

Semi-annual Securities Report

“Hanki Hokokusho”

(Excerpt)

for the six-month period ended September 30, 2019

MUFG Bank, Ltd.

Table of Contents

	Page
Cover	1
I. Overview of the Company	2
1. Key Financial Data and Trends	2
2. Business Outline	4
3. Information on Subsidiaries and Affiliates	4
4. Employees	4
II. Business Overview	5
1. Management Policy, Business Environment and Issues to be Addressed, etc	5
2. Risks Related to Business	5
3. Management Analyses of Financial Position, Results of Operations and Cash Flows	6
4. Critical Contracts for Operation	23
5. Research and Development Activities	23
III. Company Information	24
1. Information on the Company's Shares	24
2. Directors and Corporate Auditors	26
IV. Financial Information	27
Semi-annual Consolidated Financial Statements (Unaudited) and Consolidated Financial Statements	27

[Cover]	
[Document Submitted]	Semi-annual Securities Report (“Hanki Hokokusho”)
[Submitted to]	Director, Kanto Local Finance Bureau
[Date of Submission]	November 29, 2019
[Accounting Period]	During the 15th Fiscal Year (from April 1, 2019 to September 30, 2019)
[Company Name]	Kabushiki-Kaisha Mitsubishi UFJ Ginko
[Company Name in English]	MUFG Bank, Ltd.
[Position and Name of Representative]	Kanetsugu Mike, President & CEO
[Location of Head Office]	2-7-1, Marunouchi, Chiyoda-ku, Tokyo, Japan
[Phone No.]	03-3240-1111 (main)
[Contact for Communications]	Zenta Morokawa, Chief Manager of Corporate Administration Division
[Nearest Contact]	2-7-1, Marunouchi, Chiyoda-ku, Tokyo, Japan
[Phone No.]	03-3240-1111 (main)
[Contact for Communications]	Zenta Morokawa, Chief Manager of Corporate Administration Division
[Place Available for Public Inspection]	Available only at the Head Office

I. Overview of the Company

1. Key Financial Data and Trends

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

(Millions of yen, unless otherwise stated)

	Semi-annual Period of Fiscal 2017	Semi-annual Period of Fiscal 2018	Semi-annual Period of Fiscal 2019	Fiscal 2017	Fiscal 2018
	From April 1, 2017 to September 30, 2017	From April 1, 2018 to September 30, 2018	From April 1, 2019 to September 30, 2019	From April 1, 2017 to March 31, 2018	From April 1, 2018 to March 31, 2019
Consolidated ordinary income	2,153,218	2,462,320	2,670,372	4,277,820	4,863,987
Consolidated ordinary profit	549,213	543,000	542,731	901,550	851,241
Semi-annual net income attributable to the shareholders of MUFG Bank	376,022	402,776	377,292	–	–
Net income attributable to the shareholders of MUFG Bank	–	–	–	575,260	612,437
Semi-annual consolidated comprehensive income	587,803	313,523	545,685	–	–
Consolidated comprehensive income	–	–	–	859,875	487,183
Consolidated total equity	12,813,225	12,866,700	13,309,302	12,708,722	12,869,567
Consolidated total assets	234,877,976	248,199,039	252,317,367	239,228,925	253,312,157
Total equity per share (yen)	963.90	977.57	1,025.37	964.46	987.52
Semi-annual net income per common share (yen)	30.44	32.61	30.54	–	–
Net income per common share (yen)	–	–	–	46.57	49.58
Diluted semi-annual net income per common share (yen)	30.44	32.61	30.54	–	–
Diluted net income per common share (yen)	–	–	–	46.57	49.58
Capital ratio (%)	5.06	4.86	5.01	4.97	4.81
Net cash provided by (used in) operating activities	5,057,658	2,957,906	(2,906,185)	10,425,832	10,615,956
Net cash provided by (used in) investing activities	1,607,228	(1,317,444)	1,824,212	(1,324,719)	(7,878,185)
Net cash provided by (used in) financing activities	(15,444)	(45,107)	738,897	(271,096)	(65,856)
Cash and cash equivalents at end of semi-annual period	55,780,381	59,516,523	59,743,352	–	–
Cash and cash equivalents at end of period	–	–	–	57,688,651	60,389,520
Number of employees [Besides the above, average number of temporary employees]	85,380 [22,200]	87,153 [21,600]	109,355 [25,700]	86,058 [22,100]	87,876 [21,800]

- (Notes)
1. National and local consumption taxes of MUFG Bank, Ltd. (hereinafter referred to as the “Bank”) and its domestic consolidated subsidiaries are accounted for using the tax-excluded method.
 2. Capital ratio is calculated by dividing (“total equity at the end of fiscal year (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.
 4. From the semi-annual period of Fiscal 2018, the Bank has revised its scope of funds reported on the consolidated statement of cash flows and provides key financial data with retroactively adjusted figures.

(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	13th Semi-annual Period	14th Semi-annual Period	15th Semi-annual Period	13th Term	14th Term
Period of account	September 2017	September 2018	September 2019	March 2018	March 2019
Ordinary income	1,570,415	1,902,928	1,925,492	3,067,560	3,568,249
Ordinary profit	411,819	502,433	413,766	637,091	624,464
Semi-annual net income	294,264	423,400	291,539	–	–
Net income	–	–	–	437,710	663,215
Capital stock	1,711,958	1,711,958	1,711,958	1,711,958	1,711,958
Total number of shares issued (thousands of shares)	Common stock 12,350,038 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	10,564,762	10,682,910	11,306,866	10,420,190	10,913,954
Total assets	209,936,874	221,393,144	223,051,960	212,246,573	225,596,992
Balance of deposits	142,121,265	148,848,377	151,607,934	145,492,629	152,870,674
Balance of loans and bills discounted	80,969,897	89,146,823	85,585,951	79,213,244	87,877,986
Balance of securities	40,993,747	43,194,138	47,315,344	43,375,328	48,739,675
Dividends per share (yen)	Common stock 18.94	Common stock 4.28	Common stock 11.45	Common stock 31.92	Common stock 8.51
Capital ratio (%)	5.03	4.82	5.06	4.90	4.83
Number of employees [Besides the above, average number of temporary employees]	34,729 [12,140]	34,331 [11,574]	33,232 [10,981]	34,101 [11,996]	33,524 [11,742]

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

2. Dividends per share for the 13th Semi-annual Period, the 13th Term and the 14th Term include the special dividends of ¥6.82, ¥13.64 and ¥4.28, respectively. Dividends per share for the 14th Semi-annual Period are special dividends.

3. The Bank paid dividends-in-kind in the 13th Semi-annual Period, the 13th Term, the 14th Semi-annual Period and the 14th Term 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 (MUFG Bank, Ltd. and its subsidiaries and affiliates) comprises the Bank, 123 consolidated subsidiaries, and 43 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

The following affiliate was changed to a subsidiary of the Bank during the current semi-annual period:

- PT Bank Danamon Indonesia, Tbk.

4. Employees

(1) Number of employees in consolidated companies

As of September 30, 2019

	Retail & Commercial Banking	Japanese Corporate & Investment Banking	Global Corporate & Investment Banking	Global Commercial Banking	Global Markets	Other units	Total
Number of employees	23,738 [10,200]	4,290 [500]	2,170 [100]	56,390 [7,700]	1,402 [0]	21,365 [7,200]	109,355 [25,700]

- (Notes)
1. Number of employees includes locally hired overseas staff members, but excludes 3,730 contract employees and 25,000 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 4,400 at the end of the current semi-annual period while 4,700 on average over the half year (both numbers are rounded to the nearest hundred).
 5. Number of employees increased by 21,479 compared to the end of the previous fiscal year. This was due primarily to four Group companies including PT Bank Danamon Indonesia, Tbk. becoming subsidiaries of the Bank.

(2) Employees of the Bank

As of September 30, 2019

	Retail & Commercial Banking	Japanese Corporate & Investment Banking	Global Corporate & Investment Banking	Global Commercial Banking	Global Markets	Other units	Total
Number of employees	21,049 [9,357]	3,479 [493]	1,350 [86]	2 [0]	1,265 [27]	6,087 [1,018]	33,232 [10,981]

- (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 1,545 contract employees and 10,879 temporary employees.
 2. Number of employees excludes 113 Executive Officers (18 of whom serving as Directors concurrently).
 3. Number of temporary employees includes contractors. Number of contractors was 2,208 at the end of the current semi-annual period and 2,216 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 MUFG Bank Union with the membership of 31,663.
No significant issues exist between the union and the management.

II. Business Overview

1. 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.

2. Risks Related to Business

In the current semi-annual period, there were no matters stated in the Business Overview and the Financial Information of this Semi-annual Securities Report that have potential significant impact on the judgment of investors, or significant changes in the "Risks Related to Business" stated in the Annual Securities Report of the previous fiscal year.

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

(1) Overview of Results of Operations, etc.

(Financial position and results of operations)

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

Assets decreased by ¥994.7 billion compared to the end of the previous fiscal year to ¥252,317.3 billion. Major components were loans and bills discounted of ¥102,403.8 billion, cash and due from banks of ¥59,743.3 billion and securities of ¥48,117.5 billion.

Liabilities decreased by ¥1,434.5 billion compared to the end of the previous fiscal year to ¥239,008.0 billion. Major components were deposits and negotiable certificates of deposit of ¥176,670.5 billion.

As for profits and losses, ordinary profit decreased by ¥0.2 billion compared to the same period of the previous fiscal year to ¥542.7 billion, and semi-annual net income attributable to the shareholders of MUFG Bank decreased by ¥25.4 billion compared to the same period of the previous fiscal year to ¥377.2 billion.

Results by reportable segment are as follows:

1. Retail & Commercial Banking Business Unit

Net operating income was ¥31.9 billion, with a decrease of ¥2.3 billion from the same period of the previous fiscal year.

2. Japanese Corporate & Investment Banking Business Unit

Net operating income was ¥88.8 billion, with a decrease of ¥0.9 billion from the same period of the previous fiscal year.

3. Global Corporate & Investment Banking Business Unit

Net operating income was ¥66.0 billion, with a decrease of ¥2.0 billion from the same period of the previous fiscal year.

4. Global Commercial Banking Business Unit

Net operating income was ¥97.1 billion, with an increase of ¥0.1 billion from the same period of the previous fiscal year.

5. Global Markets Business Unit

Net operating income was ¥169.1 billion, with an increase of ¥69.0 billion from the same period of the previous fiscal year.

6. Other units

Net operating loss was ¥2.0 billion, with an improvement of ¥57.1 billion from the same period of the previous fiscal year.

From the current semi-annual period, the Bank has changed the method of calculating profits of reportable segments in line with changes in the allocation method of income and expenses among internal business units.

Segment information for the previous semi-annual period that was prepared in accordance with the calculation method after the change is provided in “Notes to Semi-annual Consolidated Financial Statements (Unaudited) for the six months ended September 30, 2019 and 2018 and Consolidated Financial Statements for the fiscal year ended March 31, 2019, 24. SEGMENT INFORMATION, (3) Reportable segment information.”

(Summary of cash flows)

With regard to cash flows, operating activities used net cash of ¥2,906.1 billion, with a ¥5,864.0 billion increase in cash outflows from the same period of the previous fiscal year. Investing activities generated net cash of ¥1,824.2 billion, with a ¥3,141.6 billion increase in cash inflows from the same period of the previous fiscal year. Financing activities generated net cash of ¥738.8 billion, with a ¥784.0 billion increase in cash inflows from the same period of the previous fiscal year.

Cash and cash equivalents at the end of the current semi-annual period were ¥59,743.3 billion, with a ¥646.1 billion decrease from the end of the previous fiscal year.

The consolidated total risk-adjusted capital ratio based on the uniform international standards as of September 30, 2019 was 15.13%.

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 ¥1,389.2 billion, with an increase of ¥157.7 billion from the same period of the previous fiscal year. Of this, domestic operations posted an income of ¥672.4 billion, with a decrease of ¥26.1 billion from the same period of the previous fiscal year, and overseas operations posted an income of ¥820.8 billion, with an increase of ¥75.9 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	444,092	496,701	(140,612)	800,182
	Current semi-annual period	310,690	516,537	(31,391)	795,836
Of which, interest income	Previous semi-annual period	663,623	1,057,720	(184,116)	1,537,227
	Current semi-annual period	568,536	1,173,064	(70,450)	1,671,150
Of which, interest expenses	Previous semi-annual period	219,531	561,019	(43,504)	737,045
	Current semi-annual period	257,846	656,526	(39,058)	875,314
Net fees and commissions	Previous semi-annual period	198,624	209,217	(69,529)	338,312
	Current semi-annual period	186,490	210,959	(71,706)	325,744
Of which, fees and commissions income	Previous semi-annual period	275,123	253,317	(98,140)	430,300
	Current semi-annual period	265,120	260,504	(105,226)	420,398
Of which, fees and commissions expenses	Previous semi-annual period	76,499	44,099	(28,610)	91,987
	Current semi-annual period	78,630	49,544	(33,520)	94,654
Net trading income	Previous semi-annual period	2,397	33,408	(855)	34,950
	Current semi-annual period	11,268	23,207	(784)	33,691
Of which, trading income	Previous semi-annual period	3,252	68,944	(35,276)	36,921
	Current semi-annual period	11,268	59,403	(36,981)	33,691
Of which, trading expenses	Previous semi-annual period	854	35,536	(34,421)	1,970
	Current semi-annual period	–	36,196	(36,196)	–
Net other operating income	Previous semi-annual period	53,490	5,552	(1,040)	58,003
	Current semi-annual period	163,974	70,098	(135)	233,937
Of which, other operating income	Previous semi-annual period	95,890	91,906	(39,076)	148,719
	Current semi-annual period	276,809	98,293	(26,871)	348,230
Of which, other operating expenses	Previous semi-annual period	42,399	86,353	(38,036)	90,716
	Current semi-annual period	112,834	28,194	(26,736)	114,293

(Notes) 1. “Domestic” includes offices of the Bank (excluding its overseas offices) and consolidated subsidiaries whose principal offices are located in Japan (hereinafter referred to as “domestic consolidated subsidiaries”). “Overseas” includes the Bank’s overseas offices and consolidated subsidiaries whose principal offices are located abroad (hereinafter referred to as “overseas consolidated subsidiaries”).

2. Interest expenses are stated excluding expenses related to money held in trust.

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

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

(i) Domestic

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

The average balance of interest-earning assets in the current semi-annual period increased by ¥4,420.6 billion compared to the same period of the previous fiscal year to ¥134,999.6 billion. Yield on interest-earning assets fell by 0.17% to 0.83% and the total interest income stood at ¥568.5 billion, with a decrease of ¥95.0 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 ¥4,370.4 billion compared to the same period of the previous fiscal year to ¥155,543.1 billion. Yield on interest-bearing liabilities rose by 0.04% to 0.33% and total interest expenses stood at ¥257.8 billion, with an increase of ¥38.3 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	130,579,034	663,623	1.01
	Current semi-annual period	134,999,641	568,536	0.83
Of which, loans and bills discounted	Previous semi-annual period	62,656,451	344,537	1.09
	Current semi-annual period	62,987,598	338,270	1.07
Of which, securities	Previous semi-annual period	36,834,472	283,287	1.53
	Current semi-annual period	41,933,714	202,621	0.96
Of which, call loans and bills bought	Previous semi-annual period	467,838	399	0.17
	Current semi-annual period	32,147	12	0.07
Of which, receivables under resale agreements	Previous semi-annual period	2,120,532	(2,555)	(0.24)
	Current semi-annual period	2,457,696	(872)	(0.07)
Of which, receivables under securities borrowing transactions	Previous semi-annual period	852,304	48	0.01
	Current semi-annual period	–	–	–
Of which, due from banks	Previous semi-annual period	24,594,861	12,352	0.10
	Current semi-annual period	24,627,750	12,159	0.09
Interest-bearing liabilities	Previous semi-annual period	151,172,680	219,531	0.28
	Current semi-annual period	155,543,157	257,846	0.33
Of which, deposits	Previous semi-annual period	129,206,503	28,320	0.04
	Current semi-annual period	131,510,317	48,473	0.07
Of which, negotiable certificates of deposit	Previous semi-annual period	1,067,828	153	0.02
	Current semi-annual period	1,143,167	111	0.01
Of which, call money and bills sold	Previous semi-annual period	66,635	642	1.92
	Current semi-annual period	305,621	483	0.31
Of which, payables under repurchase agreements	Previous semi-annual period	8,263,371	56,441	1.36
	Current semi-annual period	9,749,464	41,907	0.85
Of which, payables under securities lending transactions	Previous semi-annual period	1,960,801	104	0.01
	Current semi-annual period	–	–	–
Of which, commercial paper	Previous semi-annual period	–	–	–
	Current semi-annual period	–	–	–
Of which, borrowed money	Previous semi-annual period	19,372,450	94,559	0.97
	Current semi-annual period	19,628,790	113,986	1.15

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

2. “Domestic” includes offices of the Bank (excluding its overseas offices) and domestic consolidated subsidiaries.

