

# **Semi-annual Securities Report**

“Hanki Hokokusho”

(Excerpt)

for the six-month period ended September 30, 2020

**MUFG Bank, Ltd.**

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## I. Overview of the Company

### 1. Key Financial Data and Trends

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

(Millions of yen, unless otherwise stated)

	Semi-annual Period of Fiscal 2018	Semi-annual Period of Fiscal 2019	Semi-annual Period of Fiscal 2020	Fiscal 2018	Fiscal 2019
	From April 1, 2018 to September 30, 2018	From April 1, 2019 to September 30, 2019	From April 1, 2020 to September 30, 2020	From April 1, 2018 to March 31, 2019	From April 1, 2019 to March 31, 2020
Consolidated ordinary income	2,462,320	2,666,290	2,240,862	4,863,987	5,338,180
Consolidated ordinary profit	543,000	538,532	316,700	851,241	711,942
Semi-annual net income attributable to the shareholders of MUFG Bank	402,776	374,298	209,441	–	–
Net income attributable to the shareholders of MUFG Bank	–	–	–	612,437	97,921
Semi-annual consolidated comprehensive income	313,523	542,690	423,107	–	–
Consolidated comprehensive income	–	–	–	487,183	(29,768)
Consolidated total equity	12,866,700	13,285,774	12,425,304	12,869,567	12,285,505
Consolidated total assets	248,199,039	252,286,827	281,614,967	253,312,157	270,418,512
Total equity per share (yen)	977.57	1,023.46	973.28	987.52	960.19
Semi-annual net income per common share (yen)	32.61	30.30	16.95	–	–
Net income per common share (yen)	–	–	–	49.58	7.92
Diluted semi-annual net income per common share (yen)	32.61	30.30	16.95	–	–
Diluted net income per common share (yen)	–	–	–	49.58	7.92
Capital ratio (%)	4.86	5.01	4.26	4.81	4.38
Net cash provided by (used in) operating activities	2,957,906	(2,906,185)	23,514,410	10,615,956	6,490,423
Net cash provided by (used in) investing activities	(1,317,444)	1,824,212	(8,773,321)	(7,878,185)	(4,115,796)
Net cash provided by (used in) financing activities	(45,107)	738,897	347,102	(65,856)	739,323
Cash and cash equivalents at end of semi-annual period	59,516,523	59,743,352	78,115,568	–	–
Cash and cash equivalents at end of period	–	–	–	60,389,520	63,234,971
Number of employees [Besides the above, average number of temporary employees]	87,153 [21,600]	109,355 [25,700]	107,583 [23,000]	87,876 [21,800]	106,895 [25,300]

(Notes) 1. National and local consumption taxes of MUFG Bank, Ltd. (hereinafter referred to as the “Bank”) and its domestic consolidated subsidiaries are accounted for using the tax-excluded method.

2. Capital ratio is calculated by dividing (“total equity at the end of fiscal year (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 end of the previous fiscal year, the Bank and its domestic subsidiaries have applied “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019), and “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, July 4, 2019) (hereinafter collectively referred to as the “Fair Value Measurement Standard, etc.”). The aforementioned Fair Value Measurement Standard, etc. have been retroactively applied to key financial data for the semi-annual period of Fiscal 2019.

