)	(266,884)	(1,586)
Cash dividends paid to noncontrolling interests	(15,735)	(32,540)	(140)
Net cash used in financing activities	<u>(15,444)</u>	<u>(604,913)</u>	<u>(137)</u>
Effect of foreign exchange rate changes on cash and cash equivalents	<u>(20,386)</u>	<u>(144,432)</u>	<u>(181)</u>
Net increase in cash and cash equivalents	5,859,210	9,934,220	51,976
Cash and cash equivalents, beginning of period	<u>20,086,245</u>	<u>7,513,181</u>	<u>178,180</u>
Cash and cash equivalents, end of period (Note 3)	<u>¥ 25,945,455</u>	<u>¥ 17,447,401</u>	<u>\$ 230,156</u>

See the accompanying notes to semi-annual consolidated financial statements.

The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Subsidiaries

Notes to Semi-annual Consolidated Financial Statements (Unaudited) for the six months ended September 30, 2017 and 2016 and Consolidated Financial Statements for the fiscal year ended March 31, 2017

1. BASIS OF PRESENTING SEMI-ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

The semi-annual consolidated financial statements of The Bank of Tokyo-Mitsubishi UFJ, 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 semi-annual 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 semi-annual consolidated financial statements, certain reclassifications and rearrangements have been made to the semi-annual 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 consolidated balance sheet as of March 31, 2017 and the semi-annual consolidated financial statements for the six-month period ended September 30, 2016 (except for balance sheet related items) to conform to the classifications used in the semi-annual consolidated financial statements as of September 30, 2017 and for the six-month period then ended.

These semi-annual consolidated financial statements should be read in conjunction with the Bank’s consolidated financial statements and notes thereto included in the Bank’s Annual report for the fiscal year ended March 31, 2017.

All Japanese yen figures in the semi-annual 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 semi-annual 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 ¥112.73 to U.S. \$1, the approximate rate of exchange as of September 30, 2017. Such translations should not be construed as representations that the Japanese yen amounts can be converted into U.S. dollars at that or any other rate.

All U.S. dollar amounts in the semi-annual 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 semi-annual consolidated financial statements include the accounts of the Bank and its subsidiaries (together, the “Group”). There were 125 and 127 subsidiaries as of September 30, 2017 and March 31, 2017, 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 48 and 50 affiliates were accounted for using the equity method as of September 30, 2017 and March 31, 2017, respectively.

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 September 30, 2017 and March 31, 2017 were as follows:

MUFG Americas Holdings Corporation (“MUAH”)
Bank of Ayudhya Public Company Limited (“Bank of Ayudhya”)

Changes in the subsidiaries in the six-month period ended September 30, 2017 were as follows:

MUFG Investor Services (US), LLC and another company were newly included in the scope of consolidation due to reasons such as contribution in kind of shares of these companies to MUFG Americas Holdings Corporation by MUFG

on July 1, 2017.

BTMU Preferred Capital 4 Limited and other three companies were excluded from the scope of consolidation due to reasons such as liquidation in the six-month period ended September 30, 2017.

Changes in the subsidiaries in the fiscal year ended March 31, 2017 were as follows:

MUFG Securities America Inc. and other eight companies were newly included in the scope of consolidation due to reasons such as contribution in kind of shares of these companies to MUAH by MUFG on July 1, 2016.

- B) There were no unconsolidated subsidiaries as of September 30, 2017 and March 31, 2017.
- C) There were no companies which were not regarded as subsidiaries, although the majority of voting rights were owned by the Bank as of September 30, 2017 and March 31, 2017.
- 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 September 30, 2017 and March 31, 2017.

2) Application of the equity method

- A) Major affiliates accounted for using the equity method as of September 30, 2017 and March 31, 2017 were as follows:

Dah Sing Financial Holdings Limited
Vietnam Joint Stock Commercial Bank for Industry and Trade

Changes in the affiliates accounted for using the equity method in the six-month period ended September 30, 2017 were as follows:

BOT LEASE MEXICO S.A. DE C.V. was newly accounted for using the equity method in the six-month period ended September 30, 2017 due to new establishment.

Mitsubishi UFJ Investor Services & Banking (Luxembourg) S.A. and two other companies were excluded from affiliates accounted for using the equity method in the six-month period ended September 30, 2017 due to a decrease in ownership of voting rights resulting from dividends in kind of shares.

Changes in the affiliates accounted for using the equity method in the fiscal year ended March 31, 2017 were as follows: Security Bank Corporation ("Security Bank") was newly accounted for using the equity method due to acquisition of shares in the fiscal year ended March 31, 2017. In addition, THE TAISHO BANK, LTD. and other eight companies were excluded from affiliates accounted for using the equity method due to the decrease in ownerships resulting from the share exchange.

- B) There were no unconsolidated subsidiaries which were accounted for using the equity method as of September 30, 2017 and March 31, 2017.
- C) There were no unconsolidated subsidiaries which were not accounted for using the equity method as of September 30, 2017 and March 31, 2017.
- D) There were no affiliates which were not accounted for using the equity method as of September 30, 2017 and March 31, 2017.
- E) The following companies as of September 30, 2017 and March 31, 2017 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 subsidiaries held such ownerships as venture capital for the purpose of incubating their investees or earning capital gains through business revitalization, not for the purpose of controlling those entities:

As of September 30, 2017:

EDP Corporation
Eil Inc.
Fun Place Co., Ltd.

As of March 31, 2017:

EDP Corporation
Eil Inc.

- 3) The six-month period ending dates and fiscal year ending dates of subsidiaries
 A) The six-month period ending dates of subsidiaries as of September 30, 2017 were as follows:

	Number of subsidiaries
April 30	1
June 30	86
July 24	4
September 30	34

The fiscal year ending dates of subsidiaries as of March 31, 2017 were as follows:

	Number of subsidiaries
October 31	1
December 31	86
January 24	6
March 31	34

- B) The subsidiary with the six-month period ending April 30 is consolidated based on the preliminary financial statements for the six-month period ended July 31.

Other subsidiaries are consolidated based on the financial information as of their six-month period ending dates or fiscal year ending dates.

Adjustments were made in the semi-annual consolidated financial statements to reflect significant transactions occurring in the period between the six-month period ending dates of subsidiaries and September 30, 2017, and in the consolidated financial statements to reflect significant transactions occurring in the period between the fiscal year ending dates of subsidiaries and March 31, 2017.

(2) Accounting Policies Applied to Foreign Subsidiaries for the Semi-annual Consolidated Financial Statements

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

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

(3) Cash and Cash Equivalents

For the purpose of the semi-annual consolidated statements of cash flows, “Cash and cash equivalents” represent “Cash and due from banks” excluding time deposits and negotiable certificates of deposit included in due from banks.

(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 semi-annual consolidated balance sheet at fair value. The related unrealized or realized gains and losses are included in “Trading income (expenses)” in the semi-annual consolidated statements of income.
- 2) Held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are reported at amortized cost (using the straight-line method) based on the moving-average method.
- 3) Available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value, with unrealized gain (loss), net of applicable taxes, reported in a separate component of equity, except for unrealized gain (loss) which is recognized in profit or loss by applying the fair value hedge accounting.

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

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

For declines in fair value that are not recoverable, securities are reduced to net realizable value by a charge to income. Securities included in “Money held in trust” are also classified into the three categories outlined above.

The components of trust assets in “Money held in trust” are accounted for based on the standard appropriate for each asset type. 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 recorded based on the semi-annual period allocation of the estimated depreciation amount for the full year computed 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 computed using the straight-line method over the estimated useful lives.

Depreciation of “Lease assets” included in “Tangible fixed assets” is computed 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” included in “Intangible fixed assets” is computed using the straight-line method over respective lease periods.

(7) *Deferred Charges*

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

(8) *Allowance for Credit Losses*

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

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

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

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

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

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

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

For collateralized or guaranteed claims of bankrupt borrowers or virtually bankrupt borrowers, the amount of claims less estimated value of collateral or guarantees is deemed to be uncollectible and written off against the outstanding amount of claims. The amount of write-offs was ¥350,992 million (\$3,114 million) and ¥344,163 million as of September 30, 2017 and March 31, 2017, respectively.

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

claims.

(9) Reserve for Employee Bonuses

“Reserve for employee bonuses” is provided for estimated payment of bonuses to employees attributable to the respective semi-annual periods.

(10) Reserve for Bonuses to Directors

“Reserve for bonuses to directors” is provided for estimated payment of bonuses to directors attributable to the respective semi-annual periods.

(11) Reserve for Stocks Payment

“Reserve for stocks payment,” which is provided for estimated compensation under a stock compensation plan for directors and other executives, is recorded in the amount deemed accrued at the semi-annual 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 semi-annual consolidated balance sheet date. The projected benefit obligations are attributed to periods on a benefit formula basis.

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

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

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

(13) Reserve for Retirement Benefits to Directors

“Reserve for retirement benefits to directors,” which is provided for payments of retirement benefits to directors of certain subsidiaries, is recorded in the amount deemed accrued at the semi-annual 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 semi-annual consolidated period-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 semi-annual period-end dates.

(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 computed using the straight-line method over the lease term with zero residual value unless residual value is guaranteed in the corresponding lease contracts.

(As lessor)

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

(18) Derivatives and Hedging Activities

Derivatives are stated at fair value.