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

(ii) Overseas

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

The average balance of interest-earning assets in the current semi-annual period decreased by ¥1,862.5 billion compared to the same period of the previous fiscal year to ¥68,667.0 billion. Yield on interest-earning assets rose by 0.41% to 3.40% and total interest income stood at ¥1,173.0 billion, with an increase of ¥115.3 billion from the same period of the previous fiscal year. The average balance of interest-bearing liabilities in the current semi-annual period decreased by ¥1,198.8 billion compared to the same period of the previous fiscal year to ¥68,778.1 billion. Yield on interest-bearing liabilities rose by 0.30% to 1.90% and total interest expenses stood at ¥656.5 billion, with an increase of ¥95.5 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	70,529,638	1,057,720	2.99
	Current semi-annual period	68,667,044	1,173,064	3.40
Of which, loans and bills discounted	Previous semi-annual period	44,760,339	732,544	3.26
	Current semi-annual period	42,996,950	797,305	3.69
Of which, securities	Previous semi-annual period	7,228,151	77,846	2.14
	Current semi-annual period	7,795,963	86,071	2.20
Of which, call loans and bills bought	Previous semi-annual period	582,981	6,036	2.06
	Current semi-annual period	745,312	6,695	1.79
Of which, receivables under resale agreements	Previous semi-annual period	2,996,046	43,349	2.88
	Current semi-annual period	3,624,378	61,311	3.37
Of which, receivables under securities borrowing transactions	Previous semi-annual period	569,034	5,551	1.94
	Current semi-annual period	615,325	8,290	2.68
Of which, due from banks	Previous semi-annual period	8,992,749	73,392	1.62
	Current semi-annual period	7,647,777	72,625	1.89
Interest-bearing liabilities	Previous semi-annual period	69,977,005	561,019	1.59
	Current semi-annual period	68,778,139	656,526	1.90
Of which, deposits	Previous semi-annual period	40,449,777	240,359	1.18
	Current semi-annual period	41,182,586	310,944	1.50
Of which, negotiable certificates of deposit	Previous semi-annual period	4,513,281	45,008	1.98
	Current semi-annual period	5,134,122	63,331	2.46
Of which, call money and bills sold	Previous semi-annual period	505,155	6,347	2.50
	Current semi-annual period	279,322	2,250	1.60
Of which, payables under repurchase agreements	Previous semi-annual period	3,466,456	40,404	2.32
	Current semi-annual period	3,532,597	55,965	3.15
Of which, payables under securities lending transactions	Previous semi-annual period	62,207	858	2.75
	Current semi-annual period	34,329	811	4.71
Of which, commercial paper	Previous semi-annual period	1,756,951	19,451	2.20
	Current semi-annual period	1,783,325	22,480	2.51
Of which, borrowed money	Previous semi-annual period	3,497,580	35,754	2.03
	Current semi-annual period	3,535,790	47,042	2.65

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

(iii) Total

(Millions of yen)

Item	Semi-annual period	Average balance			Interest			Yield (%)
		Subtotal	Amount of elimination	Total	Subtotal	Amount of elimination	Total	
Interest-earning assets	Previous semi-annual period	201,108,673	(8,358,947)	192,749,726	1,721,344	(184,116)	1,537,227	1.59
	Current semi-annual period	203,666,685	(8,063,152)	195,603,533	1,741,601	(70,450)	1,671,150	1.70
Of which, loans and bills discounted	Previous semi-annual period	107,416,791	(1,926,184)	105,490,606	1,077,082	(29,169)	1,047,913	1.98
	Current semi-annual period	105,984,548	(1,911,952)	104,072,596	1,135,575	(29,873)	1,105,702	2.11
Of which, securities	Previous semi-annual period	44,062,623	(3,281,638)	40,780,985	361,134	(136,637)	224,496	1.09
	Current semi-annual period	49,729,678	(3,822,342)	45,907,335	288,692	(27,258)	261,434	1.13
Of which, call loans and bills bought	Previous semi-annual period	1,050,819	(162,762)	888,057	6,436	(533)	5,902	1.32
	Current semi-annual period	777,460	(78,932)	698,527	6,708	(182)	6,525	1.86
Of which, receivables under resale agreements	Previous semi-annual period	5,116,578	–	5,116,578	40,793	–	40,793	1.59
	Current semi-annual period	6,082,075	–	6,082,075	60,438	–	60,438	1.98
Of which, receivables under securities borrowing transactions	Previous semi-annual period	1,421,339	–	1,421,339	5,600	–	5,600	0.78
	Current semi-annual period	615,325	–	615,325	8,290	–	8,290	2.68
Of which, due from banks	Previous semi-annual period	33,587,610	(2,497,713)	31,089,897	85,744	(11,856)	73,888	0.47
	Current semi-annual period	32,275,527	(1,687,412)	30,588,115	84,785	(7,985)	76,800	0.50
Interest-bearing liabilities	Previous semi-annual period	221,149,686	(5,129,357)	216,020,328	780,550	(43,504)	737,045	0.68
	Current semi-annual period	224,321,297	(4,239,524)	220,081,772	914,372	(39,058)	875,314	0.79
Of which, deposits	Previous semi-annual period	169,656,280	(2,181,929)	167,474,351	268,680	(6,991)	261,688	0.31
	Current semi-annual period	172,692,903	(1,350,238)	171,342,664	359,418	(5,753)	353,665	0.41
Of which, negotiable certificates of deposit	Previous semi-annual period	5,581,109	–	5,581,109	45,162	–	45,162	1.61
	Current semi-annual period	6,277,289	–	6,277,289	63,443	–	63,443	2.01
Of which, call money and bills sold	Previous semi-annual period	571,790	(192,045)	379,745	6,989	(1,873)	5,116	2.68
	Current semi-annual period	584,944	(188,313)	396,630	2,733	(120)	2,613	1.31
Of which, payables under repurchase agreements	Previous semi-annual period	11,729,827	–	11,729,827	96,845	–	96,845	1.64
	Current semi-annual period	13,282,062	–	13,282,062	97,872	–	97,872	1.46
Of which, payables under securities lending transactions	Previous semi-annual period	2,023,009	–	2,023,009	962	–	962	0.09
	Current semi-annual period	34,329	–	34,329	811	–	811	4.71
Of which, commercial paper	Previous semi-annual period	1,756,951	–	1,756,951	19,451	–	19,451	2.20
	Current semi-annual period	1,783,325	–	1,783,325	22,480	–	22,480	2.51
Of which, borrowed money	Previous semi-annual period	22,870,031	(1,810,391)	21,059,639	130,314	(32,796)	97,518	0.92
	Current semi-annual period	23,164,581	(1,442,398)	21,722,183	161,028	(32,431)	128,597	1.18

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

3) Fees and commissions by domestic and overseas offices

Net fees and commissions income are as follows:

Fees and commissions income of domestic offices for the current semi-annual period was ¥265.1 billion, with a decrease of ¥10.0 billion from the same period of the previous fiscal year. Fees and commissions expenses were ¥78.6 billion, with an increase of ¥2.1 billion from the same period of the previous fiscal year, resulting in a net fees and commissions income of ¥186.4 billion, with a decrease of ¥12.1 billion from the same period of the previous fiscal year. Fees and commissions income of overseas offices during the current semi-annual period was ¥260.5 billion, with an increase of ¥7.1 billion from the same period of the previous fiscal year, while fees and commissions expenses were ¥49.5 billion, with an increase of ¥5.4 billion from the same period of the previous fiscal year, resulting in a net fees and commissions income of ¥210.9 billion, with an increase of ¥1.7 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 ¥325.7 billion, with a decrease of ¥12.5 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	275,123	253,317	(98,140)	430,300
	Current semi-annual period	265,120	260,504	(105,226)	420,398
Of which, domestic and foreign exchange services	Previous semi-annual period	75,108	6,186	(179)	81,115
	Current semi-annual period	75,393	6,175	(176)	81,391
Of which, other commercial banking services	Previous semi-annual period	110,213	131,637	(2,040)	239,810
	Current semi-annual period	105,847	132,560	(1,899)	236,507
Of which, guarantee services	Previous semi-annual period	22,843	17,409	(7,842)	32,410
	Current semi-annual period	21,892	16,457	(7,329)	31,020
Of which, securities-related services	Previous semi-annual period	19,709	24,615	(37)	44,286
	Current semi-annual period	13,854	30,633	(35)	44,453
Fees and commissions expenses	Previous semi-annual period	76,499	44,099	(28,610)	91,987
	Current semi-annual period	78,630	49,544	(33,520)	94,654
Of which, domestic and foreign exchange services	Previous semi-annual period	16,538	5,522	(161)	21,899
	Current semi-annual period	16,953	5,789	(156)	22,586

- (Notes)
1. “Domestic” includes offices of the Bank (excluding its overseas offices) and domestic consolidated subsidiaries. “Overseas” includes the Bank’s overseas offices and overseas consolidated subsidiaries.
 2. “Other commercial banking services” includes deposit-taking and lending services, agency services, custody and safe deposit services, trust-related services and others.
 3. “Amount of elimination” is the total amount of elimination associated with internal transactions, etc. between consolidated companies.

4) Trading results by domestic and overseas 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 ¥11.2 billion, with an increase of ¥8.0 billion from the same period of the previous fiscal year. Trading expenses of domestic offices for the current semi-annual period decreased by ¥0.8 billion from the same period of the previous fiscal year, resulting in a net trading income of ¥11.2 billion, accompanied by an increase of ¥8.8 billion from the same period of the previous fiscal year. Trading income of overseas offices for the current semi-annual period was ¥59.4 billion, with a decrease of ¥9.5 billion from the same period of the previous fiscal year. Trading expenses of overseas offices were ¥36.1 billion, an increase of ¥0.6 billion from the same period of the previous fiscal year. As a result, net trading income for the current semi-annual period was ¥23.2 billion, with a decrease of ¥10.2 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 ¥33.6 billion, with a decrease of ¥1.2 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	3,252	68,944	(35,276)	36,921
	Current semi-annual period	11,268	59,403	(36,981)	33,691
Of which, income from trading securities	Previous semi-annual period	417	27,342	(27,760)	–
	Current semi-annual period	890	33,601	(9,633)	24,858
Of which, income from securities related to trading transactions	Previous semi-annual period	–	–	–	–
	Current semi-annual period	(231)	369	–	137
Of which, income from trading-related financial derivatives	Previous semi-annual period	2,499	41,602	(7,516)	36,585
	Current semi-annual period	10,328	25,417	(27,348)	8,397
Of which, income from other trading transactions	Previous semi-annual period	335	–	–	335
	Current semi-annual period	281	15	–	296
Trading expenses	Previous semi-annual period	854	35,536	(34,421)	1,970
	Current semi-annual period	–	36,196	(36,196)	–
Of which, expenses on trading securities	Previous semi-annual period	–	28,902	(27,760)	1,142
	Current semi-annual period	–	9,633	(9,633)	–
Of which, expenses on securities related to trading transactions	Previous semi-annual period	854	(26)	–	828
	Current semi-annual period	–	–	–	–
Of which, expenses on trading-related financial derivatives	Previous semi-annual period	–	6,660	(6,660)	–
	Current semi-annual period	–	26,563	(26,563)	–
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 internal 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	127,718,568	39,522,481	(1,792,526)	165,448,524
	Current semi-annual period	130,437,193	41,346,290	(1,486,279)	170,297,205
Of which, liquid deposits	Previous semi-annual period	96,064,702	21,432,186	(462,908)	117,033,980
	Current semi-annual period	97,676,558	23,056,418	(492,703)	120,240,273
Of which, fixed-term deposits	Previous semi-annual period	25,967,275	18,010,248	(1,175,984)	42,801,539
	Current semi-annual period	25,498,367	18,215,569	(984,445)	42,729,491
Of which, other deposits	Previous semi-annual period	5,686,591	80,047	(153,633)	5,613,004
	Current semi-annual period	7,262,268	74,302	(9,130)	7,327,440
Negotiable certificates of deposit	Previous semi-annual period	1,037,174	4,290,140	–	5,327,314
	Current semi-annual period	1,163,463	5,209,849	–	6,373,312
Total	Previous semi-annual period	128,755,743	43,812,622	(1,792,526)	170,775,839
	Current semi-annual period	131,600,656	46,556,140	(1,486,279)	176,670,517

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

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

3. Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice

4. Fixed-term deposits = Time deposits + Installment savings

6) Balance of loans and bills discounted at domestic and overseas offices
 ・ Loans by type of industry (outstanding balances, composition ratios)

Industry	Previous 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)	60,713,113	100.00	59,913,533	100.00
Manufacturing	9,500,671	15.65	9,948,745	16.61
Construction	667,576	1.10	678,969	1.13
Wholesale and retail	6,387,237	10.52	6,189,036	10.33
Finance and insurance	7,454,218	12.28	7,037,806	11.75
Real estate, goods rental and leasing	10,936,013	18.01	10,682,998	17.83
Services	2,660,455	4.38	2,697,283	4.50
Other industries	23,106,942	38.06	22,678,694	37.85
Overseas and Japan offshore market account	44,249,171	100.00	42,490,270	100.00
Governments and public organizations	701,699	1.59	535,862	1.26
Financial institutions	10,330,237	23.34	8,872,253	20.88
Others	33,217,234	75.07	33,082,154	77.86
Total	104,962,285	—	102,403,803	—

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

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

(Reference information)

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

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

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

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

(Billions of yen, %)

	As of September 30, 2019
1. Consolidated Total Capital Ratio (4/7)	15.13
2. Consolidated Tier 1 Capital Ratio (5/7)	13.01
3. Consolidated Common Equity Tier 1 Capital Ratio (6/7)	11.39
4. Consolidated Total Capital	14,606.2
5. Consolidated Tier 1 Capital	12,562.6
6. Consolidated Common Equity Tier 1 Capital	10,996.3
7. Risk-weighted Assets	96,538.5
8. Consolidated Total Capital Requirements	7,723.0

Consolidated leverage ratio (under uniform international standards)

(%)

	As of September 30, 2019
Consolidated leverage ratio	4.63

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

(Billions of yen, %)

	As of September 30, 2019
1. Non-consolidated Total Capital Ratio (4/7)	16.49
2. Non-consolidated Tier 1 Capital Ratio (5/7)	14.31
3. Non-consolidated Common Equity Tier 1 Capital Ratio (6/7)	12.48
4. Non-consolidated Total Capital	13,653.1
5. Non-consolidated Tier 1 Capital	11,849.6
6. Non-consolidated Common Equity Tier 1 Capital	10,338.0
7. Risk-weighted Assets	82,776.8
8. Non-consolidated Total Capital Requirements	6,622.1

Non-consolidated leverage ratio (under uniform international standards)

(%)

	As of September 30, 2019
Non-consolidated leverage ratio	4.94

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

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

Forward-looking statements in this section reflect the Bank's view as of the end of the current semi-annual period.