(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	14th Semi-annual Period	15th Semi-annual Period	16th Semi-annual Period	14th Term	15th Term
Period of account	September 2018	September 2019	September 2020	March 2019	March 2020
Ordinary income	1,902,928	1,921,410	1,457,575	3,568,249	3,661,200
Ordinary profit	502,433	409,568	263,812	624,464	459,184
Semi-annual net income	423,400	288,545	193,728	–	–
Net income (loss)	–	–	–	663,215	(653,072)
Capital stock	1,711,958	1,711,958	1,711,958	1,711,958	1,711,958
Total number of shares issued (thousands of shares)	Common stock 12,350,038 1st series Class 2 preferred stock 100,000 1st series Class 4 preferred stock 79,700 1st series Class 6 preferred stock 1,000 1st series Class 7 preferred stock 177,000	Common stock 12,350,038 1st series Class 2 preferred stock 100,000 1st series Class 4 preferred stock 79,700 1st series Class 6 preferred stock 1,000 1st series Class 7 preferred stock 177,000	Common stock 12,350,038 1st series Class 2 preferred stock 100,000 1st series Class 4 preferred stock 79,700 1st series Class 6 preferred stock 1,000 1st series Class 7 preferred stock 177,000	Common stock 12,350,038 1st series Class 2 preferred stock 100,000 1st series Class 4 preferred stock 79,700 1st series Class 6 preferred stock 1,000 1st series Class 7 preferred stock 177,000	Common stock 12,350,038 1st series Class 2 preferred stock 100,000 1st series Class 4 preferred stock 79,700 1st series Class 6 preferred stock 1,000 1st series Class 7 preferred stock 177,000
Total equity	10,682,910	11,283,338	10,105,647	10,913,954	9,801,968
Total assets	221,393,144	223,021,421	251,477,574	225,596,992	239,788,548
Balance of deposits	148,848,377	151,607,934	171,272,582	152,870,674	158,248,564
Balance of loans and bills discounted	89,146,823	85,585,951	88,346,810	87,877,986	88,258,295
Balance of securities	43,194,138	47,315,344	59,619,399	48,739,675	50,781,265
Dividends per share (yen)	Common stock 4.28	Common stock 11.45	Common stock 11.27	Common stock 8.51	Common stock 26.16
Capital ratio (%)	4.82	5.05	4.01	4.83	4.08
Number of employees [Besides the above, average number of temporary employees]	34,331 [11,574]	33,232 [10,981]	31,532 [10,007]	33,524 [11,742]	32,186 [10,783]

- (Notes)
1. National and local consumption taxes are accounted for using the tax-excluded method.
  2. Dividends per share for the 14th Term and the 15th Term include special dividends of ¥4.28 and ¥3.40, respectively. Dividends per share for the 14th Semi-annual Period are special dividends.
  3. The Bank paid dividends in kind in 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.
  6. From the end of the previous fiscal year, the Bank and its domestic subsidiaries have applied the Fair Value Measurement Standard, etc., which have been retroactively applied to key financial data for the 15th Semi-annual Period.

## 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 41 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

Changes in significant subsidiaries and affiliates in the current semi-annual period are as follows.

(New subsidiaries and affiliates)

The following company became a new affiliate of the Bank during the current semi-annual period:

(Equity method investees)

Company name	Address	Ratio of Voting rights holding (held) (%)
Mars Growth Capital Pte. Ltd.	Singapore, Republic of Singapore	50.0

## 4. Employees

(1) Number of employees in consolidated companies

As of September 30, 2020

	Retail & Commercial Banking Business Unit	Japanese Corporate & Investment Banking Business Unit	Global Corporate & Investment Banking Business Unit	Global Commercial Banking Business Unit	Global Markets Business Unit	Other units	Total
Number of employees	22,624 [9,500]	4,228 [500]	2,190 [100]	54,803 [6,300]	1,215 [0]	22,523 [6,500]	107,583 [23,000]

- (Notes)
- Number of employees includes locally hired overseas staff members, but excludes 3,541 contract employees and 22,500 temporary employees.
  - Numbers within brackets indicate average number of temporary employees over the current semi-annual period.
  - 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.
  - Number of contractors counted as temporary employees was 4,100 at the end of the current semi-annual period while 4,100 on average over the half year (both numbers are rounded to the nearest hundred).

(2) Employees of the Bank

As of September 30, 2020

	Retail & Commercial Banking Business Unit	Japanese Corporate & Investment Banking Business Unit	Global Corporate & Investment Banking Business Unit	Global Commercial Banking Business Unit	Global Markets Business Unit	Other units	Total
Number of employees	19,862 [8,684]	3,413 [447]	1,373 [79]	3 [0]	1,097 [20]	5,784 [777]	31,532 [10,007]

- (Notes)
- 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 1,483 contract employees and 9,982 temporary employees.
  - Number of employees excludes 110 Executive Officers (17 of whom serving as Directors concurrently).
  - Number of temporary employees includes contractors. Number of contractors was 1,920 at the end of the current semi-annual period and 1,934 on average over the half year.
  - Number within brackets indicates average number of temporary employees for the current semi-annual period.
  - Employees union of the Bank is called The MUFG Bank Union with the membership of 30,007.  
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 newly established management policies or target financial data, etc.

(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

We describe below some major developments and changes to update our risk factor disclosure previously included in our annual securities report for the fiscal year ended March 31, 2020 filed in Japan on June 29, 2020. The updates below are not a complete update of the prior disclosure, but instead intended to explain only the significant developments and changes that we believe may have a material impact on the risks to our business and other risks. The discussion below contains forward-looking statements, which, unless specifically described otherwise, reflect our understanding as of the date of filing of this semi-annual securities report.