1) Hedge accounting for interest rate risks

The Bank has adopted the deferred hedge accounting method for hedging transactions for interest rate risks arising from monetary assets and liabilities. Portfolio hedging or individual hedging, as described in the Japanese Institute of Certified

Public Accountants (“JICPA”) Industry Audit Committee Report No. 24 “Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry” (February 13, 2002) and JICPA Accounting Committee Report No. 14 “Practical Guidelines for Accounting for Financial Instruments” (January 31, 2000), are primarily applied to determine hedged items.

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

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

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

2) Hedge accounting for foreign currency risks

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

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

3) Hedge accounting for share price fluctuation risks

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

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

4) Transactions among consolidated companies

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

(19) 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 expensed when incurred.

(20) 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.

(21) Per Share Information

Basic earnings per common share is computed 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 reflects the potential dilution that could occur if securities were exercised or converted into common shares. Diluted earnings per common share assumes 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.

Cash dividends per common share presented in the semi-annual consolidated statements of income are dividends applicable to the respective semi-annual periods including dividends to be paid after the end of the semi-annual period.

(22) Additional Information

As part of the “Functional Realignment” of MUFG and its subsidiaries (together, the “MUFG Group”), the Board of Directors’ meeting of the Bank held on May 15, 2017 resolved a policy to make Mitsubishi UFJ Kokusai Asset Management Co., Ltd. (“MUKAM”) a wholly-owned subsidiary of Mitsubishi UFJ Trust and Banking Corporation (“MUTB”) effective on April 1, 2018 by transferring the equity interests in MUKAM owned by the Bank and Mitsubishi UFJ Securities Holdings Co., Ltd. (“MUSHD”) to MUTB.

The specific method of transferring the equity interests is now under consideration and the amount of impact cannot be estimated at this moment.

3. CASH AND CASH EQUIVALENTS

The reconciliation of “Cash and cash equivalents” in the semi-annual consolidated statements of cash flows and “Cash and due from banks” in the semi-annual consolidated balance sheets as of September 30, 2017 and 2016 was as follows:

	Millions of Yen		Millions of U.S. Dollars
	September 30, 2017	September 30, 2016	September 30, 2017
Cash and due from banks	¥ 55,780,381	¥ 46,489,289	\$ 494,814
Less: Time deposits and negotiable certificates of deposit included in due from banks	(29,834,925)	(29,041,887)	(264,658)
Cash and cash equivalents	¥ 25,945,455	¥ 17,447,401	\$ 230,156

4. SECURITIES

Securities as of September 30, 2017 and March 31, 2017 include equity securities in affiliates of ¥377,827 million (\$3,352 million) and ¥389,295 million, respectively and capital subscriptions to entities such as limited liability companies of ¥4,848 million (\$43 million) and ¥3,629 million, respectively.

Securities loaned under unsecured securities lending transactions amounted to ¥400,687 million (\$3,554 million) and ¥341,352 million as of September 30, 2017 and March 31, 2017, respectively.

For securities borrowed and purchased under resale agreements where the secured parties are permitted to sell or re-pledge the securities without restrictions, ¥8,329,332 million (\$73,887 million) and ¥7,698,491 million of such securities were re-pledged as of September 30, 2017 and March 31, 2017, respectively.

The remaining ¥4,473,027 million (\$39,679 million) and ¥5,692,199 million of these securities were held without disposition as of September 30, 2017 and March 31, 2017, respectively.

The following tables include negotiable certificates of deposit in “Cash and due from banks” and beneficial interests in trusts in “Monetary claims bought” in addition to “Securities.”

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

	Millions of Yen				
	September 30, 2017		Net unrealized gain (loss)	Unrealized gain	Unrealized loss
	Carrying amount	Fair value			
Japanese government bonds	¥ 1,100,891	¥ 1,141,160	¥ 40,268	¥ 40,268	¥ –
Foreign bonds	1,165,183	1,165,964	780	10,102	(9,321)
Other	968,708	974,512	5,803	5,882	(78)
Total	¥ 3,234,784	¥ 3,281,637	¥ 46,852	¥ 56,252	¥ (9,400)

Millions of Yen					
March 31, 2017					
	Carrying amount	Fair value	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Japanese government bonds	¥ 1,100,955	¥ 1,144,070	¥ 43,114	¥ 43,114	¥ –
Foreign bonds	1,207,962	1,206,186	(1,776)	10,187	(11,963)
Other	1,247,549	1,256,479	8,930	9,115	(185)
Total	¥ 3,556,466	¥ 3,606,736	¥ 50,269	¥ 62,418	¥ (12,148)

Millions of U.S. Dollars					
September 30, 2017					
	Carrying amount	Fair value	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Japanese government bonds	\$ 9,766	\$ 10,123	\$ 357	\$ 357	\$ –
Foreign bonds	10,336	10,343	7	90	(83)
Other	8,593	8,645	51	52	(1)
Total	\$ 28,695	\$ 29,111	\$ 416	\$ 499	\$ (83)

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

Millions of Yen					
September 30, 2017					
	Carrying amount	Acquisition cost	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Domestic equity securities	¥ 4,523,864	¥ 2,103,146	¥ 2,420,717	¥ 2,455,515	¥ (34,797)
Domestic bonds	20,817,005	20,562,100	254,904	266,008	(11,103)
Japanese government bonds	16,979,812	16,765,958	213,854	215,904	(2,049)
Municipal bonds	1,250,542	1,248,497	2,045	6,908	(4,862)
Corporate bonds	2,586,650	2,547,645	39,004	43,195	(4,191)
Foreign equity securities	136,199	66,661	69,538	70,673	(1,135)
Foreign bonds	12,344,179	12,380,637	(36,458)	49,101	(85,560)
Other	2,331,670	2,326,300	5,370	30,226	(24,856)
Total	¥ 40,152,919	¥ 37,438,847	¥ 2,714,072	¥ 2,871,525	¥ (157,453)

Millions of Yen					
March 31, 2017					
	Carrying amount	Acquisition cost	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Domestic equity securities	¥ 4,175,349	¥ 2,158,051	¥ 2,017,298	¥ 2,071,555	¥ (54,257)
Domestic bonds	23,393,006	23,038,325	354,680	364,065	(9,385)
Japanese government bonds	19,942,398	19,635,027	307,371	308,250	(879)
Municipal bonds	1,009,787	1,006,324	3,463	7,907	(4,444)
Corporate bonds	2,440,820	2,396,973	43,846	47,907	(4,061)
Foreign equity securities	183,756	134,923	48,833	59,145	(10,311)
Foreign bonds	10,770,489	10,842,027	(71,537)	48,815	(120,352)
Other	2,468,108	2,501,117	(33,009)	8,964	(41,974)
Total	¥ 40,990,710	¥ 38,674,445	¥ 2,316,265	¥ 2,552,546	¥ (236,280)

Millions of U.S. Dollars

	September 30, 2017				
	Carrying amount	Acquisition cost	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Domestic equity securities	\$ 40,130	\$ 18,656	\$ 21,474	\$ 21,782	\$ (309)
Domestic bonds	184,663	182,401	2,261	2,360	(98)
Japanese government bonds	150,624	148,727	1,897	1,915	(18)
Municipal bonds	11,093	11,075	18	61	(43)
Corporate bonds	22,946	22,600	346	383	(37)
Foreign equity securities	1,208	591	617	627	(10)
Foreign bonds	109,502	109,826	(323)	436	(759)
Other	20,684	20,636	48	268	(220)
Total	<u>\$ 356,187</u>	<u>\$ 332,111</u>	<u>\$ 24,076</u>	<u>\$ 25,473</u>	<u>\$ (1,397)</u>

Notes:

- Securities with the fair values determined using quoted market prices or reasonable estimates, whose fair value significantly declined compared with the acquisition cost, and is considered to be other than recoverable decline, are written down to the respective fair value which is recorded as the carrying amount on the semi-annual consolidated balance sheet. Impairment loss for the six month period ended September 30, 2017 was ¥2,783 million (\$25 million) which corresponds to debt securities and others.

Impairment loss for the fiscal year ended March 31, 2017 was ¥667 million, consisting of equity securities in an amount of ¥551 million and debt securities and others in an amount of ¥116 million.

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

- Bankrupt, virtually bankrupt, likely to become bankrupt issuers: Fair value is lower than acquisition cost.
- Issuers requiring close watch: Fair value has declined by 30% or more of the acquisition cost.
- 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.”

- “Net unrealized gain (loss)” included gains of ¥89,191 million (\$791 million) and ¥38,886 million for the six-month period ended September 30, 2017 and for the fiscal year ended March 31, 2017, respectively, which were recognized in profit or loss by applying the fair value hedge accounting.

5. MONEY HELD IN TRUST

There was no “Money held in trust” classified as held-to-maturity as of September 30, 2017 and March 31, 2017.