Consolidated gross operating income for the current semi-annual period increased by ¥157.4 billion from the same period of the previous fiscal year, primarily reflecting an increase in net other operating income. Meanwhile, general and administrative expenses increased by ¥25.4 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 ¥467.4 billion, with an increase of ¥131.9 billion from the same period of the previous fiscal year.

Meanwhile, semi-annual net income attributable to the shareholders of MUFG Bank was ¥377.2 billion, with a decrease of ¥25.4 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)	1,537.2	1,671.1	133.9
Interest expenses (after deduction of expenses related to money held in trust)	(2)	737.0	875.3	138.2
Trust fees	(3)	6.5	6.2	(0.3)
Of which, credit costs for trust accounts	(4)	–	–	–
Fees and commissions income	(5)	430.3	420.3	(9.9)
Fees and commissions expenses	(6)	91.9	94.6	2.6
Trading income	(7)	36.9	33.6	(3.2)
Trading expenses	(8)	1.9	–	(1.9)
Other operating income	(9)	148.7	348.2	199.5
Other operating expenses	(10)	90.7	114.2	23.5
Consolidated gross operating income (= (1) - (2) + (3) + (5) - (6) + (7) - (8) + (9) - (10))	(11)	1,238.0	1,395.4	157.4
General and administrative expenses (after deduction of non-recurring expenses)	(12)	902.5	927.9	25.4
Consolidated net business profit (loss) (before provision for general allowance for credit losses = (11) + (4) - (12))		335.5	467.4	131.9
Other ordinary expenses (Provision for general allowance for credit losses)	(13)	–	–	–
Consolidated net business profit (loss) (= (11) - (12) - (13))		335.5	467.4	131.9
Other ordinary income	(14)	302.5	190.6	(111.9)
Of which, reversal of allowance for credit losses		91.3	11.8	(79.5)
Of which, gains on collection of bad debts		20.6	33.1	12.5
Of which, gains on sales of equity securities and other securities		86.7	72.0	(14.7)
Interest expenses (expenses related to money held in trust)	(15)	0.0	0.0	(0.0)
General and administrative expenses (non-recurring expenses)	(16)	16.8	(3.9)	(20.8)
Other ordinary expenses (after deduction of provision for general allowance for credit losses)	(17)	78.2	119.3	41.1
Of which, credit costs		7.7	27.3	19.5
Of which, losses on sales of equity securities and other securities		8.7	18.0	9.3
Of which, losses on write-down of equity securities and other securities		1.2	32.4	31.2
Net non-recurring gains (losses) (= (14) - (15) - (16) - (17))		207.4	75.2	(132.2)

	Previous semi-annual period (A)	Current semi-annual period (B)	Change (B - A)
Ordinary profit	543.0	542.7	(0.2)
Net extraordinary gains (losses)	(7.3)	18.1	25.4
Of which, impairment loss of long-lived assets	(7.4)	(12.8)	(5.4)
Income before income taxes	535.6	560.8	25.2
Total income taxes	111.8	157.2	45.4
Net income before attribution of noncontrolling interests	423.8	403.6	(20.2)
Net income attributable to noncontrolling interests	21.0	26.3	5.2
Net income attributable to the shareholders of MUFG Bank	402.7	377.2	(25.4)

1) Analysis of Results of Operations

(i) Total credit costs

Total credit costs for the current semi-annual period increased by ¥137.7 billion compared to the same period of the previous fiscal year to a reversal of ¥23.0 billion, primarily reflecting decreases of reversal of allowance for credit losses and reversal of reserve for contingent losses.

(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)	91.3	11.8	(79.5)
Of other ordinary income, reversal of reserve for contingent losses (3)	56.5	5.2	(51.2)
Of other ordinary income, gains on collection of bad debts (4)	20.6	33.1	12.5
Of other ordinary expenses, provision for general allowance for credit losses (5)	–	–	–
Of other ordinary expenses, credit costs (6)	7.7	27.3	19.5
Write-offs of loans	20.6	28.6	7.9
Provision for specific allowance for credit losses	–	–	–
Other credit costs	(12.8)	(1.3)	11.5
Total credit costs (= (1) - (2) - (3) - (4) + (5) + (6))	(160.8)	(23.0)	137.7
Consolidated net business profit (loss) (before credit costs for trust accounts and provision for general allowance for credit losses)	335.5	467.4	131.9
Consolidated net business profit (loss) (after deduction of total credit costs)	496.3	490.5	(5.8)

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

The Bank posted ¥21.5 billion net gains on equity securities and other securities for the current semi-annual period with a decrease of ¥55.2 billion from the same period of the previous fiscal year.

Gains on sales of equity securities and other securities decreased by ¥14.7 billion compared to the same period of the previous fiscal year to ¥72.0 billion while losses on sales of equity securities and other securities increased by ¥9.3 billion compared to the same period of the previous fiscal year to ¥18.0 billion. Losses on write-down of equity securities and other securities increased by ¥31.2 billion compared to the same period of the previous fiscal year to ¥32.4 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	76.8	21.5	(55.2)
Of other ordinary income, gains on sales of equity securities and other securities	86.7	72.0	(14.7)
Of other ordinary expenses, losses on sales of equity securities and other securities	8.7	18.0	9.3
Of other ordinary expenses, losses on write-down of equity securities and other securities	1.2	32.4	31.2

2) Analysis of Financial Position

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

Claims disclosed under the Financial Reconstruction Act increased by ¥17.3 billion from the end of the previous fiscal year to ¥650.3 billion.

The percentage of disclosed claims to total claims increased by 0.04 percentage points from the end of the previous fiscal year to 0.69%.

Claims by borrowers' classification show claims against bankrupt or de facto bankrupt borrowers decreased by ¥14.0 billion, doubtful claims decreased by ¥5.1 billion, and claims in need of special attention increased by ¥36.5 billion.

With regard to the status of coverage at the end of the current semi-annual period for these disclosed claims totaling ¥650.3 billion, the amount secured by allowance for credit losses was ¥144.7 billion and the amount secured by collaterals, guarantees and others was ¥355.3 billion, representing a percentage of covered claims to total disclosed claims (coverage ratio) of 76.89%.

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	91.9 [106.0]	4.1 [4.3]	87.8 [101.6]	100.00% [100.00%]	100.00% [100.00%]
Doubtful claims	342.9 [348.1]	74.2 [148.2]	189.1 [138.2]	48.26% [70.58%]	76.78% [82.26%]
Claims in need of special attention	215.4 [178.8]	66.3 [50.3]	78.3 [86.6]	48.43% [54.67%]	67.19% [76.64%]
Subtotal	650.3 [633.0]	144.7 [202.9]	355.3 [326.5]	49.06% [66.21%]	76.89% [83.64%]
Normal claims	93,452.1 [96,714.3]	–	–	–	–
Total	94,102.5 [97,347.4]	–	–	–	–
Percentage of disclosed claims to total claims	0.69% [0.65%]	–	–	–	–

(Note) The upper figures are as of September 30, 2019. The lower figures within brackets are as of March 31, 2019.

3) Cash Flows

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

4) Results of Operations by Business Unit

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

[Principal business conducted by each business unit]

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

(Billions of yen)

	Retail & Commercial Banking Business Unit	Japanese Corporate & Investment Banking Business Unit	Global Corporate & Investment Banking Business Unit	Global Commercial Banking Business Unit	Customer business units subtotal	Global Markets Business Unit	Other units (Note 2)	Total
Gross operating income	346.0	211.4	179.9	371.2	1,108.6	218.2	39.3	1,366.2
Non-consolidated	315.8	177.7	128.5	(0.4)	621.6	186.5	37.0	845.1
Net interest income	218.6	81.4	56.3	0.4	356.9	38.5	33.1	428.6
Net non-interest income	97.2	96.2	72.1	(0.9)	264.7	147.9	3.8	416.5
Subsidiaries	30.1	33.7	51.3	371.7	487.0	31.7	2.3	521.0
Expenses	314.0	122.5	113.8	274.1	824.6	49.1	41.4	915.1
Net operating income (Note 1)	31.9	88.8	66.0	97.1	284.0	169.1	(2.0)	451.0

(Notes) 1. Net operating income is the consolidated net business profit (loss) before consolidation adjustments (eliminating dividends from subsidiaries only).

Above profits and losses are computed for the purpose of internal management and differ from those for financial accounting.

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

(1) Retail & Commercial Banking Business Unit

Income from commissions was weak in asset management and other businesses, and the interest spread of yen deposits and loans deteriorated. As a result, gross operating income fell below that of the previous fiscal year.

(2) Japanese Corporate & Investment Banking Business Unit

Gross operating income exceeded that of the previous fiscal year due to the increase in net interest income mainly from overseas deposits, despite the decrease in income from commissions in Japan.

(3) Global Corporate & Investment Banking Business Unit

Gross operating income fell below that of the previous fiscal year due in part to the effects of the decrease in income from deposits principally in the Americas, despite the increase in income from loans in all areas.

(4) Global Commercial Banking Business Unit

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

(5) Global Markets Business Unit

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

4. Critical Contracts for Operation

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

On April 29, 2019, the Bank acquired an additional 54.0% of the total outstanding shares of PT Bank Danamon Indonesia, Tbk. (“Bank Danamon”), which is a major commercial bank of the Republic of Indonesia (“Indonesia”), from existing shareholders, as the third step of its strategic investments in Bank Danamon. Consequently, the Bank increased its investment in Bank Danamon to 94.0% and made it a consolidated subsidiary of the Bank. Furthermore, on May 1, 2019, the Bank increased its stake in Bank Danamon to 94.1% upon the completion of an absorption-type merger in which Bank Danamon was the surviving bank and PT Bank Nusantara Parahyangan Tbk. was the absorbed bank.

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

5. Research and Development Activities

Not applicable.

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, 2019)	Number of shares issued as of the date of submission (November 29, 2019)	Financial instruments exchange on which the stock is listed or other market	Description
Common stock	12,350,038,122	Same as left	–	(Notes) 1, 2, 3
1st series of Class 2 preferred stock	100,000,000	Same as left	–	(Notes) 1, 2
1st series of Class 4 preferred stock	79,700,000	Same as left	–	(Notes) 1, 2
1st series of Class 6 preferred stock	1,000,000	Same as left	–	(Notes) 1, 2
1st series of Class 7 preferred stock	177,000,000	Same as left	–	(Notes) 1, 2
Total	12,707,738,122	Same as left	–	–

- (Notes)
1. Number of shares constituting one unit is 1,000 for both common stock and preferred stock, and there are no provisions in the Articles of Incorporation in respect of Article 322, Paragraph 2 of the Companies Act.
 2. Different provisions in respect of matters including voting rights apply to common stock and preferred stock, to allow our financial policy to operate in a flexible manner.
 3. Standard stock involving no restriction on shareholders' rights.

(2) Status of subscription rights to shares

1) Description of stock option plans

Not applicable.

2) Status of other subscription rights to shares

Not applicable.

(3) Status of exercise, etc. of moving strike convertible bonds, etc.

Not applicable.

(4) 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)
September 30, 2019	–	12,707,738	–	1,711,958	–	1,711,958

(5) Status of major shareholders

By number of shares held

As of September 30, 2019

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

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

By number of voting rights held

As of September 30, 2019

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

(6) Status of voting rights

1) Issued shares

As of September 30, 2019

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

2) Treasury stock, etc.

As of September 30, 2019

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

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

2. Directors and Corporate Auditors

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 are as follows:

New title and position	Previous title and position	Name	Date of change
Member of the Board of Directors, Deputy President (Chief Executive, Japanese Corporate & Investment Banking Business Unit, and Group Head, Research & Advisory Group)	Member of the Board of Directors, Deputy President (Chief Executive, Japanese Corporate & Investment Banking Business Unit)	Kenji Yabuta	July 1, 2019

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

We have reviewed the accompanying semi-annual consolidated balance sheet of MUFG Bank, Ltd. (the "Bank") and its subsidiaries as of September 30, 2019, 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, 2019 and 2018, 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, 2019, and the consolidated results of their operations and their cash flows for the six-month periods ended September 30, 2019 and 2018, 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, 2019, 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 25, 2019, 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, 2019, 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 25, 2019

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

MUFG Bank, Ltd. and Subsidiaries

**Semi-annual Consolidated Balance Sheet (Unaudited) as of September 30, 2019 and
Consolidated Balance Sheet as of March 31, 2019**

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	September 30	March 31	September 30
	<u>2019</u>	<u>2019</u>	<u>2019</u>
ASSETS:			
Cash and due from banks (Notes 3, 4, 12 and 21)	¥ 59,743,352	¥ 60,389,520	\$ 553,589
Call loans and bills bought (Note 21)	426,215	469,960	3,949
Receivables under resale agreements (Note 21)	7,610,099	4,521,292	70,516
Receivables under securities borrowing transactions (Note 21)	684,328	606,900	6,341
Monetary claims bought (Notes 4 and 21)	4,690,139	5,103,617	43,459
Trading assets (Notes 12 and 21)	6,507,648	5,969,639	60,301
Money held in trust (Notes 5 and 21)	21,348	29,558	198
Securities (Notes 4, 6, 11, 12 and 21)	48,117,506	50,189,861	445,863
Loans and bills discounted (Notes 7, 12, 13 and 21)	102,403,803	103,663,457	948,886
Foreign exchange (Note 21)	1,894,601	2,073,541	17,556
Tangible fixed assets (Note 8)	1,059,020	1,059,546	9,813
Intangible fixed assets	1,260,762	869,120	11,682
Asset for retirement benefits	512,091	492,978	4,745
Deferred tax assets	55,426	58,920	514
Customers' liabilities for acceptances and guarantees (Note 11)	7,632,462	8,201,459	70,723
Other assets	10,235,004	10,202,294	94,839
Allowance for credit losses	(536,447)	(589,512)	(4,971)
Total assets	<u>¥ 252,317,367</u>	<u>¥ 253,312,157</u>	<u>\$ 2,338,004</u>

MUFG Bank, Ltd. and Subsidiaries

Semi-annual Consolidated Balance Sheet (Unaudited) as of September 30, 2019 and Consolidated Balance Sheet as of March 31, 2019