Item numbers assigned to each item below correspond to the item numbers in "2. Risks Related to Business" under "II. Business Overview" of the annual securities report for the previous fiscal year.

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

#### Main Top Risks

Risk events	Risk scenarios (selected)
A decline in profitability (including a decline in net interest income)	- Our overall profitability may be adversely affected by, among other things, a decline in our net interest income due to further reductions in interest rates as a result of changes in the monetary policies of central banks in various jurisdictions in light of the coronavirus disease (COVID-19) pandemic and global economic downturn.
An increase in risk asset	- New or additional financing we provide to support our customers' funding needs may result in an increase in our risk assets and a decrease in our regulatory capital ratios.
Foreign currency liquidity risk	- Deterioration in market conditions may result in a depletion of foreign currency funding liquidity and an increase in our foreign currency funding costs.
An increase in credit costs	- Sudden deterioration in global economic activities may result in an increase in our credit costs. - Deterioration in the credit quality of particular industries or counterparties, to which we have relatively larger exposures, may result in an increase in our credit costs.
IT risk	- Cyber-attacks may result in customer information leakage, suspension of our services, and reputational damage. - System problems may result in our payment of financial compensation and damage to our reputation.
Risks relating to money laundering, economic sanctions, bribery and corruption	- If we are deemed not compliant with applicable regulations relating to money laundering, economic sanctions, bribery and corruption, we may become subject to issuance of business suspension orders, fines and reputational damage.

Market conduct risk	- If our operations are deemed to be insufficient in addressing regulatory or public concerns, to constitute unfair or inappropriate business practices, or to fail to meet market or industry rules or standards, customer protection requirements or corporate behavior expectations, we may become subject to administrative business suspension orders and fines as well as reputational damage.
Risks relating to external circumstances or events (such as health pandemics, earthquakes, floods, terrorism and other political and social conflicts)	- Health pandemics, natural disasters, conflicts and terrorist attacks may result in disruption to all or part of our operations or an increase in costs and expenses in addressing such circumstances or events.
Risks relating to climate changes	- If our efforts to address climate change-related risks or to make appropriate disclosure are deemed insufficient, our corporate value may be impaired. - Our credit portfolio may be adversely affected by the negative impact of climate change on our borrowers and transaction counterparties.

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

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

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

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

#### (17) Risks relating to cyber-attacks

Our information, communications and transaction management systems (including our own proprietary systems as well as those third-party systems which are provided for our use or to which our systems are connected) constitute a core infrastructure for our accounting and other business operations and are of critical importance particularly in the current business environment with increasing dependence on remote or online networks and our strategy to promote digitization. We are working to prevent system failures through appropriate design and testing and other means, and to establish security-conscious systems. However, we may not be able to completely prevent system failures, cyber-attacks, unauthorized access, computer virus infection, human errors, equipment malfunctions, defects in services provided by third parties such as communications service providers, and failure to appropriately deal with technological advances and new systems and tools. In



addition, we may be unable to enhance our system functionalities to meet all of the business requirements or increasingly stricter regulatory requirements applicable to financial institutions. Furthermore, our system development or improvement projects, many of which are critical to our ability to operate in accordance with market and regulatory standards, may not be completed as planned due to the complexity and other difficulty relating to such projects. Such failures and inability may lead to errors and delays in transactions, information leakage and other adverse consequences, and, if serious, could lead to the suspension of our business operations and financial losses such as those incurred in connection with compensation for damages caused by such suspension, diminish confidence in us, impair our reputation, subject us to administrative sanctions, or result in our incurring additional costs to deal with the consequences of these events.

### 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 increased by ¥11,196.4 billion compared to the end of the previous fiscal year to ¥281,614.9 billion. Major components were loans and bills discounted of ¥104,969.1 billion, cash and due from banks of ¥78,115.5 billion and securities of ¥61,397.8 billion.

Liabilities increased by ¥11,056.6 billion compared to the end of the previous fiscal year to ¥269,189.6 billion. Major components were deposits and negotiable certificates of deposit of ¥197,545.7 billion.

As for profits and losses, ordinary profit decreased by ¥221.8 billion compared to the same period of the previous fiscal year to ¥316.7 billion, and semi-annual net income attributable to the shareholders of MUFG Bank decreased by ¥164.8 billion compared to the same period of the previous fiscal year to ¥209.4 billion.

Results by reportable segment are as follows:

1. Retail & Commercial Banking Business Unit

Net operating income was ¥6.4 billion, with a decrease of ¥21.9 billion from the same period of the previous fiscal year.