“Money held in trust” classified as other than trading and held-to-maturity as of September 30, 2017 and March 31, 2017 was as follows:

	Millions of Yen				
	September 30, 2017				
	Carrying amount	Acquisition cost	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Money held in trust classified as other than trading and held-to-maturity	¥ 2,068	¥ 2,068	¥ –	¥ –	¥ –

	Millions of Yen				
	March 31, 2017				
	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	¥ 3,994	¥ 3,994	¥ –	¥ –	¥ –

	Millions of U.S. Dollars				
	September 30, 2017				
	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	\$ 18	\$ 18	\$ –	\$ –	\$ –

6. UNREALIZED GAIN ON AVAILABLE-FOR-SALE SECURITIES

Unrealized gain on available-for-sale securities as of September 30, 2017 and March 31, 2017 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	September 30, 2017	March 31, 2017	September 30, 2017
Unrealized gain:	¥ 2,621,763	¥ 2,266,708	\$ 23,257
Available-for-sale securities	2,632,764	2,280,021	23,355
Money held in trust except for trading and held-to-maturity purpose	–	–	–
Securities reclassified from available-for-sale securities into held-to-maturity debt securities	(11,001)	(13,313)	(98)
Deferred tax liabilities	(756,015)	(652,280)	(6,706)
Unrealized gain on available-for-sale securities before adjustments by ownership share	1,865,747	1,614,428	16,551
Noncontrolling interests	(2,453)	(1,916)	(22)
Bank's ownership share in unrealized gain on available-for-sale securities held by affiliates accounted for using the equity method	577	(2,290)	5
Unrealized gain on available-for-sale securities	¥ 1,863,872	¥ 1,610,220	\$ 16,534

Notes:

1. Unrealized gain in the table above excludes ¥89,191 million (\$791 million) and ¥38,886 million of gains which were recognized in profit or loss by the fair value hedge accounting as of September 30, 2017 and March 31, 2017, respectively.
2. Unrealized gain in the table above includes ¥7,884 million (\$70 million) and ¥2,642 million of unrealized gain on available-for-sale securities invested in limited partnerships as of September 30, 2017 and March 31, 2017, respectively.

7. LOANS AND BILLS DISCOUNTED

Bills discounted and rediscounted are accounted for as financial transactions in accordance with “Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry” (JICPA Industry Audit Committee Report No. 24). The Bank has rights to sell or pledge these bills discounted. The total face value of bills discounted was ¥1,363,886 million (\$12,099 million) and ¥1,367,577 million as of September 30, 2017 and March 31, 2017, respectively. Of these, the total face value of foreign exchange bills bought which were transferred due to rediscounts of bills amounted to ¥3,862 million (\$34 million) and ¥3,936 million as of September 30, 2017 and March 31, 2017, respectively.

“Loans and bills discounted” as of September 30, 2017 and March 31, 2017 included the following loans:

	Millions of Yen		Millions of U.S. Dollars
	September 30, 2017	March 31, 2017	September 30, 2017
Loans to bankrupt borrowers	¥ 46,882	¥ 40,177	\$ 416
Non-accrual delinquent loans	561,030	637,459	4,977
Loans past due for three months or more	35,626	41,934	316
Restructured loans	512,421	577,766	4,546
Total	¥ 1,155,961	¥ 1,297,338	\$ 10,254

Note:

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

Loans to bankrupt borrowers are loans, after write-offs, to bankrupt borrowers as defined in Article 96-1-3-1 to 5 or 96-1-4 of “the Order for Enforcement of the Corporation Tax Act” (No. 97 in 1965) on which accrued interest income is not recognized (“Non-accrual loans”) as there is substantial doubt as to the collection of principal and/or interest because of delinquencies in payment of principal and/or interest for a significant period of time or for some other reasons.

Non-accrual delinquent loans represent non-accrual loans other than loans to bankrupt borrowers and loans renegotiated at concessionary terms, which include reduction or deferral of interest due to the borrower's weakened financial condition.

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

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

8. TANGIBLE FIXED ASSETS

The accumulated depreciation of "Tangible fixed assets" as of September 30, 2017 and March 31, 2017 amounted to ¥973,956 million (\$8,640 million) and ¥958,932 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," 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. BORROWED MONEY AND BONDS PAYABLE

"Borrowed money" and "Bonds payable" included the following subordinated borrowings or subordinated bonds as of September 30, 2017 and March 31, 2017:

	Millions of Yen		Millions of
	September 30, 2017	March 31, 2017	U.S. Dollars
Subordinated borrowings included in "Borrowed money"	¥ 2,196,720	¥ 1,895,550	\$ 19,487
Subordinated bonds included in "Bonds payable"	736,984	861,063	6,538

11. 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 assets, 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 September 30, 2017 and March 31, 2017 were ¥496,206 million (\$4,402 million) and ¥543,661 million, respectively.

12. ASSETS PLEDGED AS COLLATERAL

Assets pledged as collateral and their relevant liabilities as of September 30, 2017 and March 31, 2017 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	September 30, 2017	March 31, 2017	September 30, 2017
Assets pledged as collateral:			
Securities	¥ 409,833	¥ 3,431,812	\$ 3,636
Loans and bills discounted	12,116,538	8,718,526	107,483
Total	<u>¥ 12,526,371</u>	<u>¥ 12,150,339</u>	<u>\$ 111,118</u>
Relevant liabilities to above assets:			
Deposits	¥ 587,762	¥ 756,477	\$ 5,214
Trading liabilities	20,999	17,224	186
Borrowed money	12,113,163	11,450,352	107,453
Total	<u>¥ 12,721,925</u>	<u>¥ 12,224,054</u>	<u>\$ 112,853</u>

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
	September 30, 2017	March 31, 2017	September 30, 2017
Assets pledged as collateral:			
Cash and due from banks	¥ 7,289	¥ 4,319	\$ 65
Monetary claims bought	–	252,692	–
Trading assets	338,581	–	3,003
Securities	7,433,141	6,157,416	65,938
Loans and bills discounted	6,513,008	6,049,750	57,775
Total	<u>¥ 14,292,021</u>	<u>¥ 12,464,178</u>	<u>\$ 126,781</u>

Furthermore, trading assets and securities sold under repurchase agreements or loaned under securities lending with cash collateral were ¥1,140,177million (\$10,114 million) and ¥8,288,083 million (\$73,522 million), respectively, as of September 30, 2017 and ¥1,093,455 million and ¥11,052,042 million, respectively, as of March 31, 2017.

Relevant payables under repurchase agreements were ¥4,346,107 million (\$38,553 million) and ¥3,171,049 million as of September 30, 2017 and March 31, 2017, respectively.

Relevant payables under securities lending transactions were ¥1,925,841 million (\$17,084 million) and ¥3,044,039 million as of September 30, 2017 and March 31, 2017, respectively.

13. 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 ¥74,283,493 million (\$658,951 million) and ¥76,920,178 million as of September 30, 2017 and March 31, 2017, respectively.

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

14. 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 occurrence and the probable loss amount can be reasonably estimated. Based upon current knowledge and consultation with counsel, management believes the eventual outcome of such litigation and regulatory matters, where losses are probable and the probable loss amounts can be reasonably estimated, would not have a material adverse effect on the Group's financial position, results of operations or cash flows. Additionally, management believes the amount of loss that is reasonably possible, but not probable, from various litigation and regulatory matters is not material to the Group's financial position, results of operations or cash flows.

15. 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 does not meet all of the above criteria. However, 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.

16. 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 six-month periods ended September 30, 2017 and 2016 were as follows:

	Number of shares in thousands			
	April 1, 2017	Increase	Decrease	September 30, 2017
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, 2016	Increase	Decrease	September 30, 2016
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 during the six-month periods ended September 30, 2017 and 2016.

The Bank paid the following cash dividends and distributed dividends in kind (securities) during the six-month periods ended September 30, 2017 and 2016:

For the six-month period ended September 30, 2017:

1. Cash dividends

Cash dividends approved at the Board of Directors' meeting held on May 15, 2017:	Total amount (Millions of Yen)	Per share amount (Yen)	Dividend record date	Effective date
Common stock	¥ 94,601	¥ 7.66	Mar. 31, 2017	May 16, 2017
Cash dividends approved at the Board of Directors' meeting held on May 15, 2017:	Total amount (Millions of U.S. Dollars)	Per share amount (U.S. Dollar)	Dividend record date	Effective date
Common stock	\$ 839	\$ 0.07	May. 31, 2017	May 16, 2017
Cash dividends approved at the Board of Directors' meeting held on July 31, 2017:	Total amount (Millions of Yen)	Per share amount (Yen)	Dividend record date	Effective date
Common stock	¥ 84,227	¥ 6.82	—	Aug. 2, 2017

Cash dividends approved at the Board of Directors' meeting held on July 31, 2017:	Total amount (Millions of U.S. Dollars)	Per share amount (U.S. Dollar)	Dividend record date	Effective date
Common stock	\$ 747	\$ 0.06	–	Aug. 2, 2017

2. Dividends in kind

Dividends in kind approved at the Board of Directors' meeting held on January 31, 2017:	Property dividends	Total carrying amount of property dividends (Millions of Yen)	Per share amount (Yen)	Dividend record date	Effective date
Common stock	Securities	¥ 6,661	¥ –	–	May 31, 2017

Dividends in kind approved at the Board of Directors' meeting held on January 31, 2017:	Property dividends	Total carrying amount of property dividends (Millions of U.S. Dollars)	Per share amount (U.S. Dollar)	Dividend record date	Effective date
Common stock	Securities	\$ 59	\$ –	–	May 31, 2017

Notes:

1. "Dividends paid" under semi-annual consolidated statements of changes in equity for the six-month period ended September 30, 2017 included ¥6,583 million (\$58 million) which is the carrying amount of property dividends less ¥78 million (\$1 million) corresponding to accumulated other comprehensive income.
2. All of the property dividends were distributed to MUFG, the sole shareholder of common stock (12,350,038 thousand shares) of the Bank, and per share amount was not defined.