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	September 30	March 31	September 30
	<u>2019</u>	<u>2019</u>	<u>2019</u>
LIABILITIES:			
Deposits (Notes 12 and 21)	¥ 170,297,205	¥ 170,388,019	\$ 1,577,995
Negotiable certificates of deposit (Note 21)	6,373,312	7,101,065	59,056
Call money and bills sold (Notes 12 and 21)	481,231	127,123	4,459
Payables under repurchase agreements (Notes 12 and 21)	14,549,438	15,189,082	134,817
Payables under securities lending transactions (Notes 12 and 21)	34,083	10,907	316
Commercial paper (Note 21)	2,013,252	1,383,962	18,655
Trading liabilities (Notes 12 and 21)	3,137,120	3,153,086	29,069
Borrowed money (Notes 10, 12 and 21)	21,723,323	22,307,529	201,291
Foreign exchange (Note 21)	2,179,966	2,442,792	20,200
Bonds payable (Notes 10, 12 and 21)	2,926,934	2,888,748	27,121
Reserve for employee bonuses	38,466	46,384	356
Reserve for bonuses to directors	467	115	4
Reserve for stocks payment	4,669	4,931	43
Liability for retirement benefits	67,513	49,973	626
Reserve for retirement benefits to directors	352	397	3
Reserve for loyalty award credits	11,910	10,698	110
Reserve for contingent losses	64,694	118,335	599
Deferred tax liabilities	767,422	603,395	7,111
Deferred tax liabilities for land revaluation (Note 9)	107,901	110,060	1,000
Acceptances and guarantees (Note 11)	7,632,462	8,201,459	70,723
Other liabilities (Note 12)	6,596,334	6,304,519	61,122
Total liabilities	¥ 239,008,064	¥ 240,442,589	\$ 2,214,678
EQUITY (Notes 15, 16 and 20):			
Capital stock			
Common stock:			
Authorized, 33,000,000 thousand shares; issued, 12,350,038 thousand shares as of September 30 and March 31, 2019, with no stated value	¥ 1,586,958	¥ 1,586,958	\$ 14,705
Preferred stock:			
Authorized, 1,157,700 thousand shares; issued, 357,700 thousand shares as of September 30 and March 31, 2019, with no stated value	125,000	125,000	1,158
Capital surplus	3,674,155	3,670,720	34,045
Retained earnings	5,551,070	5,223,343	51,437
Treasury stock—at cost 357,700 thousand shares as of September 30 and March 31, 2019	(645,700)	(645,700)	(5,983)
Total shareholders' equity	10,291,483	9,960,322	95,362
Accumulated other comprehensive income:			
Net unrealized gain on available-for-sale securities (Notes 4 and 6)	1,824,234	1,690,999	16,904
Net deferred gain on derivatives under hedge accounting	273,828	165,125	2,537
Land revaluation surplus (Note 9)	211,825	212,725	1,963
Foreign currency translation adjustments	56,671	151,092	525
Defined retirement benefit plans	5,360	15,745	50
Total accumulated other comprehensive income	2,371,920	2,235,688	21,979
Noncontrolling interests	645,898	673,557	5,985
Total equity	13,309,302	12,869,567	123,326
Total liabilities and equity	¥ 252,317,367	¥ 253,312,157	\$ 2,338,004

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

MUFG Bank, Ltd. and Subsidiaries

**Semi-annual Consolidated Statements of Income (Unaudited)
For the Six-Month Periods Ended September 30, 2019 and 2018**

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	Six-Month Periods Ended September 30		Six-Month Period Ended September 30
	<u>2019</u>	<u>2018</u>	<u>2019</u>
INCOME:			
Interest income:	¥ 1,671,150	¥ 1,537,227	\$ 15,485
Interest on loans and bills discounted	1,105,702	1,047,913	10,246
Interest and dividends on securities	261,434	224,496	2,422
Trust fees	6,248	6,580	58
Fees and commissions	420,398	430,300	3,895
Trading income	33,691	36,921	312
Other operating income	348,230	148,719	3,227
Other income (Note 17)	225,711	305,208	2,091
Total income	2,705,431	2,464,956	25,069
EXPENSES:			
Interest expenses:	875,317	737,049	8,111
Interest on deposits	353,665	261,688	3,277
Fees and commissions	94,654	91,987	877
Trading expenses	–	1,970	–
Other operating expenses	114,293	90,716	1,059
General and administrative expenses	924,003	919,378	8,562
Other expenses (Note 18)	136,304	88,200	1,263
Total expenses	2,144,572	1,929,303	19,872
Income before income taxes	560,859	535,653	5,197
Income taxes:			
Current	91,158	56,586	845
Deferred	66,089	55,243	612
Total income taxes	157,247	111,830	1,457
Net income before attribution of noncontrolling interests	403,611	423,823	3,740
Net income attributable to noncontrolling interests	26,318	21,046	244
Net income attributable to the shareholders of MUFG Bank	¥ 377,292	¥ 402,776	\$ 3,496
	Yen		U.S. Dollars
	Six-Month Periods Ended September 30		Six-Month Period Ended September 30
	<u>2019</u>	<u>2018</u>	<u>2019</u>
Per share of common stock (Notes 16 and 20):			
Basic earnings per common share	¥ 30.54	¥ 32.61	\$ 0.28
Diluted earnings per common share	30.54	32.61	0.28
Cash dividends applicable to the reporting period per common share	11.45	–	0.11

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

MUFG Bank, Ltd. and Subsidiaries

**Semi-annual Consolidated Statements of Comprehensive Income (Unaudited)
For the Six-Month Periods Ended September 30, 2019 and 2018**

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	Six-Month Periods Ended September 30		Six-Month Period Ended September 30
	<u>2019</u>	<u>2018</u>	<u>2019</u>
Net income before attribution of noncontrolling interests	¥ 403,611	¥ 423,823	\$ 3,740
Other comprehensive income (loss):			
Net unrealized gain on available-for-sale securities	120,997	31,133	1,121
Net deferred gain (loss) on derivatives under hedge accounting	108,873	(90,122)	1,009
Foreign currency translation adjustments	(99,580)	(43,721)	(923)
Defined retirement benefit plans	(9,997)	10,001	(93)
Share of other comprehensive income (loss) in affiliates accounted for using the equity method	21,781	(17,589)	202
Total other comprehensive income (loss)	<u>142,073</u>	<u>(110,299)</u>	<u>1,316</u>
Comprehensive income	<u>¥ 545,685</u>	<u>¥ 313,523</u>	<u>\$ 5,056</u>
Total comprehensive income attributable to:			
The shareholders of MUFG Bank	¥ 514,424	¥ 302,748	\$ 4,767
Noncontrolling interests	31,260	10,774	290

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

MUFG Bank, Ltd. and Subsidiaries

Semi-annual Consolidated Statements of Changes in Equity (Unaudited)
For the Six-Month Periods Ended September 30, 2019 and 2018

	Millions of Yen													
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Accumulated other comprehensive income							Noncontrolling interests	Total equity
						Net unrealized gain on available-for-sale securities	Net deferred gain (loss) on derivatives under hedge accounting	Land revaluation surplus	Foreign currency translation adjustments	Defined retirement benefit plans	Total accumulated other comprehensive income			
BALANCE, APRIL 1, 2018	¥ 1,711,958	¥ 3,670,941	¥ 4,766,414	¥ (645,700)	¥ 9,503,614	¥ 1,829,670	¥ 55,767	¥ 217,295	¥ 233,942	¥ 70,886	¥ 2,407,562	¥ 797,545	¥ 12,708,722	
Accumulated effects due to revision of accounting standards for foreign affiliates	-	-	1,014	-	1,014	(1,014)	-	-	-	-	(1,014)	-	-	
BALANCE, APRIL 1, 2018 (as restated)	1,711,958	3,670,941	4,767,428	(645,700)	9,504,628	1,828,656	55,767	217,295	233,942	70,886	2,406,547	797,545	12,708,722	
Dividends paid	-	-	(140,823)	-	(140,823)	-	-	-	-	-	-	-	(140,823)	
Net income attributable to the shareholders of MUFG Bank	-	-	402,776	-	402,776	-	-	-	-	-	-	-	402,776	
Reversal of land revaluation surplus	-	-	2,712	-	2,712	-	-	-	-	-	-	-	2,712	
Changes in equity of consolidated subsidiaries	-	(119)	-	-	(119)	-	-	-	-	-	-	-	(119)	
Other changes in the period	-	-	-	-	-	27,346	(89,577)	(2,712)	(47,896)	10,264	(102,575)	(3,992)	(106,568)	
BALANCE, SEPTEMBER 30, 2018	¥ 1,711,958	¥ 3,670,822	¥ 5,032,095	¥ (645,700)	¥ 9,769,175	¥ 1,856,002	¥ (33,809)	¥ 214,582	¥ 186,045	¥ 81,151	¥ 2,303,972	¥ 793,552	¥ 12,866,700	
BALANCE, APRIL 1, 2019	¥ 1,711,958	¥ 3,670,720	¥ 5,223,343	¥ (645,700)	¥ 9,960,322	¥ 1,690,999	¥ 165,125	¥ 212,725	¥ 151,092	¥ 15,745	¥ 2,235,688	¥ 673,557	¥ 12,869,567	
Accumulated effects due to revision of accounting standards for foreign affiliates	-	-	1,773	-	1,773	-	-	-	-	-	-	-	1,773	
BALANCE, APRIL 1, 2019 (as restated)	1,711,958	3,670,720	5,225,117	(645,700)	9,962,096	1,690,999	165,125	212,725	151,092	15,745	2,235,688	673,557	12,871,341	
Dividends paid	-	-	(52,240)	-	(52,240)	-	-	-	-	-	-	-	(52,240)	
Net income attributable to the shareholders of MUFG Bank	-	-	377,292	-	377,292	-	-	-	-	-	-	-	377,292	
Reversal of land revaluation surplus	-	-	900	-	900	-	-	-	-	-	-	-	900	
Changes in equity of consolidated subsidiaries	-	3,435	-	-	3,435	-	-	-	-	-	-	-	3,435	
Other changes in the period	-	-	-	-	-	133,235	108,703	(900)	(94,421)	(10,384)	136,231	(27,658)	108,572	
BALANCE, SEPTEMBER 30, 2019	¥ 1,711,958	¥ 3,674,155	¥ 5,551,070	¥ (645,700)	¥ 10,291,483	¥ 1,824,234	¥ 273,828	¥ 211,825	¥ 56,671	¥ 5,360	¥ 2,371,920	¥ 645,898	¥ 13,309,302	

MUFG Bank, Ltd. and Subsidiaries

**Semi-annual Consolidated Statements of Changes in Equity (Unaudited)
For the Six-Month Periods Ended September 30, 2019 and 2018**

Millions of U.S. Dollars (Note 1)

	Accumulated other comprehensive income												Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gain on available-for-sale securities	Net deferred gain (loss) on derivatives under hedge accounting	Land revaluation surplus	Foreign currency translation adjustments	Defined retirement benefit plans	Total accumulated other comprehensive income	Noncontrolling interests	
BALANCE, APRIL 1, 2019	\$ 15,863	\$ 34,013	\$ 48,400	\$ (5,983)	\$ 92,294	\$ 15,669	\$ 1,530	\$ 1,971	\$ 1,400	\$ 146	\$ 20,716	\$ 6,241	\$ 119,251
Accumulated effects due to revision of accounting standards for foreign affiliates	-	-	16	-	16	-	-	-	-	-	-	-	16
BALANCE, APRIL 1, 2019 (as restated)	15,863	34,013	48,417	(5,983)	92,310	15,669	1,530	1,971	1,400	146	20,716	6,241	119,267
Dividends paid	-	-	(484)	-	(484)	-	-	-	-	-	-	-	(484)
Net income attributable to the shareholders of MUFG Bank	-	-	3,496	-	3,496	-	-	-	-	-	-	-	3,496
Reversal of land revaluation surplus	-	-	8	-	8	-	-	-	-	-	-	-	8
Changes in equity of consolidated subsidiaries	-	32	-	-	32	-	-	-	-	-	-	-	32
Other changes in the period	-	-	-	-	-	1,235	1,007	(8)	(875)	(96)	1,262	(256)	1,006
BALANCE, SEPTEMBER 30, 2019	\$ 15,863	\$ 34,045	\$ 51,437	\$ (5,983)	\$ 95,362	\$ 16,904	\$ 2,537	\$ 1,963	\$ 525	\$ 50	\$ 21,979	\$ 5,985	\$ 123,326

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

MUFG Bank, Ltd. and Subsidiaries

Semi-annual Consolidated Statements of Cash Flows (Unaudited)
For the Six-Month Periods Ended September 30, 2019 and 2018

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	Six-Month Periods Ended September 30		Six-Month Period Ended September 30
	<u>2019</u>	<u>2018</u>	<u>2019</u>
OPERATING ACTIVITIES:			
Income before income taxes	¥ 560,859	¥ 535,653	\$ 5,197
Adjustments for:			
Income taxes paid	(102,280)	(156,794)	(948)
Income taxes refunds	37,939	11,599	352
Depreciation and amortization	115,098	105,625	1,067
Impairment loss on long-lived assets	12,891	7,418	119
Amortization of goodwill	11,267	8,054	104
Equity in earnings of the equity method investees	(9,650)	(9,046)	(89)
Decrease in allowance for credit losses	(56,090)	(112,044)	(520)
Decrease in reserve for employee bonuses	(11,134)	(8,920)	(103)
Decrease in reserve for bonuses to directors	(379)	(49)	(4)
Decrease in reserve for stocks payment	(262)	(664)	(2)
Increase in asset for retirement benefits	(21,623)	(22,401)	(200)
Increase in liability for retirement benefits	1,687	804	16
Decrease in reserve for retirement benefits to directors	(44)	(61)	(0)
Increase in reserve for loyalty award credits	457	396	4
Decrease in reserve for contingent losses	(53,384)	(61,800)	(495)
Interest income (accrual basis)	(1,671,150)	(1,537,227)	(15,485)
Interest expenses (accrual basis)	875,317	737,049	8,111
Gains on securities	(220,435)	(77,637)	(2,043)
Losses on money held in trust	8,109	4,796	75
Foreign exchange losses (gains)	616,541	(721,325)	5,713
Losses on disposition of fixed assets	1,422	491	13
Increase in trading assets	(566,590)	(339,983)	(5,250)
(Decrease) increase in trading liabilities	(3,239)	570,442	(30)
Adjustment of unsettled trading accounts	(14,053)	146,589	(130)
Net decrease (increase) in loans and bills discounted	1,964,625	(1,056,150)	18,204
Net (decrease) increase in deposits	(715,992)	3,637,995	(6,634)
Net decrease in negotiable certificates of deposit	(723,188)	(141,290)	(6,701)
Net (decrease) increase in borrowed money (excluding subordinated borrowings)	(1,338,038)	2,794,171	(12,398)
Net increase in call loans, bills bought and receivables under resale agreements	(2,694,322)	(7,748,942)	(24,966)
Net (increase) decrease in receivables under securities borrowing transactions	(94,941)	4,422,957	(880)
Net (decrease) increase in call money, bills sold and payables under repurchase agreements	(208,265)	6,281,346	(1,930)
Net increase in commercial paper	630,517	205,242	5,842
Net increase (decrease) in payables under securities lending transactions	22,839	(5,261,847)	212
Net decrease in foreign exchange assets	257,264	266,713	2,384
Net (decrease) increase in foreign exchange liabilities	(263,007)	233,942	(2,437)
Net decrease in straight bonds due to issuance and redemption	(124,443)	(167,938)	(1,153)
Interest and dividends received (cash basis)	1,703,710	1,555,952	15,787
Interest paid (cash basis)	(859,379)	(707,825)	(7,963)
Other-net	25,165	(437,380)	233
Total adjustments	(3,467,044)	2,422,253	(32,126)
Net cash (used in) provided by operating activities	¥ (2,906,185)	¥ 2,957,906	\$ (26,929)

MUFG Bank, Ltd. and Subsidiaries

Semi-annual Consolidated Statements of Cash Flows (Unaudited) For the Six-Month Periods Ended September 30, 2019 and 2018