For the six-month period ended September 30, 2016:

Cash dividends approved at the Board of Directors' meeting held on May 16, 2016:	Total amount (Millions of Yen)	Per share amount (Yen)	Dividend record date	Effective date
Common stock	¥ 105,716	¥ 8.56	Mar. 31, 2016	May 17, 2016

Cash dividends approved at the Board of Directors' meeting held on July 29, 2016:	Total amount (Millions of Yen)	Per share amount (Yen)	Dividend record date	Effective date
Common stock	¥ 161,167	¥ 13.05	–	Aug. 1, 2016

Subject to approval at the Board of Directors' meeting, the Bank paid the following cash dividends on November 15, 2017, to shareholders of record as of September 30, 2017:

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

Cash dividends approved at the Board of Directors' meeting held on November 14, 2017:	Total amount (Millions of U.S. Dollars)	Dividend resource	Per share amount (U.S. Dollar)	Dividend record date	Effective date
Common stock	\$ 1,328	Retained earnings	\$ 0.11	Sep. 30, 2017	Nov. 15, 2017

Subject to approval at the Board of Directors' meeting, the Bank paid the following cash dividends on November 15, 2016, to shareholders of record as of September 30, 2016:

Cash dividends approved at the Board of Directors' meeting held on November 14, 2016:	Total amount (Millions of Yen)	Dividend resource	Per share amount (Yen)	Dividend record date	Effective date
Common stock	¥ 100,405	Retained earnings	¥ 8.13	Sep. 30, 2016	Nov. 15, 2016

17. OTHER INCOME

Other income for the six-month periods ended September 30, 2017 and 2016 consisted of the following:

Six-month periods ended September 30	Millions of Yen		Millions of U.S. Dollars
	2017	2016	2017
Gain on disposal of fixed assets	¥ 2,202	¥ 8,153	\$ 20
Reversal of allowance for credit losses	57,887	31,175	514
Gains on collection of bad debts	28,003	17,544	248
Gains on sales of equity securities and other securities	50,322	62,226	446
Equity in earnings of the equity method investees	18,251	9,997	162
Other	24,261	17,664	215
Total	<u>¥ 180,928</u>	<u>¥ 146,762</u>	<u>\$ 1,605</u>

18. OTHER EXPENSES

Other expenses for the six-month periods ended September 30, 2017 and 2016 consisted of the following:

Six-month periods ended September 30	Millions of Yen		Millions of U.S. Dollars
	2017	2016	2017
Loss on disposal of fixed assets	¥ 3,740	¥ 3,205	\$ 33
Impairment loss on long-lived assets	8,097	2,601	72
Loss on exchange of shares of affiliates	–	4,007	–
Loss on liquidation of subsidiaries	–	3,236	–
Loss on sales of shares of subsidiaries	–	226	–
Write-offs of loans	27,712	30,387	246
Outsourcing expenses of consolidated subsidiaries' operating information services	9,764	3,891	87
Losses on forgiveness of loans and others	8,368	1,333	74
Losses on sales of equity securities and other securities	9,311	27,776	83
Provision of reserve for contingent losses	11,961	48,384	106
Other	10,439	22,276	93
Total	<u>¥ 89,396</u>	<u>¥ 147,328</u>	<u>\$ 793</u>

19. LEASES

Operating leases

(1) Lessee

Future lease payments including interest payables under noncancelable operating leases as of September 30, 2017 and March 31, 2017 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	September 30, 2017	March 31, 2017	September 30, 2017
Due within one year	¥ 38,590	¥ 48,720	\$ 342
Due after one year	234,885	223,676	2,084
Total	¥ 273,476	¥ 272,397	\$ 2,426

(2) Lessor

Future lease receivables including interest receivables under noncancelable operating leases as of September 30, 2017 and March 31, 2017 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	September 30, 2017	March 31, 2017	September 30, 2017
Due within one year	¥ 6,563	¥ 4,203	\$ 58
Due after one year	59,183	63,458	525
Total	¥ 65,747	¥ 67,661	\$ 583

20. PER SHARE INFORMATION

Six-month periods ended September 30	Yen		U.S. Dollars
	2017	2016	2017
Basic earnings per common share	¥ 30.44	¥ 30.35	\$ 0.27
Diluted earnings per common share	30.44	30.35	0.27

Total equity per common share	Yen		U.S. Dollars
	September 30, 2017	March 31, 2017	September 30, 2017
	¥ 963.90	¥ 933.06	\$ 8.55

Notes:

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

Six-month periods ended September 30	Millions of Yen		Millions of U.S. Dollars
	2017	2016	2017
Net income attributable to the shareholders of the Bank	¥ 376,022	¥ 374,844	\$ 3,336
Net income attributable to the shareholders of the Bank related to common shares	376,022	374,844	3,336

Six-month periods ended September 30	Number of shares in thousands	
	2017	2016
Average number of common shares during the period	12,350,038	12,350,038

Six-month periods ended September 30	Millions of Yen		Millions of U.S. Dollars
	2017	2016	2017
Diluted earnings per common share			
Adjustment to net income attributable to the shareholders of the Bank	¥ (7)	¥ (6)	\$ (0)

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

	Millions of Yen		Millions of U.S. Dollars
	September 30, 2017	March 31, 2017	September 30, 2017
Total equity	¥ 12,813,225	¥ 12,427,078	\$ 113,663
Deductions from total equity:			
Noncontrolling interests	909,001	903,707	8,064
Total equity attributable to common shares	¥ 11,904,224	¥ 11,523,370	\$ 105,599
	Number of shares in thousands		
	September 30, 2017	March 31, 2017	
Number of common shares used in computing total equity per common share	12,350,038	12,350,038	

21. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Fair value of financial instruments

The following table summarizes the carrying amount and the fair value of financial instruments as of September 30, 2017 and March 31, 2017 together with their differences. Note that the following table does not include unlisted equity securities or certain other securities whose fair value cannot be reliably determined (see Note 2).

	Millions of Yen		
	September 30, 2017		
	Carrying amount	Fair value	Difference
(1) Cash and due from banks	¥ 55,780,381	¥ 55,780,381	¥ –
(2) Call loans and bills bought	582,686	582,686	–
(3) Receivables under resale agreements	2,663,784	2,663,784	–
(4) Receivables under securities borrowing transactions	5,962,867	5,962,867	–
(5) Monetary claims bought (*1)	4,374,295	4,380,099	5,803
(6) Trading assets	2,653,247	2,653,247	–
(7) Money held in trust	24,083	24,083	–
(8) Securities:			
Held-to-maturity securities	2,266,075	2,307,124	41,049
Available-for-sale securities	39,596,790	39,596,790	–
(9) Loans and bills discounted	94,826,956		
Allowance for credit losses (*1)	(562,967)		
	<u>94,263,989</u>	<u>95,003,313</u>	<u>739,324</u>
(10) Foreign exchange (*1)	2,038,776	2,038,776	–
Total assets	<u>¥ 210,206,978</u>	<u>¥ 210,993,154</u>	<u>¥ 786,176</u>
(1) Deposits	¥ 157,750,734	¥ 157,761,546	¥ 10,811
(2) Negotiable certificates of deposit	6,755,274	6,772,590	17,316
(3) Call money and bills sold	450,558	450,558	–
(4) Payables under repurchase agreements	8,772,032	8,772,032	–
(5) Payables under securities lending transactions	3,194,482	3,194,482	–
(6) Commercial paper	1,784,351	1,784,351	–
(7) Trading liabilities	342,648	342,648	–
(8) Borrowed money	17,525,665	17,611,971	86,305
(9) Foreign exchange liabilities	2,196,059	2,196,059	–
(10) Bonds payable	3,792,192	3,892,608	100,416
Total liabilities	<u>¥ 202,564,000</u>	<u>¥ 202,778,850</u>	<u>¥ 214,850</u>
Derivatives (*2):			
To which hedge accounting is not applied	¥ 255,403	¥ 255,403	¥ –
To which hedge accounting is applied	(278,196)	(278,196)	–
Total derivatives	<u>¥ (22,792)</u>	<u>¥ (22,792)</u>	<u>¥ –</u>

Millions of Yen			
March 31, 2017			
	Carrying amount	Fair value	Difference
(1) Cash and due from banks	¥ 49,105,070	¥ 49,105,070	¥ –
(2) Call loans and bills bought	554,313	554,313	–
(3) Receivables under resale agreements	2,473,291	2,473,291	–
(4) Receivables under securities borrowing transactions	6,225,799	6,225,799	–
(5) Monetary claims bought (*1)	4,612,670	4,621,601	8,930
(6) Trading assets	2,671,033	2,671,033	–
(7) Money held in trust	27,640	27,640	–
(8) Securities:			
Held-to-maturity securities	2,308,917	2,350,256	41,338
Available-for-sale securities	40,383,116	40,383,116	–
(9) Loans and bills discounted	95,121,265		
Allowance for credit losses (*1)	(662,306)		
	<u>94,458,958</u>	<u>95,246,201</u>	<u>787,242</u>
(10) Foreign exchange (*1)	2,006,259	2,006,259	–
Total assets	<u>¥ 204,827,071</u>	<u>¥ 205,664,583</u>	<u>¥ 837,511</u>
(1) Deposits	¥ 154,710,129	¥ 154,719,922	¥ 9,792
(2) Negotiable certificates of deposit	6,640,060	6,657,581	17,520
(3) Call money and bills sold	394,119	394,119	–
(4) Payables under repurchase agreements	7,382,733	7,382,733	–
(5) Payables under securities lending transactions	3,119,310	3,119,310	–
(6) Commercial paper	1,692,088	1,692,088	–
(7) Trading liabilities	271,849	271,849	–
(8) Borrowed money	16,352,022	16,429,274	77,252
(9) Foreign exchange liabilities	2,159,004	2,159,004	–
(10) Bonds payable	4,310,796	4,404,933	94,137
Total liabilities	<u>¥ 197,032,114</u>	<u>¥ 197,230,817</u>	<u>¥ 198,703</u>
Derivatives (*2):			
To which hedge accounting is not applied	¥ 108,706	¥ 108,706	¥ –
To which hedge accounting is applied	135,805	135,805	–
Total derivatives	<u>¥ 244,511</u>	<u>¥ 244,511</u>	<u>¥ –</u>

Millions of U.S. Dollars

September 30, 2017

	Carrying amount	Fair value	Difference
(1) Cash and due from banks	\$ 494,814	\$ 494,814	\$ –
(2) Call loans and bills bought	5,169	5,169	–
(3) Receivables under resale agreements	23,630	23,630	–
(4) Receivables under securities borrowing transactions	52,895	52,895	–
(5) Monetary claims bought (*1)	38,803	38,855	51
(6) Trading assets	23,536	23,536	–
(7) Money held in trust	214	214	–
(8) Securities:			
Held-to-maturity securities	20,102	20,466	364
Available-for-sale securities	351,253	351,253	–
(9) Loans and bills discounted	841,187		
Allowance for credit losses (*1)	(4,994)		
	<u>836,193</u>	<u>842,751</u>	<u>6,558</u>
(10) Foreign exchange (*1)	18,085	18,085	–
Total assets	<u>\$ 1,864,694</u>	<u>\$ 1,871,668</u>	<u>\$ 6,974</u>
(1) Deposits	\$ 1,399,368	\$ 1,399,464	\$ 96
(2) Negotiable certificates of deposit	59,924	60,078	154
(3) Call money and bills sold	3,997	3,997	–
(4) Payables under repurchase agreements	77,815	77,815	–
(5) Payables under securities lending transactions	28,337	28,337	–
(6) Commercial paper	15,829	15,829	–
(7) Trading liabilities	3,040	3,040	–
(8) Borrowed money	155,466	156,231	766
(9) Foreign exchange liabilities	19,481	19,481	–
(10) Bonds payable	33,640	34,530	891
Total liabilities	<u>\$ 1,796,895</u>	<u>\$ 1,798,801</u>	<u>\$ 1,906</u>
Derivatives (*2):			
To which hedge accounting is not applied	\$ 2,266	\$ 2,266	\$ –
To which hedge accounting is applied	(2,468)	(2,468)	–
Total derivatives	<u>\$ (202)</u>	<u>\$ (202)</u>	<u>\$ –</u>

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

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

Notes:

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

Assets

- (1) “Cash and due from banks”

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

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

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

- (5) “Monetary claims bought”

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

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

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

(6) "Trading assets"

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

(7) "Money held in trust"

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

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

(8) "Securities"

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

See Note 4 "SECURITIES" for notes on securities by categories based on holding purposes.

(9) "Loans and bills discounted"

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

(10) "Foreign exchange"

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

Liabilities

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

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

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

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

(7) “Trading liabilities”

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

(8) “Borrowed money”

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

(9) “Foreign exchange liabilities”

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

(10) “Bonds payable”

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

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

	Carrying amount		
	Millions of Yen		Millions of U.S. Dollars
	September 30, 2017	March 31, 2017	September 30, 2017
Unlisted equity securities (*1) (*2)	¥ 159,034	¥ 154,832	\$ 1,411
Investment in partnerships and others (*2) (*3)	46,449	46,995	412
Other (*2)	470	396	4
Total	<u>¥ 205,954</u>	<u>¥ 202,224</u>	<u>\$ 1,827</u>

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

(*2) With respect to unlisted equity securities and others, an impairment loss of ¥841 million (\$7 million) and ¥1,510 million was recorded for the six-month period ended September 30, 2017 and for the fiscal year ended March 31, 2017, respectively.

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

22. DERIVATIVES

The Group had the following derivative contracts outstanding as of September 30, 2017 and March 31, 2017:

Derivatives to which hedge accounting is not applied:

With respect to derivatives to which hedge accounting is not applied, contract amount, fair value and the related valuation gain (loss) at the semi-annual consolidated balance sheet date by transaction type and valuation method of fair value are as follows: Note that contract amounts do not represent the market risk exposure associated with derivatives. Derivatives to which hedge accounting is applied are not required to be disclosed in the semi-annual financial statements.

(1) Interest rate-related derivatives

		Millions of Yen				
		September 30, 2017				
		Contract amount		Fair value	Valuation gain (loss)	
		Total	Over one year			
Transactions listed on exchange:						
Interest rate futures	Sold	¥ 632,683	¥ 301,009	¥ 540	¥ 540	
	Bought	286,243	146,977	(124)	(124)	
Over-the-counter ("OTC") transactions:						
Forward rate agreement	Sold	3,673,895	–	(342)	(342)	
	Bought	3,813,194	–	371	371	
Interest rate swaps	Receivable fixed rate/ Payable floating rate	189,956,860	165,399,628	3,557,261	3,557,261	
	Receivable floating rate/ Payable fixed rate	193,736,790	167,441,919	(3,401,794)	(3,401,794)	
	Receivable floating rate/ Payable floating rate	46,415,460	38,438,392	8,836	8,836	
	Receivable fixed rate/ Payable fixed rate	418,717	410,849	5,686	5,686	
	Interest rate swaptions	Sold	6,911,352	3,598,147	(94,636)	(3,571)
		Bought	5,973,377	3,444,198	94,130	39,341
Other	Sold	2,134,392	1,813,732	(6,411)	10,475	
	Bought	2,445,270	2,142,120	6,147	(17,470)	
Total		–	–	¥ 169,665	¥ 199,211	

		Millions of Yen				
		March 31, 2017				
		Contract amount		Fair value	Valuation gain (loss)	
		Total	Over one year			
Transactions listed on exchange:						
Interest rate futures	Sold	¥ 843,745	¥ 347,413	¥ 771	¥ 771	
	Bought	348,521	188,695	(165)	(165)	
Interest rate options	Sold	–	–	–	–	
	Bought	490,280	–	12	(8)	
OTC transactions:						
Forward rate agreement	Sold	7,933,196	–	(975)	(975)	
	Bought	8,149,192	–	915	915	
Interest rate swaps	Receivable fixed rate/ Payable floating rate	172,788,597	152,028,610	3,625,571	3,625,571	
	Receivable floating rate/ Payable fixed rate	175,829,860	152,428,304	(3,448,764)	(3,448,764)	
	Receivable floating rate/ Payable floating rate	49,320,138	41,069,205	9,810	9,810	
	Receivable fixed rate/ Payable fixed rate	366,771	362,731	4,962	4,962	
	Interest rate swaptions	Sold	8,276,731	4,358,648	(121,217)	(18,403)
		Bought	7,241,599	4,129,532	109,981	(6,648)
Other	Sold	2,180,529	1,849,868	(8,300)	8,266	
	Bought	2,481,651	2,210,147	8,478	(14,701)	
Total		–	–	¥ 181,081	¥ 160,631	

		Millions of U.S. Dollars			
		September 30, 2017			
		Contract amount			Valuation gain (loss)
		Total	Over one year	Fair value	
Transactions listed on exchange:					
Interest rate futures	Sold	\$ 5,612	\$ 2,670	\$ 5	\$ 5
	Bought	2,539	1,304	(1)	(1)
OTC transactions:					
Forward rate agreement	Sold	32,590	–	(3)	(3)
	Bought	33,826	–	3	3
Interest rate swaps	Receivable fixed rate/ Payable floating rate	1,685,060	1,467,219	31,556	31,556
	Receivable floating rate/ Payable fixed rate	1,718,591	1,485,336	(30,176)	(30,176)
	Receivable floating rate/ Payable floating rate	411,740	340,977	78	78
	Receivable fixed rate/ Payable fixed rate	3,714	3,645	50	50
Interest rate swaptions	Sold	61,309	31,918	(839)	(32)
	Bought	52,988	30,553	835	349
Other	Sold	18,934	16,089	(57)	93
	Bought	21,691	19,002	55	(155)
Total		–	–	\$ 1,505	\$ 1,767

Notes:

- The transactions above are stated at fair value and the related valuation gain (loss) is reported in the annual/semi-annual consolidated statements of income.
- Fair values of transactions listed on exchange are determined using the closing price at the Chicago Mercantile Exchange or other exchanges at the annual/semi-annual consolidated balance sheet date.
Fair values of OTC transactions are calculated using the discounted present value, option pricing models or other methods.