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	Six-Month Periods Ended September 30		Six-Month Period Ended September 30
	<u>2019</u>	<u>2018</u>	<u>2019</u>
INVESTING ACTIVITIES:			
Purchases of securities	¥ (36,272,009)	¥ (25,391,676)	\$ (336,101)
Proceeds from sales of securities	29,140,301	15,226,594	270,018
Proceeds from redemption of securities	9,323,975	10,735,144	86,397
Payments for increase in money held in trust	(2,582)	(17,555)	(24)
Proceeds from decrease in money held in trust	2,155	16,912	20
Purchases of tangible fixed assets	(33,491)	(53,097)	(310)
Purchases of intangible fixed assets	(115,546)	(86,203)	(1,071)
Proceeds from sales of tangible fixed assets	8,938	4,258	83
Proceeds from sales of intangible fixed assets	4,184	0	39
Payments for business transfers	(4,311)	(1,750,558)	(40)
Payments for purchases of stocks of subsidiaries resulting in change in the scope of consolidation	(255,077)	(1,106)	(2,364)
Proceeds from sales of stocks of subsidiaries resulting in change in the scope of consolidation	28,096	–	260
Other-net	(418)	(155)	(4)
Net cash provided by (used in) investing activities	<u>1,824,212</u>	<u>(1,317,444)</u>	<u>16,903</u>
FINANCING ACTIVITIES:			
Proceeds from subordinated borrowings	857,560	120,000	7,946
Repayments of subordinated borrowings	(24,084)	(24,290)	(223)
Proceeds from issuance of subordinated bonds and bonds with subscription rights to shares	65,889	–	611
Payments for redemption of subordinated bonds and bonds with subscription rights to shares	(824)	(106)	(8)
Proceeds from issuance of common stock to noncontrolling interests	3,702	2,900	34
Payments for redemption of preferred stocks	(90,000)	–	(834)
Cash dividends paid	(52,240)	(128,934)	(484)
Cash dividends paid to noncontrolling interests	(21,106)	(14,637)	(196)
Payments for purchases of stocks of subsidiaries not resulting in change in the scope of consolidation	–	(38)	–
Net cash provided by (used in) financing activities	<u>738,897</u>	<u>(45,107)</u>	<u>6,847</u>
Effect of foreign exchange rate changes on cash and cash equivalents	<u>(303,092)</u>	<u>232,517</u>	<u>(2,808)</u>
Net (decrease) increase in cash and cash equivalents	(646,167)	1,827,872	(5,987)
Cash and cash equivalents, beginning of period	<u>60,389,520</u>	<u>57,688,651</u>	<u>559,577</u>
Cash and cash equivalents, end of period (Note 3)	<u>¥ 59,743,352</u>	<u>¥ 59,516,523</u>	<u>\$ 553,589</u>

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

MUFG Bank, Ltd. and Subsidiaries

Notes to Semi-annual Consolidated Financial Statements (Unaudited) for the six months ended September 30, 2019 and 2018 and Consolidated Financial Statements for the fiscal year ended March 31, 2019

1. BASIS OF PRESENTING SEMI-ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

The semi-annual consolidated financial statements of MUFG Bank, Ltd. (the “Bank”), which is a wholly owned subsidiary of Mitsubishi UFJ Financial Group, Inc. (“MUFG”), have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations concerning preparation of 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, 2019 and the semi-annual consolidated financial statements for the six-month period ended September 30, 2018 (except for balance sheet related items) to conform to the classifications used in the semi-annual consolidated financial statements as of September 30, 2019 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, 2019.

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 ¥107.92 to U.S. \$1, the approximate rate of exchange as of September 30, 2019. Such translations should not be construed as representations that the Japanese yen amounts can be converted into U.S. dollars at that or any other rate.

All U.S. dollar amounts in the 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 123 and 127 subsidiaries as of September 30, 2019 and March 31, 2019, respectively.

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

Investments in 43 and 44 affiliates were accounted for using the equity method as of September 30, 2019 and March 31, 2019, 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, 2019 and March 31, 2019 were as follows:

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

Changes in the subsidiaries in the six-month period ended September 30, 2019 were as follows:
PT Bank Danamon Indonesia, Tbk. and six other companies were newly included in the scope of consolidation as they were changed into subsidiaries instead of affiliates in the six month period ended September 30, 2019.

Mitsubishi UFJ Capital II Limited Partnership and ten other companies were excluded from the scope of consolidation due to liquidation, etc. in the six-month period ended September 30, 2019.

Changes in the subsidiaries in the fiscal year ended March 31, 2019 were as follows:

PT Guna Dharma and three other companies were newly included in the scope of consolidation due to acquisition of shares, etc.

BTMU Preferred Capital 6 Limited and two other companies were excluded from the scope of consolidation due to liquidation, etc.

- b) There were no unconsolidated subsidiaries as of September 30, 2019 and March 31, 2019.
 - c) The company which was not regarded as a subsidiary, although the majority of voting rights were owned by the Bank as of September 30, 2019 and March 31, 2019 was as follows:
A&M Medical Development Limited Liability Company was not regarded as a subsidiary, since the Bank's consolidated subsidiaries in the venture capital business held its shares for the purpose of incubating their investees or earning capital gains through business revitalization, and not for the purpose of controlling those entities.
 - d) There were no special purpose entities which were excluded from the scope of consolidation pursuant to Article 8-7 of the "Financial Statements Regulations for Terminology, Forms and Preparation of Financial Statements," which does not regard a special purpose entity as a subsidiary of an investor irrespective of indicators of control if the entity was established and operated for the purpose of asset securitization and satisfied certain eligible criteria as of September 30, 2019 and March 31, 2019.
- 2) Application of the equity method
- a) There were no unconsolidated subsidiaries accounted for using the equity method as of September 30, 2019 and March 31, 2019.
 - b) Major affiliates accounted for using the equity method as of September 30, 2019 and March 31, 2019 were as follows:

As of September 30, 2019:

Vietnam Joint Stock Commercial Bank for Industry and Trade
Security Bank Corporation

As of March 31, 2019:

PT Bank Danamon Indonesia, Tbk. ("Bank Danamon")
Vietnam Joint Stock Commercial Bank for Industry and Trade

Changes in the affiliates accounted for using the equity method in the six-month period ended September 30, 2019 were as follows:

Bank Danamon was excluded from the scope of the equity method as it was changed into a subsidiary instead of an affiliate in the six-month period ended September 30, 2019.

Changes in the affiliates accounted for using the equity method for the fiscal year ended March 31, 2019 were as follows:
Bank Danamon and three other companies were included in the scope of the equity method due to acquisition of shares, etc.

Dah Sing Financial Holdings Limited and seven other companies were excluded from the scope of the equity method since these companies have not met the definition of affiliates due to the decrease in ownerships resulting from sales of shares, etc.

Additional information

Fiscal year ended March 31, 2019

Application of the equity method due to additional acquisition of shares in Bank Danamon

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

i. Objectives of the investment

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

ii. Outline of the investment

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

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

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

On April 29, 2019, as the third step, the Bank acquired an additional 54.0% equity interest in Bank Danamon, and Bank Danamon became a consolidated subsidiary. Consolidation of Bank Danamon is described in Note 23 “BUSINESS COMBINATIONS OR DIVESTITURES.”

iii. Overview of the investee, Bank Danamon:

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

iv. Operating period of the investee included in the consolidated financial statements

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

v. Outline of accounting treatments applied

aa. Acquisition cost of the investee and its components

		Millions of Yen
Consideration for acquisition	Cash and due from banks	¥271,290
Expenses directly required for acquisition	Advisory fees, etc.	1,890
Acquisition cost		¥273,181

bb. Amount of goodwill generated, its cause, amortization method and period of amortization

Amount of goodwill generated:

¥96,837 million

The cause of generation:

The goodwill was generated due to excess earning capability expected in future business development.

The method and the period of amortization:

The goodwill will be amortized on a straight-line basis over a period of 20 years.

- c) There were no unconsolidated subsidiaries not accounted for using the equity method as of September 30, 2019 and March 31, 2019.

- d) There were no affiliates not accounted for using the equity method as of September 30, 2019 and March 31, 2019.
- e) The following companies as of September 30, 2019 and March 31, 2019, of which the Group owned the voting rights between 20% and 50%, were not recognized as affiliates accounted for using the equity method, since the Bank's consolidated subsidiaries in the venture capital business held its shares for the purpose of incubating their investees or earning capital gains through business revitalization, not for the purpose of controlling those entities:

As of September 30, 2019:

Eil Inc.
Fun Place Co., Ltd.
KAMUi Pharma, Inc.
GEXVal Inc.

As of March 31, 2019:

EDP Corporation
Eil Inc.
Fun Place Co., Ltd.
KAMUi Pharma, Inc.
GEXVal 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, 2019 were as follows:

	Number of subsidiaries
January 24	1
June 30	83
July 24	1
September 30	38

The fiscal year ending dates of subsidiaries as of March 31, 2019 were as follows:

	Number of subsidiaries
October 31	1
December 31	85
January 24	3
March 31	38

- b) The subsidiary with the six-month period ending January 24 is consolidated based on the preliminary financial statements for the six-month period ended July 24.

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, 2019, 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, 2019.

(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" represents "Cash and due from banks" on the semi-annual consolidated balance sheets.

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

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

- 1) Trading assets or liabilities, which are held for the purpose of earning capital gains arising from short-term fluctuations in interest rates, currency exchange rates or market prices and other market indices in the financial instruments or from variation among markets, are reported as "Trading assets" or "Trading liabilities" in the 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.

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

(5) Tangible Fixed Assets

"Tangible fixed assets" are stated at cost less accumulated depreciation. Depreciation of "Tangible fixed assets" of the Bank, except for "Lease assets," is recorded based on the semi-annual period allocation of the estimated depreciation amount for the full year calculated using the declining-balance method over the estimated useful lives of the assets. The range of useful lives is principally from 15 to 50 years for "Buildings" and from 2 to 20 years for "Other tangible fixed assets."

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

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

(6) Intangible Fixed Assets

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

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

(7) *Deferred Charges*

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

(8) *Allowance for Credit Losses*

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

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

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

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

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

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

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

For collateralized or guaranteed claims of bankrupt borrowers or virtually bankrupt borrowers, the amount of claims less estimated value of collateral or guarantees is deemed to be uncollectible and written off against the outstanding amount of claims. The amount of write-offs was ¥274,574 million (\$2,544 million) and ¥303,695 million as of September 30, 2019 and March 31, 2019, 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 calculated using the straight-line method over the lease term with zero residual value unless residual value is guaranteed in the corresponding lease contracts.

(As lessor)

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

(18) 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 cover 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 charged to expense as 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 calculated by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding for the period.

Diluted earnings per common share 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.

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

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) Change in Accounting Policies

(Changes in the definition of cash and cash equivalents in the semi-annual consolidated statements of cash flows)

From the six months ended September 30, 2018, the Bank has changed the definition of cash and cash equivalents in the semi-annual consolidated statements of cash flows to make it equivalent to “Cash and due from banks” in the semi-annual consolidated balance sheet. Previously, it was defined as “Cash and due from banks” in the semi-annual consolidated balance sheet excluding time deposits and negotiable certificates of deposit included in due from banks.

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

3. CASH AND CASH EQUIVALENTS

As noted in (3) “Cash and Cash Equivalents” under 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, “Cash and due from banks” including time deposits and negotiable certificates of deposit in the semi-annual consolidated balance sheets has been treated as “Cash and cash equivalents” in the semi-annual consolidated statements of cash flows, and there were no reconciling items between the two accounts as of September 30, 2019 and 2018 as follows:

	Millions of Yen		Millions of U.S. Dollars
	September 30, 2019	September 30, 2018	September 30, 2019
Cash and due from banks	¥ 59,743,352	¥ 59,516,523	\$ 553,589
Cash and cash equivalents	¥ 59,743,352	¥ 59,516,523	\$ 553,589

4. SECURITIES

Securities as of September 30, 2019 and March 31, 2019 include equity securities in affiliates of ¥337,671 million (\$3,129 million) and ¥566,009 million, respectively and capital subscriptions to entities such as limited liability companies of ¥8,799 million (\$82 million) and ¥7,858 million, respectively. These amounts include investments in jointly controlled entities in an amount of ¥29,176 million (\$270 million) and nil as of September 30, 2019 and March 31, 2019, respectively.

Securities loaned under unsecured securities lending transactions amounted to nil and ¥2,507 million as of September 30, 2019 and March 31, 2019, respectively.

For securities borrowed and purchased under resale agreements where the secured parties are permitted to sell or re-pledge the securities without restrictions, ¥5,678,383 million (\$52,617 million) and ¥5,209,842 million of such securities were re-pledged as of September 30, 2019 and March 31, 2019, respectively.

The remaining ¥5,443,826 million (\$50,443 million) and ¥3,793,380 million of these securities were held without disposition as of September 30, 2019 and March 31, 2019, 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, 2019				
	Carrying amount	Fair value	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Japanese government bonds	¥ 1,100,637	¥ 1,147,130	¥ 46,492	¥ 46,492	¥ –
Foreign bonds	1,067,849	1,077,065	9,216	13,772	(4,555)
Other	1,056,623	1,046,691	(9,931)	510	(10,442)
Total	¥ 3,225,110	¥ 3,270,887	¥ 45,777	¥ 60,774	¥ (14,997)

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

	Millions of U.S. Dollars				
	September 30, 2019				
	Carrying amount	Fair value	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Japanese government bonds	\$ 10,199	\$ 10,629	\$ 431	\$ 431	\$ –
Foreign bonds	9,895	9,980	85	128	(42)
Other	9,791	9,699	(92)	5	(97)
Total	\$ 29,884	\$ 30,308	\$ 424	\$ 563	\$ (139)

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

Millions of Yen					
September 30, 2019					
	Carrying amount	Acquisition cost	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Domestic equity securities	¥ 3,920,357	¥ 1,807,392	¥ 2,112,964	¥ 2,157,531	¥ (44,566)
Domestic bonds	23,213,041	22,884,891	328,150	340,298	(12,147)
Japanese government bonds	17,171,508	16,926,397	245,110	256,113	(11,003)
Municipal bonds	2,535,126	2,512,581	22,545	22,796	(250)
Corporate bonds	3,506,407	3,445,912	60,494	61,388	(894)
Foreign equity securities	101,270	62,745	38,525	38,540	(14)
Foreign bonds	15,194,200	14,920,736	273,464	291,364	(17,900)
Other	3,673,281	3,749,494	(76,212)	34,535	(110,748)
Total	¥ 46,102,152	¥ 43,425,260	¥ 2,676,892	¥ 2,862,269	¥ (185,377)

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

Millions of U.S. Dollars					
September 30, 2019					
	Carrying amount	Acquisition cost	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Domestic equity securities	\$ 36,327	\$ 16,748	\$ 19,579	\$ 19,992	\$ (413)
Domestic bonds	215,095	212,054	3,041	3,153	(113)
Japanese government bonds	159,113	156,842	2,271	2,373	(102)
Municipal bonds	23,491	23,282	209	211	(2)
Corporate bonds	32,491	31,930	561	569	(8)
Foreign equity securities	938	581	357	357	(0)
Foreign bonds	140,791	138,257	2,534	2,700	(166)
Other	34,037	34,743	(706)	320	(1,026)
Total	\$ 427,188	\$ 402,384	\$ 24,804	\$ 26,522	\$ (1,718)

Notes:

1. 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, 2019 was ¥30,377 million (\$281 million), consisting of equity securities in an amount of ¥30,376 million (\$281 million) and debt securities and others in an amount of ¥0 million (\$0 million).

Impairment loss for the fiscal year ended March 31, 2019 was ¥10,539 million, consisting of equity securities in an amount of ¥9,476 million and debt securities and others in an amount of ¥1,063 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.”

2. “Net unrealized gain (loss)” included gains of ¥100,749 million (\$934 million) and ¥101,335 million for the six-month period ended September 30, 2019 and for the fiscal year ended March 31, 2019, 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, 2019 and March 31, 2019.

“Money held in trust” classified as other than trading and held-to-maturity as of September 30, 2019 and March 31, 2019 was as follows:

	Millions of Yen				
	September 30, 2019				
	Carrying amount	Acquisition cost	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Money held in trust classified as other than trading and held-to-maturity	¥ 1,685	¥ 1,685	¥ –	¥ –	¥ –

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

	Millions of U.S. Dollars				
	September 30, 2019				
	Carrying amount	Acquisition cost	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Money held in trust classified as other than trading and held-to-maturity	\$ 16	\$ 16	\$ –	\$ –	\$ –

6. UNREALIZED GAIN ON AVAILABLE-FOR-SALE SECURITIES

Net unrealized gain on available-for-sale securities as of September 30, 2019 and March 31, 2019 was as follows:

	Millions of Yen		Millions of U.S. Dollars
	September 30, 2019	March 31, 2019	September 30, 2019
Unrealized gain:	¥ 2,563,385	¥ 2,408,200	\$ 23,753
Available-for-sale securities	2,576,770	2,423,437	23,877
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	(13,384)	(15,237)	(124)
Deferred tax liabilities	(740,869)	(706,266)	(6,865)
Net unrealized gain on available-for-sale securities before adjustments by ownership share	1,822,516	1,701,933	16,888
Noncontrolling interests	(3,729)	(1,831)	(35)
Bank's ownership share in unrealized gain (loss) on available-for-sale securities held by affiliates accounted for using the equity method	5,447	(9,102)	50
Net unrealized gain on available-for-sale securities	¥ 1,824,234	¥ 1,690,999	\$ 16,904

Notes:

1. Unrealized gain in the table above excludes ¥100,749 million (\$934 million) and ¥101,335 million of gains which were recognized in profit or loss by the fair value hedge accounting as of September 30, 2019 and March 31, 2019, respectively.
2. Unrealized gain in the table above includes ¥628 million (\$6 million) and ¥566 million of unrealized gain on available-for-sale securities invested in limited partnerships as of September 30, 2019 and March 31, 2019, respectively.

7. LOANS AND BILLS DISCOUNTED

Bills discounted and rediscounted are accounted for as financial transactions in accordance with “Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry” (JICPA Industry Audit Committee Report No. 24). The Bank has rights to sell or pledge these bills discounted. The total face value of bills discounted was ¥1,353,049 million (\$12,538 million) and ¥1,540,530 million as of September 30, 2019 and March 31, 2019, respectively. Of these, the total face value of foreign exchange bills bought which were transferred due to rediscounts of bills amounted to ¥5,883 million (\$55 million) and ¥4,919 million as of September 30, 2019 and March 31, 2019, respectively.

“Loans and bills discounted” as of September 30, 2019 and March 31, 2019 included the following:

	Millions of Yen		Millions of U.S. Dollars
	September 30, 2019	March 31, 2019	September 30, 2019
Loans to bankrupt borrowers	¥ 43,289	¥ 39,079	\$ 401
Non-accrual delinquent loans	496,835	477,254	4,604
Loans past due for three months or more	11,326	13,656	105
Restructured loans	310,138	247,096	2,874
Total	¥ 861,590	¥ 777,086	\$ 7,984

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, 2019 and March 31, 2019 amounted to ¥936,409 million (\$8,677 million) and ¥942,037 million, respectively.

9. LAND REVALUATION SURPLUS

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

Date of revaluation: March 31, 1998

The method of revaluation of assets is set forth in Article 3-3 of the “Act”:

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

10. BORROWED MONEY AND BONDS PAYABLE

“Borrowed money” and “Bonds payable” included the following subordinated borrowings or subordinated bonds as of September 30, 2019 and March 31, 2019:

	Millions of Yen		Millions of
	September 30, 2019	March 31, 2019	U.S. Dollars
Subordinated borrowings included in “Borrowed money”	¥ 7,003,785	¥ 6,281,664	\$ 64,898
Subordinated bonds included in “Bonds payable”	790,858	722,192	7,328

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 account, representing the Bank’s right to receive indemnity from the applicants.

Guarantee obligations for private placement bonds included in “Securities” (provided in accordance with the Article 2-3 of the “Financial Instruments and Exchange Act”) as of September 30, 2019 and March 31, 2019 were ¥333,923 million (\$3,094 million) and ¥394,626 million, respectively.

12. ASSETS PLEDGED AS COLLATERAL

Assets pledged as collateral and their relevant liabilities as of September 30, 2019 and March 31, 2019 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	September 30, 2019	March 31, 2019	September 30, 2019
Assets pledged as collateral:			
Cash and due from banks	¥ 1,000	¥ 468	\$ 9
Securities	496,211	438,285	4,598
Loans and bills discounted	12,287,994	13,133,956	113,862
Total	<u>¥ 12,785,206</u>	<u>¥ 13,572,709</u>	<u>\$ 118,469</u>
Relevant liabilities to above assets:			
Deposits	¥ 477,371	¥ 514,060	\$ 4,423
Call money and bills sold	6,314	–	59
Trading liabilities	13,627	8,372	126
Borrowed money	12,219,553	12,961,309	113,228
Bonds payable	80,646	–	747
Total	<u>¥ 12,797,513</u>	<u>¥ 13,483,743</u>	<u>\$ 118,583</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, 2019	March 31, 2019	September 30, 2019
Assets pledged as collateral:			
Trading assets	¥ 938,548	¥ 517,463	\$ 8,697
Securities	11,139,373	11,232,636	103,219
Loans and bills discounted	5,496,661	4,355,095	50,933
Total	<u>¥ 17,574,583</u>	<u>¥ 16,105,195</u>	<u>\$ 162,848</u>

Furthermore, “Trading assets” and “Securities” sold under repurchase agreements or loaned under securities lending with cash collateral were ¥1,316,681 million (\$12,201 million) and ¥5,857,604 million (\$54,277 million), respectively, as of September 30, 2019 and ¥1,324,041 million and ¥9,450,007 million, respectively, as of March 31, 2019.

“Payables under repurchase agreements” and relevant to above assets were ¥7,106,411 million (\$65,849 million) and ¥10,799,130 million as of September 30, 2019 and March 31, 2019, respectively.

“Payables under securities lending transactions” relevant to above assets were ¥75 million (\$1 million) and ¥3,793 million as of September 30, 2019 and March 31, 2019, respectively.

“Trading assets” and “Securities” pledged by GC repos under the Subsequent Collateral JGB Allocation Method were ¥7,665 million (\$71 million) and ¥276,263 million (\$2,560 million) as of September 30, 2019 and nil and ¥599,940 million as of March 31, 2019, 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 ¥81,208,074 million (\$752,484 million) and ¥80,195,680 million as of September 30, 2019 and March 31, 2019, respectively.

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

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 litigations 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 meets all of the above criteria. The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to certain limitations and additional requirements. Interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Bank can do so because it stipulates this in its articles of incorporation. The Companies Act provides certain limitations on the amounts available for dividends or the purchases of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of equity after dividends must be maintained at no less than ¥3 million.

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

The Banking Law requires that an amount equal to 20% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as capital reserve (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of the aggregate amount of legal reserve and capital reserve equals 100% of capital stock.

Under the Companies Act and the Banking Law, the aggregate amount of capital reserve and legal reserve that exceeds 100% of the capital stock may be made available for dividends by resolution of the shareholders after transferring such excess to other capital surplus and other retained earnings in accordance with the Companies Act. Under the Companies Act, the total amount of capital reserve and legal reserve may be reversed without limitation. The Companies Act also provides that capital stock, legal reserve, capital reserve, other capital surplus and other retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

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

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

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, 2019 and 2018 were as follows:

	Number of shares in thousands			
	April 1, 2019	Increase	Decrease	September 30, 2019
Outstanding shares issued:				
Common stock	12,350,038	–	–	12,350,038
Preferred stock—first series of Class 2	100,000	–	–	100,000
Preferred stock—first series of Class 4	79,700	–	–	79,700
Preferred stock—first series of Class 6	1,000	–	–	1,000
Preferred stock—first series of Class 7	177,000	–	–	177,000
Total	12,707,738	–	–	12,707,738
Treasury stock:				
Preferred stock—first series of Class 2	100,000	–	–	100,000
Preferred stock—first series of Class 4	79,700	–	–	79,700
Preferred stock—first series of Class 6	1,000	–	–	1,000
Preferred stock—first series of Class 7	177,000	–	–	177,000
Total	357,700	–	–	357,700

	Number of shares in thousands			
	April 1, 2018	Increase	Decrease	September 30, 2018
Outstanding shares issued:				
Common stock	12,350,038	–	–	12,350,038
Preferred stock—first series of Class 2	100,000	–	–	100,000
Preferred stock—first series of Class 4	79,700	–	–	79,700
Preferred stock—first series of Class 6	1,000	–	–	1,000
Preferred stock—first series of Class 7	177,000	–	–	177,000
Total	12,707,738	–	–	12,707,738
Treasury stock:				
Preferred stock—first series of Class 2	100,000	–	–	100,000
Preferred stock—first series of Class 4	79,700	–	–	79,700
Preferred stock—first series of Class 6	1,000	–	–	1,000
Preferred stock—first series of Class 7	177,000	–	–	177,000
Total	357,700	–	–	357,700

There was no issuance of stock acquisition rights and treasury stock acquisition rights during the six-month periods ended September 30, 2019 and 2018.

The Bank paid the following cash dividends and distributed dividends-in-kind (securities) during the six-month periods ended September 30, 2019 and 2018:

For the six-month period ended September 30, 2019:

(1) Cash dividends

Cash dividends approved at the Board of Directors' meeting held on May 15, 2019:	Total amount (Millions of Yen)	Per share amount (Yen)	Dividend record date	Effective date
Common stock	¥ 52,240	¥ 4.23	Mar. 31, 2019	May 16, 2019
Cash dividends approved at the Board of Directors' meeting held on May 15, 2019:	Total amount (Millions of U.S. Dollars)	Per share amount (U.S. Dollar)	Dividend record date	Effective date
Common stock	\$ 484	\$ 0.04	Mar. 31, 2019	May 16, 2019

Subject to approval at the Board of Directors' meeting, the Bank paid the following cash dividends on November 13, 2019, to shareholders of record as of September 30, 2019:

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

Cash dividends approved at the Board of Directors' meeting held on November 13, 2019:	Total amount (Millions of U.S. Dollars)	Dividend resource	Per share amount (Yen)	Dividend record date	Effective date
Common stock	\$ 1,310	Retained earnings	\$ 0.11	Sep. 30, 2019	Nov. 14, 2019

For the six-month period ended September 30, 2018:

(1) Cash dividends

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

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

(2) Dividends-in-kind

Dividends-in-kind approved at the Board of Directors' meeting held on January 31, 2018:	Property dividends	Total carrying amount of property dividends (Millions of Yen)	Per share amount (Yen)	Dividend record date	Effective date
Common stock	Securities	¥ 11,723	¥ –	–	Apr. 2, 2018

Notes:

1. "Dividends paid" under semi-annual consolidated statements of changes in equity for the six-month period ended September 30, 2018 included ¥11,888 million which is the carrying amount of property dividends less ¥(165) 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.

Out of dividends whose dividend record date belongs to the six-month period ended September 30, 2018, there was no dividend whose effective date of dividends is after September 30, 2018.

17. OTHER INCOME

Other income for the six-month periods ended September 30, 2019 and 2018 was as follows:

Six-month periods ended September 30	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Gain on disposal of fixed assets	¥ 2,617	¥ 2,072	\$ 24
Gain on liquidation of affiliates	–	563	–
Gain on sales of shares of subsidiaries	30,336	–	281
Gain on step acquisitions	2,105	–	20
Gain on reversal of allowance for credit losses	11,873	91,374	110
Gain on collection of bad debts	33,171	20,638	307
Gain on sales of equity securities and other securities	72,041	86,747	668
Gain on reversal of provision for contingent losses	37,846	56,554	351
Equity in earnings of the equity method investees	9,650	9,046	89
Other	26,068	38,210	242
Total	¥ 225,711	¥ 305,208	\$ 2,091

18. OTHER EXPENSES

Other expenses for the six-month periods ended September 30, 2019 and 2018 was as follows:

Six-month periods ended September 30	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Loss on disposal of fixed assets	¥ 4,039	¥ 2,564	\$ 37
Impairment loss on long-lived assets	12,891	7,418	119
Write-offs of loans	28,638	20,644	265
Loss on write-down of equity securities and other securities	32,410	1,206	300
Loss on sales of equity securities and other securities	18,037	8,700	167
Loss on investments as a result of the U.S. Tax Cuts and Jobs Act	–	18,145	–
Outsourcing expenses of consolidated subsidiaries' operating information services	8,974	9,314	83
Loss on forgiveness of loans and others	1,791	1,091	17
Provision for contingent losses	–	281	–
Other	29,521	18,832	274
Total	¥ 136,304	¥ 88,200	\$ 1,263

19. LEASES

Operating leases

(1) Lessee

Future lease payments including interest payables under noncancelable operating leases as of September 30, 2019 and March 31, 2019 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	September 30, 2019	March 31, 2019	September 30, 2019
Due within one year	¥ 29,005	¥ 47,662	\$ 269
Due after one year	110,507	213,224	1,024
Total	¥ 139,512	¥ 260,886	\$ 1,293

Note: Future lease payments by overseas subsidiaries reflected on the balance sheet are not included in the above.

(2) Lessor

Future lease receivables including interest receivables under noncancelable operating leases as of September 30, 2019 and March 31, 2019 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	September 30, 2019	March 31, 2019	September 30, 2019
Due within one year	¥ 4,132	¥ 30,856	\$ 38
Due after one year	16,884	13,802	156
Total	¥ 21,016	¥ 44,659	\$ 195

20. PER SHARE INFORMATION

Six-month periods ended September 30	Yen		U.S. Dollars
	2019	2018	2019
Basic earnings per common share	¥ 30.54	¥ 32.61	\$ 0.28
Diluted earnings per common share	30.54	32.61	0.28

Total equity per common share	Yen		U.S. Dollars
	September 30, 2019	March 31, 2019	September 30, 2019
	¥ 1,025.37	¥ 987.52	\$ 9.50

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
	2019	2018	2019
Net income attributable to the shareholders of the Bank	¥ 377,292	¥ 402,776	\$ 3,496
Net income attributable to the shareholders of the Bank related to common shares	377,292	402,776	3,496

Six-month periods ended September 30	Number of shares in thousands	
	2019	2018
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
	2019	2018	2019
Diluted earnings per common share			
Adjustment to net income attributable to the shareholders of the Bank	¥ (9)	¥ (8)	\$ (0)

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

	Millions of Yen		Millions of U.S. Dollars
	September 30, 2019	March 31, 2019	September 30, 2019
Total equity	¥ 13,309,302	¥ 12,869,567	\$ 123,326
Deductions from total equity:			
Noncontrolling interests	645,898	673,557	5,985
Total equity attributable to common shares	¥ 12,663,404	¥ 12,196,010	\$ 117,341
	Number of shares in thousands		
	September 30, 2019	March 31, 2019	
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, 2019 and March 31, 2019 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, 2019		
	Carrying amount	Fair value	Difference
(1) Cash and due from banks	¥ 59,743,352	¥ 59,743,352	¥ –
(2) Call loans and bills bought	426,215	426,215	–
(3) Receivables under resale agreements	7,610,099	7,610,099	–
(4) Receivables under securities borrowing transactions	684,328	684,328	–
(5) Monetary claims bought (*1)	4,690,139	4,680,201	(9,938)
(6) Trading assets	3,351,811	3,351,811	–
(7) Money held in trust	21,348	21,348	–
(8) Securities:			
Held-to-maturity securities	2,168,967	2,224,683	55,715
Available-for-sale securities	45,407,249	45,407,249	–
(9) Loans and bills discounted	102,403,803		
Allowance for credit losses (*1)	(458,646)		
	<u>101,945,157</u>	<u>102,648,645</u>	<u>703,487</u>
(10) Foreign exchange (*1)	1,894,601	1,894,601	–
Total assets	<u>¥ 227,943,273</u>	<u>¥ 228,692,537</u>	<u>¥ 749,264</u>
(1) Deposits	¥ 170,297,205	¥ 170,353,950	¥ 56,745
(2) Negotiable certificates of deposit	6,373,312	6,391,943	18,631
(3) Call money and bills sold	481,231	481,231	–
(4) Payables under repurchase agreements	14,549,438	14,549,438	–
(5) Payables under securities lending transactions	34,083	34,083	–
(6) Commercial paper	2,013,252	2,013,252	–
(7) Trading liabilities	373,822	373,822	–
(8) Borrowed money	21,723,323	21,997,687	274,364
(9) Foreign exchange	2,179,966	2,179,966	–
(10) Bonds payable	2,926,934	3,018,716	91,782
Total liabilities	<u>¥ 220,952,571</u>	<u>¥ 221,394,094</u>	<u>¥ 441,523</u>
Derivatives (*2):			
To which hedge accounting is not applied	¥ 546,397	¥ 546,397	¥ –
To which hedge accounting is applied	177,300	177,300	–
Total derivatives	<u>¥ 723,697</u>	<u>¥ 723,697</u>	<u>¥ –</u>