(2) Currency-related derivatives

		Millions of Yen			
		September 30, 2017			
		Contract amount			Valuation gain (loss)
		Total	Over one year	Fair value	
Transactions listed on exchange:					
Currency futures	Sold	¥ 144,605	¥ 6,872	¥ 137	¥ 137
	Bought	485,542	117,533	16	16
OTC transactions:					
Currency swaps		38,256,457	30,171,581	16,502	16,502
Forward contracts on foreign exchange	Sold	46,603,032	3,654,652	(501,572)	(501,572)
	Bought	46,996,204	3,652,209	595,613	595,613
Currency options	Sold	5,875,293	2,423,469	(137,008)	137,122
	Bought	5,998,489	2,394,020	112,003	(91,954)
Total		–	–	¥ 85,692	¥ 155,865

		Millions of Yen			
		March 31, 2017			
		Contract amount			Valuation gain (loss)
		Total	Over one year	Fair value	
Transactions listed on exchange:					
Currency futures	Sold	¥ 90,028	¥ 9,028	¥ 643	¥ 643
	Bought	462,836	170,313	(4,394)	(4,394)
OTC transactions:					
Currency swaps		36,023,798	28,187,884	(148,036)	(148,036)
Forward contracts on	Sold	47,290,320	3,672,311	109,264	109,264
foreign exchange	Bought	45,660,989	3,698,341	(16,326)	(16,326)
Currency options	Sold	6,281,112	2,462,133	(128,302)	149,866
	Bought	6,234,995	2,443,324	113,209	(94,229)
Total		–	–	¥ (73,942)	¥ (3,213)

		Millions of U.S. Dollars			
		September 30, 2017			
		Contract amount			Valuation gain (loss)
		Total	Over one year	Fair value	
Transactions listed on exchange:					
Currency futures	Sold	\$ 1,283	\$ 61	\$ 1	\$ 1
	Bought	4,307	1,043	0	0
OTC transactions:					
Currency swaps		339,364	267,645	146	146
Forward contracts on	Sold	413,404	32,420	(4,449)	(4,449)
foreign exchange	Bought	416,892	32,398	5,284	5,284
Currency options	Sold	52,118	21,498	(1,215)	1,216
	Bought	53,211	21,237	994	(816)
Total		–	–	\$ 760	\$ 1,383

Notes:

1. The transactions above are stated at fair value and the related valuation gain (loss) is reported in the annual/semi-annual consolidated statements of income.
2. Fair values are calculated using the discounted present value, option pricing models or other models.

(3) Equity-related derivatives

		Millions of Yen			
		September 30, 2017			
		Contract amount			Valuation gain (loss)
		Total	Over one year	Fair value	
Transactions listed on exchange:					
Stock index futures	Sold	¥ 4,441	–	¥ (10)	¥ (10)
	Bought	2,258	–	4	4
Stock index options	Sold	39,981	–	(695)	(362)
	Bought	52,231	–	985	437
OTC transactions:					
OTC securities option	Sold	101,476	33,055	(18,798)	(15,804)
transactions	Bought	110,731	42,309	18,221	17,944
	Receivable index volatility/ Payable interest	1,000	–	9	9
Swaps on OTC securities	Receivable index and others	1,000	–	(9)	(9)
	Payable index volatility				
Total		–	–	¥ (292)	¥ 2,209

		Millions of Yen			
		March 31, 2017			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year		
Transactions listed on exchange:					
Stock index futures	Sold	¥ 475	¥ –	¥ 3	3
	Bought	1,085	–	(2)	(2)
Stock index options	Sold	7,391	–	(70)	31
	Bought	10,085	–	186	50
OTC transactions:					
OTC securities option	Sold	133,514	74,307	(19,020)	(16,499)
transations	Bought	141,532	82,325	18,370	17,750
	Receivable index volatility/ Payable interest	1,000	1,000	31	31
Swaps on OTC securities index and others	Receivable interest/ Payable index volatility	1,000	1,000	(31)	(31)
Total		–	–	¥ (534)	¥ 1,332

		Millions of U.S. Dollars			
		September 30, 2017			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year		
Transactions listed on exchange:					
Stock index futures	Sold	\$ 39	\$ –	\$ (0)	(0)
	Bought	20	–	0	0
Stock index options	Sold	355	–	(6)	(3)
	Bought	463	–	9	4
OTC transactions:					
OTC securities option	Sold	900	293	(167)	(140)
transations	Bought	982	375	162	159
	Receivable index volatility/ Payable interest	9	–	0	0
Swaps on OTC securities index and others	Receivable interest/ Payable index volatility	9	–	(0)	(0)
Total		–	–	\$ (3)	\$ 20

Notes:

1. The transactions above are stated at fair value and the related valuation gain (loss) is reported in the annual/semi-annual consolidated statements of income.
2. Fair values of transactions listed on exchange are determined using the closing price at the Osaka Exchange or other exchanges at the annual/semi-annual consolidated balance sheet date.
Fair values of OTC transactions are calculated using option pricing models or other methods.

(4) Bond-related derivatives

		Millions of Yen			
		September 30, 2017			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Bond futures	Sold	¥ 282,121	¥ –	¥ 381	¥ 381
	Bought	276,365	–	(257)	(257)
Bond futures options	Sold	39,094	–	(228)	27
	Bought	363,642	–	378	5
OTC transactions:					
Bond forward contracts	Sold	1,140,002	8,400	3,580	3,580
	Bought	791,539	–	(2,226)	(2,226)
Total return swaps	Sold	78,911	78,911	(4)	(4)
	Bought	112,000	112,000	1,824	1,824
Total		–	–	¥ 3,446	¥ 3,330

		Millions of Yen			
		March 31, 2017			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Bond futures	Sold	¥ 101,970	¥ –	¥ (63)	¥ (63)
	Bought	169,194	–	(37)	(37)
Bond futures options	Sold	312,340	–	(910)	(93)
	Bought	552,671	–	250	(31)
OTC transactions:					
OTC bond options	Sold	222,500	–	(235)	15
	Bought	222,500	–	331	38
Bond forward contracts	Sold	1,059,812	10,775	398	398
	Bought	697,114	–	384	384
Total return swaps	Sold	78,533	78,533	(0)	(0)
	Bought	78,400	78,400	1,267	1,267
Total		–	–	¥ 1,384	¥ 1,877

		Millions of U.S. Dollars			
		September 30, 2017			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Bond futures	Sold	\$ 2,503	\$ –	\$ 3	\$ 3
	Bought	2,452	–	(2)	(2)
Bond futures options	Sold	347	–	(2)	0
	Bought	3,226	–	3	0
OTC transactions:					
Bond forward contracts	Sold	10,113	75	32	32
	Bought	7,022	–	(20)	(20)
Total return swaps	Sold	700	700	(0)	(0)
	Bought	994	994	16	16
Total		–	–	\$ 31	\$ 30

Notes:

1. The transactions above are stated at fair value and the related valuation gain (loss) is reported in the annual/semi-annual consolidated statements of income.
2. Fair values of transactions listed on exchange are determined using the closing price at the Osaka Exchange or other exchanges at the annual/semi-annual consolidated balance sheet date.
Fair values of OTC transactions are calculated using the discounted present value, option pricing models or other methods.

(5) Commodity-related derivatives

		Millions of Yen			
		September 30, 2017			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year		
OTC transactions:					
Commodity swaps	Receivable index volatility/ Payable floating rate	¥ 52,008	¥ 29,607	¥ (4,076)	¥ (4,076)
	Receivable floating rate/ Payable index volatility	59,444	34,805	6,891	6,891
Commodity options	Sold	64,691	10,409	(1,413)	(752)
	Bought	64,691	10,409	1,415	1,156
Total		–	–	¥ 2,816	¥ 3,218

		Millions of Yen			
		March 31, 2017			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year		
OTC transactions:					
Commodity swaps	Receivable index volatility/ Payable floating rate	¥ 86,822	¥ 46,012	¥ 2,547	¥ 2,547
	Receivable floating rate/ Payable index volatility	89,991	48,597	1,473	1,473
Commodity options	Sold	83,849	39,054	(2,210)	(1,757)
	Bought	83,849	39,054	2,205	2,052
Total		–	–	¥ 4,016	¥ 4,316

		Millions of U.S. Dollars			
		September 30, 2017			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year		
OTC transactions:					
Commodity swaps	Receivable index volatility/ Payable floating rate	\$ 461	\$ 263	\$ (36)	\$ (36)
	Receivable floating rate/ Payable index volatility	527	309	61	61
Commodity options	Sold	574	92	(13)	(7)
	Bought	574	92	13	10
Total		–	–	\$ 25	\$ 29

Notes:

1. The transactions above are stated at fair value and the related valuation gain (loss) is reported in the annual/semi-annual consolidated statements of income.
2. Fair values of OTC transactions are calculated using the prices of the underlying transactions, contract periods and other factors composing the transactions.
3. The commodity transactions are mainly oil related.

(6) Credit-related derivatives

		Millions of Yen			
		September 30, 2017			
		Contract amount			Valuation gain (loss)
		Total	Over one year	Fair value	
OTC transactions:					
Credit default options	Sold	¥ 405,984	¥ 350,220	¥ 6,514	¥ 6,514
	Bought	861,799	678,650	(13,210)	(13,210)
Total		–	–	¥ (6,695)	¥ (6,695)

		Millions of Yen			
		March 31, 2017			
		Contract amount			Valuation gain (loss)
		Total	Over one year	Fair value	
OTC transactions:					
Credit default options	Sold	¥ 518,349	¥ 441,287	¥ 5,956	¥ 5,956
	Bought	834,666	687,091	(10,258)	(10,258)
Total		–	–	¥ (4,301)	¥ (4,301)

		Millions of U.S. Dollars			
		September 30, 2017			
		Contract amount			Valuation gain (loss)
		Total	Over one year	Fair value	
OTC transactions:					
Credit default options	Sold	\$ 3,601	\$ 3,107	\$ 58	\$ 58
	Bought	7,645	6,020	(117)	(117)
Total		–	–	\$ (59)	\$ (59)

Notes:

1. The transactions above are stated at fair value and the related valuation gain (loss) is reported in the annual/semi-annual consolidated statements of income.
2. Fair values are calculated using the discounted present value, option pricing models or other methods.
3. “Sold” refers to transactions underwriting credit risk and “Bought” refers to transactions delivering credit risk.