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

Millions of U.S. Dollars

September 30, 2019

	Carrying amount	Fair value	Difference
(1) Cash and due from banks	\$ 553,589	\$ 553,589	\$ –
(2) Call loans and bills bought	3,949	3,949	–
(3) Receivables under resale agreements	70,516	70,516	–
(4) Receivables under securities borrowing transactions	6,341	6,341	–
(5) Monetary claims bought (*1)	43,459	43,367	(92)
(6) Trading assets	31,058	31,058	–
(7) Money held in trust	198	198	–
(8) Securities:			
Held-to-maturity securities	20,098	20,614	516
Available-for-sale securities	420,749	420,749	–
(9) Loans and bills discounted	948,886		
Allowance for credit losses (*1)	(4,250)		
	<u>944,636</u>	<u>951,155</u>	<u>6,519</u>
(10) Foreign exchange (*1)	17,556	17,556	–
Total assets	<u>\$ 2,112,150</u>	<u>\$ 2,119,093</u>	<u>\$ 6,943</u>
(1) Deposits	\$ 1,577,995	\$ 1,578,521	\$ 526
(2) Negotiable certificates of deposit	59,056	59,229	173
(3) Call money and bills sold	4,459	4,459	–
(4) Payables under repurchase agreements	134,817	134,817	–
(5) Payables under securities lending transactions	316	316	–
(6) Commercial paper	18,655	18,655	–
(7) Trading liabilities	3,464	3,464	–
(8) Borrowed money	201,291	203,833	2,542
(9) Foreign exchange	20,200	20,200	–
(10) Bonds payable	27,121	27,972	850
Total liabilities	<u>\$ 2,047,374</u>	<u>\$ 2,051,465</u>	<u>\$ 4,091</u>
Derivatives (*2):			
To which hedge accounting is not applied	\$ 5,063	\$ 5,063	\$ –
To which hedge accounting is applied	1,643	1,643	–
Total derivatives	<u>\$ 6,706</u>	<u>\$ 6,706</u>	<u>\$ –</u>

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

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

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

- (5) “Monetary claims bought”

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

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

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

(6) "Trading assets"

For securities such as bonds that are held for trading purposes, the fair value is determined based on the market price at the exchange, the price quoted by the financial institutions from which these securities were purchased or the present value of the expected future cash flows discounted at the interest rate which is the adjusted market 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 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. The majority of fixed rate time deposits are grouped by certain maturity lengths. The fair value of such deposits is the present value of discounted expected future cash flow. The discount rate used is the interest rate that would be applied to newly accepted deposits.

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

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

(7) “Trading liabilities”

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

(8) “Borrowed money”

For floating rate borrowings, the carrying amount is presented as the fair value, as the fair value is considered to approximate such carrying amount. This is on the basis that the market 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”

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

(10) “Bonds payable”

The fair value of corporate bonds issued by the Group is determined based on their market price. For certain corporate bonds, the fair value is calculated as the present value of expected future cash flow discounted at an interest rate generally applicable to issuance of similar corporate bonds. For variable rate corporate bonds without market prices, the carrying amount of such bonds is presented as the fair value, as the fair value is considered to approximate such carrying amount. This is on the basis that the market 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.

Derivative transactions

See Note 22 “DERIVATIVES” for notes on derivative transactions.

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

	Carrying amount		
	Millions of Yen		Millions of U.S. Dollars
	September 30, 2019	March 31, 2019	September 30, 2019
Unlisted equity securities (*1) (*2)	¥ 134,644	¥ 135,158	\$ 1,248
Investment in partnerships and others (*2) (*3)	58,372	38,884	541
Other (*2)	1,801	81	17
Total	¥ 194,818	¥ 174,124	\$ 1,805

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

(*2) With respect to unlisted equity securities and others, an impairment loss of ¥2,033 million (\$19 million) and ¥2,794 million was recorded for the six-month period ended September 30, 2019 and for the fiscal year ended March 31, 2019, 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, 2019 and March 31, 2019:

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, 2019			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year		
Transactions listed on exchange:					
Interest rate futures	Sold	¥ 3,058,505	¥ 2,048,191	¥ (13,654)	¥ (13,654)
	Bought	2,967,006	1,391,420	12,204	12,204
Interest rate options	Sold	10,532,770	–	(2,063)	2,620
	Bought	5,400,399	–	2,519	(2,167)
Over-the-counter (“OTC”) transactions:					
Forward rate agreement	Sold	21,936,697	157,239	153	153
	Bought	21,122,479	129,719	(244)	(244)
Interest rate swaps	Receivable fixed rate/ Payable floating rate	188,628,742	157,526,806	4,567,698	4,567,698
	Receivable floating rate/ Payable fixed rate	187,518,715	153,625,846	(4,144,054)	(4,144,054)
	Receivable floating rate/ Payable floating rate	36,764,815	28,200,457	46,160	46,160
	Receivable fixed rate/ Payable fixed rate	799,961	791,918	8,142	8,142
Interest rate swaptions	Sold	3,255,236	2,543,732	(71,735)	(2,933)
	Bought	3,164,087	2,530,523	69,358	21,788
Other	Sold	2,017,886	1,696,577	(3,339)	13,506
	Bought	2,618,463	2,130,365	4,584	(19,609)
Total		–	–	¥ 475,729	¥ 489,611

		Millions of Yen			
		March 31, 2019			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year		
Transactions listed on exchange:					
Interest rate futures	Sold	¥ 308,885	¥ 80,894	¥ (486)	¥ (486)
	Bought	214,619	70,233	193	193
Interest rate options	Sold	11,588,799	3,282,565	(8,168)	(2,495)
	Bought	9,253,249	1,782,090	12,208	3,138
OTC transactions:					
Forward rate agreement	Sold	13,720,876	33,297	(409)	(409)
	Bought	13,361,799	83,242	381	381
Interest rate swaps	Receivable fixed rate/ Payable floating rate	195,728,533	165,502,424	3,991,781	3,991,781
	Receivable floating rate/ Payable fixed rate	196,184,365	163,054,670	(3,800,434)	(3,800,434)
	Receivable floating rate/ Payable floating rate	41,162,766	31,306,996	5,486	5,486
	Receivable fixed rate/ Payable fixed rate	757,350	711,256	7,938	7,938
Interest rate swaptions	Sold	3,766,989	2,691,011	(71,540)	381
	Bought	3,623,001	2,682,365	75,193	23,634
Other	Sold	1,986,617	1,661,752	(6,709)	10,562
	Bought	2,501,943	2,088,035	5,321	(19,223)
Total		–	–	¥ 210,757	¥ 220,448

Millions of U.S. Dollars

September 30, 2019

		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year		
Transactions listed on exchange:					
Interest rate futures	Sold	\$ 28,340	\$ 18,979	\$ (127)	\$ (127)
	Bought	27,493	12,893	113	113
Interest rate options	Sold	97,598	–	(19)	24
	Bought	50,041	–	23	(20)
OTC transactions:					
Forward rate agreement	Sold	203,268	1,457	1	1
	Bought	195,723	1,202	(2)	(2)
Interest rate swaps	Receivable fixed rate/ Payable floating rate	1,747,857	1,459,663	42,325	42,325
	Receivable floating rate/ Payable fixed rate	1,737,571	1,423,516	(38,399)	(38,399)
	Receivable floating rate/ Payable floating rate	340,667	261,309	428	428
	Receivable fixed rate/ Payable fixed rate	7,413	7,338	75	75
Interest rate swaptions	Sold	30,163	23,571	(665)	(27)
	Bought	29,319	23,448	643	202
Other	Sold	18,698	15,721	(31)	125
	Bought	24,263	19,740	42	(182)
Total		–	–	\$ 4,408	\$ 4,537

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 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, 2019			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Currency futures	Sold	¥ 238,218	¥ 737	¥ (3,180)	¥ (3,180)
	Bought	513,343	104,860	1,222	1,222
OTC transactions:					
Currency swaps		35,837,219	28,300,754	56,806	56,806
Forward contracts on foreign exchange		112,442,560	6,889,024	46,400	46,400
Currency options	Sold	8,420,253	1,899,170	(55,470)	57,724
	Bought	8,159,951	1,765,914	48,840	(55,124)
Total		–	–	¥ 94,619	¥ 103,849

		Millions of Yen			
		March 31, 2019			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Currency futures	Sold	¥ 112,493	¥ –	¥ 163	¥ 163
	Bought	504,931	152,173	(1,117)	(1,117)
OTC transactions:					
Currency swaps		37,885,494	30,039,036	87,963	87,963
Forward contracts on foreign exchange		97,372,620	7,609,982	46,724	46,724
Currency options	Sold	8,999,326	2,149,770	(53,861)	71,078
	Bought	8,638,435	2,085,596	39,893	(69,699)
Total		–	–	¥ 119,766	¥ 135,113

		Millions of U.S. Dollars			
		September 30, 2019			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Currency futures	Sold	\$ 2,207	\$ 7	\$ (29)	\$ (29)
	Bought	4,757	972	11	11
OTC transactions:					
Currency swaps		332,072	262,238	526	526
Forward contracts on foreign exchange		1,041,907	63,835	430	430
Currency options	Sold	78,023	17,598	(514)	535
	Bought	75,611	16,363	453	(511)
Total		–	–	\$ 877	\$ 962

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, 2019			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year		
Transactions listed on exchange:					
Stock index futures	Sold	¥ 804	¥ –	¥ 4	¥ 4
	Bought	4,440	–	(43)	(43)
Stock index options	Sold	1,543	–	(14)	0
	Bought	25,797	–	45	(140)
OTC transactions:					
OTC securities option transactions	Sold	6,075	1,343	(1,256)	(1,076)
	Bought	21,760	1,343	682	681
	Receivable index volatility/ Payable interest	1,000	1,000	28	28
Swaps on OTC securities index and others	Receivable interest/ Payable index volatility	1,000	1,000	(28)	(28)
Total		–	–	¥ (582)	¥ (573)

		Millions of Yen			
		March 31, 2019			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year		
Transactions listed on exchange:					
Stock index futures	Sold	¥ –	¥ –	¥ –	–
	Bought	1,067	–	(7)	(7)
Stock index options	Sold	6,614	–	(11)	472
	Bought	10,814	–	1,084	641
OTC transactions:					
OTC securities option transactions	Sold	10,053	4,233	(1,426)	(1,047)
	Bought	23,171	4,233	1,137	1,029
	Receivable index volatility/ Payable interest	1,000	–	8	8
Swaps on OTC securities index and others	Receivable interest/ Payable index volatility	1,000	–	(8)	(8)
Total		–	–	¥ 777	¥ 1,089

Millions of U.S. Dollars

September 30, 2019

		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Stock index futures	Sold	\$ 7	\$ –	\$ 0	\$ 0
	Bought	41	–	(0)	(0)
Stock index options	Sold	14	–	(0)	0
	Bought	239	–	0	(1)
OTC transactions:					
OTC securities option	Sold	56	12	(12)	(10)
transactions	Bought	202	12	6	6
	Receivable index volatility/ payable interest	9	9	0	0
Swaps on OTC securities	Payable interest/ receivable				
index and others	interest/ payable index volatility	9	9	(0)	(0)
Total		–	–	\$ (5)	\$ (5)

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, 2019				
		Contract amount			Fair value	Valuation gain (loss)
		Total	Over one year			
Transactions listed on exchange:						
Bond futures	Sold	¥ 1,124,983	¥ –	¥ (3,974)	¥ (3,974)	
	Bought	325,219	–	(1,586)	(1,586)	
Bond futures options	Sold	3,033,338	–	(5,327)	2,322	
	Bought	2,919,753	–	7,793	(2,467)	
OTC transactions:						
OTC bond options	Sold	765,880	–	(1,162)	247	
	Bought	765,880	–	1,375	(71)	
Bond forward contracts	Sold	693,417	–	(3,037)	(3,037)	
	Bought	1,157,639	–	(678)	(678)	
Total return swaps	Sold	75,544	–	2,595	2,595	
	Bought	112,000	112,000	2,162	2,162	
Total		–	–	¥ (1,839)	¥ (4,488)	

		Millions of Yen				
		March 31, 2019				
		Contract amount			Fair value	Valuation gain (loss)
		Total	Over one year			
Transactions listed on exchange:						
Bond futures	Sold	¥ 361,736	¥ –	¥ (6,217)	¥ (6,217)	
	Bought	300,346	–	1,206	1,206	
Bond futures options	Sold	1,223,983	–	(2,389)	(557)	
	Bought	1,787,847	–	3,730	(1,612)	
OTC transactions:						
OTC bond options	Sold	140,455	–	(936)	(672)	
	Bought	140,455	–	15	(272)	
Bond forward contracts	Sold	675,357	–	(6,658)	(6,658)	
	Bought	296,802	–	1,666	1,666	
Total return swaps	Sold	77,693	–	620	620	
	Bought	112,000	112,000	1,113	1,113	
Total		–	–	¥ (7,848)	¥ (11,383)	

		Millions of U.S. Dollars				
		September 30, 2019				
		Contract amount			Fair value	Valuation gain (loss)
		Total	Over one year			
Transactions listed on exchange:						
Bond futures	Sold	\$ 10,424	\$ –	\$ (37)	\$ (37)	
	Bought	3,014	–	(15)	(15)	
Bond futures options	Sold	28,107	–	(49)	22	
	Bought	27,055	–	72	(23)	
OTC transactions:						
OTC bond options	Sold	7,097	–	(11)	2	
	Bought	7,097	–	13	(1)	
Bond forward contracts	Sold	6,425	–	(28)	(28)	
	Bought	10,727	–	(6)	(6)	
Total return swaps	Sold	700	–	24	24	
	Bought	1,038	1,038	20	20	
Total		–	–	\$ (17)	\$ (42)	

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 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, 2019							
		Contract amount		Fair value	Valuation gain (loss)				
		Total	Over one year						
OTC transactions:									
Commodity swaps	Receivable index volatility/ Payable floating rate	¥	7,612	¥	2,587	¥	(955)	¥	(955)
	Receivable floating rate/ Payable index volatility		8,912		2,841		1,282		1,282
Commodity options	Sold		2,187		234		(31)		13
	Bought		2,187		234		31		(7)
Total			–		–	¥	326	¥	333

		Millions of Yen							
		March 31, 2019							
		Contract amount		Fair value	Valuation gain (loss)				
		Total	Over one year						
OTC transactions:									
Commodity swaps	Receivable index volatility/ Payable floating rate	¥	12,909	¥	2,839	¥	(1,673)	¥	(1,673)
	Receivable floating rate/ Payable index volatility		15,481		3,068		2,381		2,381
Commodity options	Sold		4,870		480		(232)		(185)
	Bought		4,870		480		232		192
Total			–		–	¥	708	¥	714

		Millions of U.S. Dollars							
		September 30, 2019							
		Contract amount		Fair value	Valuation gain (loss)				
		Total	Over one year						
OTC transactions:									
Commodity swaps	Receivable index volatility/ Payable floating rate	\$	71	\$	24	\$	(9)	\$	(9)
	Receivable floating rate/ Payable index volatility		83		26		12		12
Commodity options	Sold		20		2		(0)		0
	Bought		20		2		0		(0)
Total			–		–	\$	3	\$	3

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 natural gas- and oil-related.