(7) Other derivatives

		Millions of Yen			
		September 30, 2017			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year		
OTC transactions:					
Earthquake derivatives	Sold	¥ 26,454	¥ 11,000	¥ (772)	¥ 2,404
	Bought	26,454	11,000	772	(1,174)
SVF Wrap Products	Sold	2,072,114	1,446,331	(11)	(11)
	Bought	–	–	–	–
Other	Sold	–	–	–	–
	Bought	5,323	–	781	781
Total		–	–	¥ 769	¥ 1,999

		Millions of Yen			
		March 31, 2017			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year		
OTC transactions:					
Earthquake derivatives	Sold	¥ 26,414	¥ 18,000	¥ (729)	¥ 2,080
	Bought	26,776	18,000	1,093	(879)
SVF Wrap Products	Sold	2,202,379	1,220,063	(19)	(19)
	Bought	–	–	–	–
Other	Sold	–	–	–	–
	Bought	5,298	1,963	657	657
Total		–	–	¥ 1,002	¥ 1,838

		Millions of U.S. Dollars			
		September 30, 2017			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year		
OTC transactions:					
Earthquake derivatives	Sold	\$ 235	\$ 98	\$ (7)	\$ 21
	Bought	235	98	7	(10)
SVF Wrap Products	Sold	18,381	12,830	(0)	(0)
	Bought	–	–	–	–
Other	Sold	–	–	–	–
	Bought	47	–	7	7
Total		–	–	\$ 7	\$ 18

Notes:

1. The transactions above are stated at fair value and the related valuation gain (loss) is reported in the annual/semi-annual consolidated statements of income.
2. Fair values are calculated using the option pricing models or other methods.
3. SVF Wrap Products are derivative instruments that the Bank guarantees payment of the principal to the 401(k) investors who invest in Stable Value Fund.

23. 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 semi-annual consolidated statements of income.
- 3) “Ordinary expenses” means total expenses less certain special expenses included in “Other expenses” in the semi-annual consolidated statements of income.

(2) A reconciliation of the ordinary profit under the internal management reporting system for the six-month periods ended September 30, 2017 and 2016 to income before income taxes shown in the semi-annual consolidated statements of income was as follows:

Six-month periods ended September 30	Millions of Yen		Millions of U.S. Dollars
	2017	2016	2017
Ordinary profit:	¥ 549,213	¥ 534,474	\$ 4,872
Gain on disposal of fixed assets	2,202	8,153	20
Loss on disposal of fixed assets	(3,740)	(3,205)	(33)
Impairment loss on long-lived assets	(8,097)	(2,601)	(72)
Loss on exchange of shares of affiliates	–	(4,007)	–
Loss on liquidation of subsidiaries	–	(3,236)	–
Loss on sales of shares of subsidiaries	–	(226)	–
Income before income taxes	¥ 539,577	¥ 529,349	\$ 4,786

For the six-month periods ended September 30, 2017 and 2016:

(1) Reportable segments

The reportable segments of the Group are subject to the periodical review by the Executive Committee, which is the decision maker of the business execution, to determine the allocation of management resources and assess performance.

The Group has established its business units according to the characteristics of customers and the nature of business. Each business unit engages in business activities based on comprehensive strategies developed for and aimed at respective targeted customers and businesses. Accordingly, the Group’s operation comprises segments classified by customers and business, and “Retail Banking Business Unit,” “Corporate Banking Business Unit,” “Global Business Unit,” “Global Markets Unit” and “Other units” are identified as the reportable segments.

Retail Banking Business Unit	: Providing financial services to individual customers in Japan
Corporate Banking Business Unit	: Providing financial services to corporate customers in Japan
Global Business Unit	: Providing financial services to overseas individual and corporate customers
Global Markets Unit	: Foreign exchange, funds and securities transactions for customers and markets, liquidity and cash management
Other units	: Settlement and custody services, investments, internal coordination, and other services

(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 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 based on the internal management accounting standards which are based on the market values.

(Changes in calculation method of operating income (loss)):

From the six-month period ended September 30, 2017, the Bank has changed the method of calculating business segment profit according to the changes in the method of allocating income and expenses of business segments.

Accordingly, reportable segment information for the six-month period ended September 30, 2016 stated below in “(3) Reportable segment information” has been restated based on the calculation method reflecting such changes.

(3) Reportable segment information

Six-month period ended September 30, 2017	Millions of Yen								
	Retail Banking Business Unit	Corporate Banking Business Unit	Global Business Unit			Customer business units subtotal	Global Markets Unit	Other units	Total
			Total	(of which MUAH)	(of which Bank of Ayudhya)				
Gross operating income	¥ 225,109	¥ 370,794	¥ 617,379	¥ 217,926	¥ 149,141	¥ 1,120,388	¥ 200,369	¥ 9,582	¥ 1,330,340
Non-consolidated	203,605	326,952	219,817	–	–	691,808	178,946	31,773	902,528
Net interest income	159,314	140,362	112,270	–	–	382,366	28,701	86,702	497,770
Net non-interest income	44,291	186,590	107,546	–	–	309,441	150,244	(54,929)	404,757
Subsidiaries	21,504	43,841	397,561	217,926	149,141	428,580	21,423	(22,191)	427,812
Expenses	198,527	232,313	419,696	159,330	75,899	774,044	45,470	55,634	875,149
Net operating income	¥ 26,582	¥ 138,480	¥ 197,682	¥ 58,596	¥ 73,241	¥ 346,343	¥ 154,898	¥ (46,052)	¥ 455,190

Six-month period ended September 30, 2016	Millions of Yen								
	Retail Banking Business Unit	Corporate Banking Business Unit	Global Business Unit			Customer business units subtotal	Global Markets Unit	Other units	Total
			Total	(of which MUAH)	(of which Bank of Ayudhya)				
Gross operating income	¥ 235,020	¥ 383,550	¥ 561,537	¥ 192,285	¥ 122,561	¥ 1,101,374	¥ 236,115	¥ 22,294	¥ 1,359,783
Non-consolidated	212,485	340,871	200,683	–	–	707,828	215,544	45,566	968,938
Net interest income	161,150	141,527	92,222	–	–	376,532	75,680	101,121	553,334
Net non-interest income	51,335	199,344	108,460	–	–	331,296	139,863	(55,555)	415,604
Subsidiaries	22,534	42,679	360,853	192,285	122,561	393,545	20,570	(23,271)	390,844
Expenses	207,182	226,253	366,239	137,104	59,661	730,641	42,338	47,285	820,265
Net operating income	¥ 27,837	¥ 157,297	¥ 195,297	¥ 55,181	¥ 62,900	¥ 370,732	¥ 193,776	¥ (24,991)	¥ 539,517

Six-month period ended September 30, 2017	Millions of U.S. Dollars								
	Retail Banking Business Unit	Corporate Banking Business Unit	Global Business Unit			Customer business units subtotal	Global Markets Unit	Other units	Total
			Total	(of which MUAH)	(of which Bank of Ayudhya)				
Gross operating income	\$ 1,997	\$ 3,289	\$ 5,477	\$ 1,933	\$ 1,323	\$ 9,939	\$ 1,777	\$ 85	\$ 11,801
Non-consolidated	1,806	2,900	1,950	–	–	6,137	1,587	282	8,006
Net interest income	1,413	1,245	996	–	–	3,392	255	769	4,416
Net non-interest income	393	1,655	954	–	–	2,745	1,333	(487)	3,590
Subsidiaries	191	389	3,527	1,933	1,323	3,802	190	(197)	3,795
Expenses	1,761	2,061	3,723	1,413	673	6,866	403	494	7,763
Net operating income	\$ 236	\$ 1,228	\$ 1,754	\$ 520	\$ 650	\$ 3,072	\$ 1,374	\$ (409)	\$ 4,038

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.
5. MUAH is a financial holding company for local banking companies and the Bank’s branches in the United States of America as well as local companies and the Bank’s branches in Latin America and Canada and manages the Americas business of the Bank.
6. Figures from Bank of Ayudhya are calculated based on the accounting standards in Thailand.
7. Amortization of goodwill of MUAH and Bank of Ayudhya are included in “Expenses” of “Total” of “Global Business Unit.”
8. “Corporate Banking Business Unit” and “Global Business Unit” records revenue and expenses related to Japanese corporate transactions in overseas countries, but the same amounts are deducted at “Customer business units subtotal.” Gross operating income, expenses and net operating income deducted in “Customer business units subtotal” are ¥92,895 million (\$824 million), ¥76,493 million (\$679 million) and ¥16,401 million (\$145 million) for the six-month period ended September 30, 2017 and ¥78,734 million, ¥69,032 million and ¥9,701 million for the six-month period ended September 30, 2016, respectively.

- (4) A reconciliation of the ordinary profit under the internal management reporting system and “Net operating income” in the table above was as follows:

Six-month periods ended September 30	Millions of Yen		Millions of U.S. Dollars
	2017	2016	2017
Net operating income per reportable segment information	¥ 455,190	¥ 539,517	\$ 4,038
Net business profit of subsidiaries excluded from the reportable segment information	20,199	26,611	179
Credit-related expenses	(45,897)	(79,016)	(407)
Reversal of allowance for credit losses	57,887	31,175	514
Gains on collection of bad debts	28,003	17,544	248
Gains on equity securities and other securities	40,169	23,686	356
Equity in earnings of the equity method investees	18,251	9,997	162
Amortization of net unrecognized actuarial gain or loss	(29,234)	(25,197)	(259)
Other	4,643	(9,846)	41
Ordinary profit under the internal management reporting system	¥ 549,213	¥ 534,474	\$ 4,872

Notes:

- “Credit-related expenses” includes write-offs of loans.
- “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 to (3) “Reportable segment information.”

2) Information by geographic region

A) Ordinary income

Millions of Yen						
Six-month period ended September 30, 2017						
Japan	USA	North America (except for USA)	Latin America	Europe/Middle East	Asia/Oceania	Total
¥ 1,056,632	¥ 479,037	¥ 14,997	¥ 25,377	¥ 129,999	¥ 447,174	¥ 2,153,218

Millions of Yen						
Six-month period ended September 30, 2016						
Japan	USA	North America (except for USA)	Latin America	Europe/Middle East	Asia/Oceania	Total
¥ 1,106,436	¥ 331,739	¥ 16,164	¥ 40,927	¥ 111,080	¥ 356,820	¥ 1,963,169

Millions of U.S. Dollars						
Six-month period ended September 30, 2017						
Japan	USA	North America (except for USA)	Latin America	Europe/Middle East	Asia/Oceania	Total
\$ 9,373	\$ 4,249	\$ 133	\$ 225	\$ 1,153	\$ 3,967	\$ 19,101

Notes:

- “Ordinary income” corresponds to net sales of non-banking industries.
- “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 September 30, 2017						
Japan	USA	North America (except for USA)	Latin America	Europe/Middle East	Asia/Oceania	Total
¥ 861,477	¥ 139,695	¥ 254	¥ 1,888	¥ 5,205	¥ 84,832	¥ 1,093,353

Millions of Yen							
As of September 30, 2016							
Japan	USA	North America (except for USA)	Latin America	Europe/Middle East	Asia/Oceania	Total	
¥ 840,934	¥ 114,513	¥ 219	¥ 1,915	¥ 5,714	¥ 72,201	¥ 1,035,499	

Millions of U.S. Dollars							
As of September 30, 2017							
Japan	USA	North America (except for USA)	Latin America	Europe/Middle East	Asia/Oceania	Total	
\$ 7,642	\$ 1,239	\$ 2	\$ 17	\$ 46	\$ 753	\$ 9,699	

3) Information by major customer

There was no applicable information to be reported for the six-month periods ended September 30, 2017 and 2016.

4) Information on impairment loss on long-lived assets by reportable segment

Impairment loss on long-lived assets is not allocated to the reportable segments. The impairment loss was ¥8,097 million (\$72 million) and ¥2,601 million for the six-month periods ended September 30, 2017 and 2016, respectively.

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

Six-month period ended September 30, 2017	Millions of Yen								
	Retail Banking Business Unit	Corporate Banking Business Unit	Global Business Unit			Customer business units subtotal	Global Markets Unit	Other units	Total
			Total	(of which MUAH)	(of which Bank of Ayudhya)				
Amortization	¥ -	¥ -	¥ 7,839	¥ -	¥ -	¥ 7,839	¥ -	¥ -	¥ 7,839
Unamortized balance	-	-	234,804	-	-	234,804	-	-	234,804

Six-month period ended September 30, 2016	Millions of Yen								
	Retail Banking Business Unit	Corporate Banking Business Unit	Global Business Unit			Customer business units subtotal	Global Markets Unit	Other units	Total
			Total	(of which MUAH)	(of which Bank of Ayudhya)				
Amortization	¥ 0	¥ 8	¥ 6,881	¥ -	¥ -	¥ 6,890	¥ -	¥ -	¥ 6,890
Unamortized balance	-	-	217,743	-	-	217,743	-	-	217,743

Six-month period ended September 30, 2017	Millions of U.S. Dollars								
	Retail Banking Business Unit	Corporate Banking Business Unit	Global Business Unit			Customer business units subtotal	Global Markets Unit	Other units	Total
			Total	(of which MUAH)	(of which Bank of Ayudhya)				
Amortization	\$ -	\$ -	\$ 70	\$ -	\$ -	\$ 70	\$ -	\$ -	\$ 70
Unamortized balance	-	-	2,083	-	-	2,083	-	-	2,083

Note:

Amortization of goodwill and unamortized balance of goodwill of MUAH and Bank of Ayudhya are included in "Total" of "Global Business Unit."

6) Information on gain on negative goodwill by reportable segment

There was no applicable information to be reported for the six-month periods ended September 30, 2017 and 2016.

24. SUBSEQUENT EVENT

1. Transfer of corporate loan-related businesses of Mitsubishi UFJ Trust and Banking Corporation

On October 31, 2017, the Bank and Mitsubishi UFJ Trust and Banking Corporation (“MUTB”) entered into an absorption-type corporate split agreement to transfer MUTB’s domestic corporate loan-related businesses to the Bank (the absorption-type corporate split pursuant to such agreement, the “Corporate Split”), and business transfer agreements to transfer the corporate loan-related businesses carried on by MUTB’s overseas locations (New York, London, Hong Kong and Singapore) to the Bank (the business transfers pursuant to such agreements, the “Business Transfers,” and the Corporate Split and the Business Transfers are collectively referred to as the “Corporate Restructuring”) which will become effective on April 16, 2018 subject to approval from relevant authorities.

Purposes of the Corporate Restructuring:

The MUFG Group has announced “MUFG Re-Imagining Strategy” aiming to provide customers, officers and employees, shareholders and other stakeholders with the best value through an integrated group-based management approach that is simple, speedy and transparent as well as to achieve sustainable growth and contribute to the betterment of society by developing solutions-oriented businesses.

As part of this, the Bank will execute the Corporate Restructuring to establish the most suitable formation to service corporate clients as one group and clarify the mission and responsibility of each group member (“Functional Realignment” of the MUFG Group).

The Bank is planning to succeed and receive transfer of most of the carrying amount of MUTB’s corporate loans recorded in the consolidated balance sheet (¥14,307.6 billion (\$126.9 billion) as of September 30, 2017). Since the effective date of the Corporate Restructuring is April 16, 2018, the impact of the transfer on the consolidated balance sheet of the Bank cannot be determined at this moment.

2. Acquisition of stake in Danamon

The Bank has entered into conditional share purchase agreements with Asia Financial (Indonesia) Pte. Ltd. (“AFI”), and other affiliated entities (the “Sellers”), to acquire their 73.8% shareholding interests in Indonesian bank PT Bank Danamon Indonesia, Tbk. (“Danamon”) on December 26, 2017, subject to applicable regulatory approvals.

Objectives of the Transaction:

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

Outline of Proposed Transaction:

This strategic investment by the Bank will be executed through three steps (the “Proposed Transaction”), and completion of the Proposed Transaction will result in the Bank becoming the largest shareholder in Danamon and Danamon becoming a consolidated subsidiary of the Bank.

Step 1: The Bank will acquire an initial 19.9% stake in Danamon from the Sellers, based on a price of IDR 8,323(approximately ¥70(Note1)) per share and at an investment amount of IDR 15,875 billion(approximately ¥133 billion(Note1)). The price was based on PBR2.0x of Danamon’s net assets as of September 30, 2017 with certain adjustments applied. AFI will continue to be the majority shareholder in Danamon upon closing of Step 1, which is expected to be within a few days.

The Bank will present Danamon’s stake as available-for-sale securities.

Step 2: The Bank intends to then seek regulatory approvals and other relevant approvals to acquire an additional 20.1% to increase its stake in Danamon to 40% (“Step 2”). This step is expected to close between April and September of 2018, subject to receiving these approvals.

The prices for Danamon’s shares in Step 2 will be based on a similar approach as Step 1.

Step 3: Upon completion of Step 2, the Bank intends to seek the necessary approvals to increase its stake in Danamon beyond the 40%, and this will provide an opportunity for all other existing Danamon shareholders to either remain as shareholders or receive cash from the Bank. With the closing of Step 3, the Bank’s final stake in Danamon is expected to be over 73.8%.

The prices for Danamon’s shares in Step 3 will be based on a similar approach as Step 1.

Note:

1. Calculated based on the exchange rate of IDR1=¥0.0084

Overview of Danamon:

Corporate name: PT Bank Danamon Indonesia, Tbk.
Name and title of representative: Sng Seow Wah, President Director
Location: Jakarta Indonesia
Year of establishment: July 16, 1956
Business description: Banking services
Paid-in capital: 5,901,122 million rupiah (as of December 31, 2016)
Number of shares outstanding: 9,584,643,365 shares (as of December 31, 2016)
Fiscal year end: December

Financial summary of Danamon for the fiscal year ended December 31, 2016:

(millions of rupiah)

Operating income:	26,554,900
Net operating income:	4,934,212
Net income attributable to shareholders:	2,669,480
Total assets:	174,086,730
Net equity:	36,377,972

Notes:

1. "Operating income" refers to the total of "Operating income" and "Other operating income."
2. The above figures are presented based on Regulation of Financial Service Authority ("POJK") No. 6/POJK.03/2015 dated 31 March 2015 regarding "Transparency and Publication of Bank" and its amendment of POJK No. 32/POJK.03/2016 dated 8 August 2016, and the Copy of Circular Letter of Financial Service Authority ("SEOJK") No. 43/SEOJK.03/2016 dated 28 September 2016.

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