(6) Credit-related derivatives

		Millions of Yen			
		September 30, 2019			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
OTC transactions:					
Credit default options	Sold	¥ 1,345,701	¥ 1,331,482	¥ (20,548)	¥ (20,548)
	Bought	1,192,749	1,130,171	(1,948)	(1,948)
Total		–	–	¥ (22,496)	¥ (22,496)

		Millions of Yen			
		March 31, 2019			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
OTC transactions:					
Credit default options	Sold	¥ 1,164,900	¥ 1,142,862	¥ (34,241)	¥ (34,241)
	Bought	1,031,513	968,013	14,078	14,078
Total		–	–	¥ (20,162)	¥ (20,162)

		Millions of U.S. Dollars			
		September 30, 2019			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
OTC transactions:					
Credit default options	Sold	\$ 12,469	\$ 12,338	\$ (190)	\$ (190)
	Bought	11,052	10,472	(18)	(18)
Total		–	–	\$ (208)	\$ (208)

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, 2019			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year		
OTC transactions:					
Earthquake derivatives	Sold	¥ 28,000	¥ 10,000	¥ (684)	¥ 1,057
	Bought	28,000	10,000	683	(1,098)
Other	Sold	–	–	–	–
	Bought	5,096	5,096	640	640
Total		–	–	¥ 639	¥ 599

		Millions of Yen			
		March 31, 2019			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year		
OTC transactions:					
Earthquake derivatives	Sold	¥ 28,000	¥ 17,000	¥ (604)	¥ 784
	Bought	28,353	17,000	958	(837)
Other	Sold	–	–	–	–
	Bought	5,241	5,241	672	672
Total		–	–	¥ 1,027	¥ 619

		Millions of U.S. Dollars			
		September 30, 2019			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year		
OTC transactions:					
Earthquake derivatives	Sold	\$ 259	\$ 93	\$ (6)	\$ 10
	Bought	259	93	6	(10)
Other	Sold	–	–	–	–
	Bought	47	47	6	6
Total		–	–	\$ 6	\$ 6

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.

23. BUSINESS COMBINATIONS OR DIVESTITURES

Consolidation of Bank Danamon and PT Bank Nusantara Parahyangan, Tbk. through an increase in shareholdings

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

Furthermore, on May 1, 2019, the absorption-type merger, in which Bank Danamon is the surviving bank and Bank BNP is the absorbed bank, was completed.

1. Overview of the business combination

(1) Name and business description of the acquirees

Name of the acquirees: PT Bank Danamon Indonesia, Tbk. and PT Bank Nusantara Parahyangan, Tbk.
Description of business: Commercial bank

(2) Main objectives of the business combination

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

(3) Date of the business combination

April 29, 2019

(4) Legal form of the business combination

Consolidation through the acquisition of shares

(5) Name of the company after the business combination

No change

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

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

2. Operating period of the acquirees included in the semi-annual consolidated financial statements

The fiscal year ending date of acquirees Bank Danamon and Bank BNP is December 31, which is different from the consolidated fiscal year ending date by 3 months. The operating results of the acquirees for the period from April 29, 2019 through June 30, 2019 were included in the accompanying semi-annual consolidated financial statements.

3. Acquisition cost of the acquirees and its components

Consideration for acquisition	Cash and due from banks	¥688,728 million (\$6,382 million)
Acquisition cost		¥688,728 million (\$6,382 million)

4. Major acquisition-related costs

Expenses directly required for acquisition	Advisory fees, etc.	¥2,759 million (\$26 million)
--	---------------------	-------------------------------

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

Gain on step acquisitions	¥2,105 million (\$20 million)
---------------------------	-------------------------------

6. Amount of goodwill generated, its cause, amortization method and period of amortization

(1) Amount of goodwill generated:

¥234,710 million (\$2,175 million)

(2) Cause of generation:

The goodwill was generated due to excess earning capability expected in future business development.

(3) Method and period of amortization

The goodwill will be amortized on a straight-line basis over a period of 20 years.

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

(1) Amount of assets	Total assets	¥1,762,489 million (\$16,331 million)
	Of which, loans and bills discounted	¥996,800 million (\$9,236 million)
(2) Amount of liabilities	Total liabilities	¥1,276,124 million (\$11,825 million)
	Of which, deposits	¥915,074 million (\$8,479 million)

In the allocation of acquisition cost, the amount allocated to intangible fixed assets other than goodwill was ¥141,351 million (\$1,310 million), which mainly consisted of ¥79,552 million (\$737 million) of agent-related assets (amortization period of 13 years) and ¥29,803 million (\$276 million) of core ordinary deposits (amortization period of 9 years).

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

Total income	¥48,810 million (\$452 million)
Income before income taxes	¥3,997 million (\$37 million)
Net income attributable to the shareholders of MUFG Bank	¥2,307 million (\$21 million)

Method for determining the estimated amount

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

The estimated amount has not been reviewed.

24. 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, 2019 and 2018 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
	2019	2018	2019
Ordinary profit	¥ 542,731	¥ 543,000	\$ 5,029
Gain on disposal of fixed assets	2,617	2,072	24
Gain on sales of shares in subsidiaries	30,336	—	281
Gain on step acquisitions	2,105	—	20
Gain on liquidation of affiliates	—	563	—
Loss on disposal of fixed assets	(4,039)	(2,564)	(37)
Impairment loss on long-lived assets	(12,891)	(7,418)	(119)
Income before income taxes	¥ 560,859	¥ 535,653	\$ 5,197

For the six-month periods ended September 30, 2019 and 2018:

(1) Reportable segments

The Group’s reporting segments are business units of the Group whose Executive Committee, the decision-making body for the execution of its business operations, regularly reviews to make decisions regarding allocation of management resources and evaluate performance.

The Group makes and executes unified group-wide strategies based on customer characteristics and the nature of business. Accordingly, the Group has adopted customer-based and business-based segmentation, which consists of the following reporting segments: Retail & Commercial Banking Business Unit, Japanese Corporate & Investment Banking Business Unit, Global Corporate & Investment Banking Business Unit, Global Commercial Banking Business Unit, Global Markets Business Unit and Other units.

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

(2) Calculation method of gross operating income and net operating income

Accounting policies adopted by the reportable segments are almost the same as those described in Note 2 “SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,” except for the scope of consolidation. The scope of consolidation is limited to the major subsidiaries. The figures used are in principle based on the internal administration basis before consolidation adjustments including elimination of internal profits. The accounting methods for income and expenses over the multiple segments are in principle based on the internal management accounting standards which are based on the market values.

(Changes in calculation method of profit or loss of reportable segments)

Effective from the six-month period ended September 30, 2019, the allocation method of intersegment income and expenses has been changed and the calculation method of profit of reportable segments has been changed.

The segment information for the six-month period ended September 30, 2018 has been prepared based on the calculation method after the change.

(3) Reportable segment information

		Millions of Yen							
Six-month period ended September 30, 2019	Retail & Commercial Banking	Japanese Corporate & Investment Banking	Global Corporate & Investment Banking	Global Commercial Banking	Customer business units subtotal	Global Markets	Other units	Total	
Gross operating income	¥ 346,025	¥ 211,476	¥ 179,909	¥ 371,262	¥ 1,108,673	¥ 218,232	¥ 39,367	¥ 1,366,273	
Non-consolidated	315,892	177,735	128,522	(486)	621,664	186,511	37,007	845,183	
Net interest income	218,685	81,479	56,328	414	356,906	38,551	33,152	428,610	
Net non-interest income	97,207	96,256	72,194	(900)	264,757	147,960	3,854	416,572	
Subsidiaries	30,132	33,741	51,386	371,748	487,009	31,720	2,359	521,089	
Expenses	314,089	122,584	113,832	274,160	824,666	49,100	41,414	915,182	
Net operating income	¥ 31,936	¥ 88,892	¥ 66,076	¥ 97,101	¥ 284,007	¥ 169,131	¥ (2,047)	¥ 451,091	

		Millions of Yen							
Six-month period ended September 30, 2018	Retail & Commercial Banking	Japanese Corporate & Investment Banking	Global Corporate & Investment Banking	Global Commercial Banking	Customer business units subtotal	Global Markets	Other units	Total	
Gross operating income	¥ 356,273	¥ 209,566	¥ 180,969	¥ 335,803	¥ 1,082,612	¥ 150,095	¥ (17,596)	¥ 1,215,110	
Non-consolidated	325,500	176,695	129,990	(809)	631,376	120,217	88,988	840,582	
Net interest income	223,183	72,735	56,754	(808)	351,864	71,275	151,307	574,447	
Net non-interest income	102,317	103,959	73,235	(1)	279,511	48,941	(62,318)	266,135	
Subsidiaries	30,772	32,870	50,978	336,613	451,235	29,877	(106,585)	374,527	
Expenses	321,975	119,765	112,825	238,882	793,449	50,034	41,625	885,109	
Net operating income	¥ 34,297	¥ 89,800	¥ 68,143	¥ 96,921	¥ 289,162	¥ 100,060	¥ (59,222)	¥ 330,001	

		Millions of U.S. Dollars							
Six-month period ended September 30, 2019	Retail & Commercial Banking	Japanese Corporate & Investment Banking	Global Corporate & Investment Banking	Global Commercial Banking	Customer business units subtotal	Global Markets	Other units	Total	
Gross operating income	\$ 3,206	\$ 1,960	\$ 1,667	\$ 3,440	\$ 10,273	\$ 2,022	\$ 365	\$ 12,660	
Non-consolidated	2,927	1,647	1,191	(5)	5,760	1,728	343	7,832	
Net interest income	2,026	755	522	4	3,307	357	307	3,972	
Net non-interest income	901	892	669	(8)	2,453	1,371	36	3,860	
Subsidiaries	279	313	476	3,445	4,513	294	22	4,828	
Expenses	2,910	1,136	1,055	2,540	7,641	455	384	8,480	
Net operating income	\$ 296	\$ 824	\$ 612	\$ 900	\$ 2,632	\$ 1,567	\$ (19)	\$ 4,180	

Notes:

1. "Gross operating income" corresponds to net sales of non-banking industries.
2. "Gross operating income" includes net interest income, net fees and commission, net trading income and net other operating income.
3. "Expenses" includes personnel expenses and premise expenses.
4. Assets and liabilities by reportable segment are not shown since the Bank does not allocate assets and liabilities to segments for the purpose of internal control.

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

Six-month periods ended September 30	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Net operating income per reportable segment information	¥ 451,091	¥ 330,001	\$ 4,180
Net business profit of subsidiaries excluded from the reportable segment information	9,690	15,098	90
Credit-related expenses	(27,306)	(7,756)	(253)
Gain on reversal of allowance for credit losses	11,873	91,374	110
Gain on reversal of provision for contingent losses (credit-related)	5,283	56,554	49
Gain on collection of bad debts	33,171	20,638	307
Gains on equity securities and other securities	21,594	76,841	200
Equity in earnings of the equity method investees	9,650	9,046	89
Amortization of net unrecognized actuarial gain or loss	(18,706)	(13,408)	(173)
Other	46,389	(35,388)	430
Ordinary profit under the internal management reporting system	¥ 542,731	¥ 543,000	\$ 5,029

Notes:

1. “Credit-related expenses” includes write-offs of loans.
2. “Gains on equity securities and other securities” includes gains or losses on sales of equity securities and losses on write-down of equity securities.

(5) Other segment related information

1) Information by service

Information by service is omitted since it is similar to (3) “Reportable segment information.”

2) Information by geographic region

a) Ordinary income

Millions of Yen						
Six-month period ended September 30, 2019						
Japan	USA	North America (except for USA)	Latin America	Europe/Middle East	Asia/Oceania	Total
¥ 1,255,370	¥ 600,885	¥ 16,421	¥ 30,459	¥ 157,871	¥ 609,363	¥ 2,670,372

Millions of Yen						
Six-month period ended September 30, 2018						
Japan	USA	North America (except for USA)	Latin America	Europe/Middle East	Asia/Oceania	Total
¥ 1,068,348	¥ 641,767	¥ 17,395	¥ 26,166	¥ 152,307	¥ 556,334	¥ 2,462,320

Millions of U.S. Dollars						
Six-month period ended September 30, 2019						
Japan	USA	North America (except for USA)	Latin America	Europe/Middle East	Asia/Oceania	Total
\$ 11,632	\$ 5,568	\$ 152	\$ 282	\$ 1,463	\$ 5,646	\$ 24,744

Notes:

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

b) Tangible fixed assets

Millions of Yen							
As of September 30, 2019							
Japan	USA	North America (except for USA)	Latin America	Europe/Middle East	Asia/Oceania	Total	
¥ 816,123	¥ 104,009	¥ 248	¥ 962	¥ 3,876	¥ 133,800	¥ 1,059,020	

Millions of Yen							
As of September 30, 2018							
Japan	USA	North America (except for USA)	Latin America	Europe/Middle East	Asia/Oceania	Total	
¥ 856,037	¥ 131,958	¥ 330	¥ 1,125	¥ 4,682	¥ 87,448	¥ 1,081,582	

Millions of U.S. Dollars							
As of September 30, 2019							
Japan	USA	North America (except for USA)	Latin America	Europe/Middle East	Asia/Oceania	Total	
\$ 7,562	\$ 964	\$ 2	\$ 9	\$ 36	\$ 1,240	\$ 9,813	

3) Information by major customer

There was no applicable information to be reported for the six-month periods ended September 30, 2019 and 2018.

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 ¥12,891 million (\$119 million) and ¥7,418 million for the six-month periods ended September 30, 2019 and 2018, respectively.

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

Millions of Yen								
Six-month period ended September 30, 2019	Retail & Commercial Banking	Japanese Corporate & Investment Banking	Global Corporate & Investment Banking	Global Commercial Banking	Customer business units subtotal	Global Markets	Other units	Total
Amortization	¥ -	¥ -	¥ 29	¥ 11,237	¥ 11,267	¥ -	¥ -	¥ 11,267
Unamortized balance	-	-	745	451,447	452,192	-	-	452,192

Millions of Yen								
Six-month period ended September 30, 2018	Retail & Commercial Banking	Japanese Corporate & Investment Banking	Global Corporate & Investment Banking	Global Commercial Banking	Customer business units subtotal	Global Markets	Other units	Total
Amortization	¥ -	¥ -	¥ -	¥ 8,024	¥ 8,024	¥ -	¥ 29	¥ 8,054
Unamortized balance	-	-	-	226,372	226,372	-	805	227,178

Millions of U.S. Dollars								
Six-month period ended September 30, 2019	Retail & Commercial Banking	Japanese Corporate & Investment Banking	Global Corporate & Investment Banking	Global Commercial Banking	Customer business units subtotal	Global Markets	Other units	Total
Amortization	\$ -	\$ -	\$ 0	\$ 104	\$ 104	\$ -	\$ -	\$ 104
Unamortized balance	-	-	7	4,183	4,190	-	-	4,190

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, 2019 and 2018.

25. SUBSEQUENT EVENTS

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

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

Through the Transaction, DVB's entire aviation finance client lending portfolio (approximately €4 billion as of November 18, 2019, or ¥480 billion (\$4,448 million) based on the exchange rate of €1 to ¥120.31), employees and other parts of the operating infrastructure were transferred to the Bank. However, the acquisition cost relating to the Transaction has not been determined since post-acquisition price adjustments are yet to be completed.

Overview of the business combination

1. Name of counterparty and business description

Name of counterparty	DVB Bank SE
Business description	Aviation financing

2. Main objectives of the business combination

The Transaction is expected to enhance MUFG's Global CIB Business platform in terms of higher returns, portfolio diversification and solution offering to clients, as well as to broaden its customer base, acquire experienced professionals and improve its ability to offer bespoke solutions to clients.

3. Date of the business combination

November 18, 2019

4. Legal form of the business combination

Acquisition of business