2. Japanese Corporate & Investment Banking Business Unit

Net operating income was ¥78.4 billion, with a decrease of ¥16.7 billion from the same period of the previous fiscal year.

3. Global Corporate & Investment Banking Business Unit

Net operating income was ¥49.4 billion, with a decrease of ¥23.5 billion from the same period of the previous fiscal year.

4. Global Commercial Banking Business Unit

Net operating income was ¥151.0 billion, with an increase of ¥55.3 billion from the same period of the previous fiscal year.

5. Global Markets Business Unit

Net operating income was ¥282.9 billion, with an increase of ¥101.6 billion from the same period of the previous fiscal year.

6. Other units

Net operating loss was ¥26.4 billion, with an improvement of ¥0.3 billion from the same period of the previous fiscal year.

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

Segment information for the previous semi-annual period that was prepared in accordance with the calculation method after the change is provided in “(3) Reportable segment information for the six-month periods ended September 30, 2020 and 2019” in “23. SEGMENT INFORMATION” under “Notes to Semi-annual Consolidated Financial Statements (Unaudited) for the six months ended September 30, 2020.”

(Summary of cash flows)

With regard to cash flows, operating activities generated net cash of ¥23,514.4 billion, with an increase of ¥26,420.5 billion in cash inflows from the same period of the previous fiscal year. Investing activities used net cash of ¥8,773.3 billion, with an increase of ¥10,597.5 billion in cash outflows from the same period of the previous fiscal year. Financing activities generated net cash of ¥347.1 billion, with a decrease of ¥391.7 billion 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 ¥78,115.5 billion, with a ¥14,880.5 billion increase 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, 2020 was 15.00%.

(Note) From the end of the previous fiscal year, the Bank and its domestic subsidiaries have applied the Fair Value Measurement Standard, etc., which have been retroactively applied to figures for the previous semi-annual period.

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 ¥1,471.1 billion, with an increase of ¥86.1 billion from the same period of the previous fiscal year. Of this, domestic operations posted an income of ¥731.9 billion, with an increase of ¥59.8 billion from the same period of the previous fiscal year, and overseas operations posted an income of ¥841.0 billion, with an increase of ¥24.0 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	310,690	516,537	(31,391)	795,836
	Current semi-annual period	317,441	518,454	(24,299)	811,596
Of which, interest income	Previous semi-annual period	568,536	1,173,064	(70,450)	1,671,150
	Current semi-annual period	421,460	833,949	(39,894)	1,215,515
Of which, interest expenses	Previous semi-annual period	257,846	656,526	(39,058)	875,314
	Current semi-annual period	104,018	315,494	(15,594)	403,918
Net fees and commissions	Previous semi-annual period	186,490	210,959	(71,706)	325,744
	Current semi-annual period	176,016	209,953	(77,198)	308,772
Of which, fees and commissions income	Previous semi-annual period	265,120	260,504	(105,226)	420,398
	Current semi-annual period	248,456	248,176	(98,801)	397,831
Of which, fees and commissions expenses	Previous semi-annual period	78,630	49,544	(33,520)	94,654
	Current semi-annual period	72,439	38,222	(21,603)	89,058
Net trading income	Previous semi-annual period	10,456	20,118	(784)	29,791
	Current semi-annual period	23,383	74,806	1,011	99,202
Of which, trading income	Previous semi-annual period	10,456	56,315	(36,981)	29,791
	Current semi-annual period	23,383	107,050	(31,232)	99,202
Of which, trading expenses	Previous semi-annual period	–	36,196	(36,196)	–
	Current semi-annual period	–	32,244	(32,244)	–
Net other operating income	Previous semi-annual period	164,443	69,331	(135)	233,639
	Current semi-annual period	215,133	37,807	(1,323)	251,617
Of which, other operating income	Previous semi-annual period	277,280	97,640	(26,871)	348,049
	Current semi-annual period	369,513	131,825	(85,303)	416,035
Of which, other operating expenses	Previous semi-annual period	112,837	28,308	(26,736)	114,409
	Current semi-annual period	154,380	94,018	(83,980)	164,418

(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.

4. From the end of the previous fiscal year, the Bank and its domestic subsidiaries have applied the Fair Value Measurement Standard, etc., which have been retroactively applied to income and expenses for domestic and overseas operations for the previous semi-annual period.

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 ¥16,524.5 billion compared to the same period of the previous fiscal year to ¥151,524.1 billion. Yield on interest-earning assets fell by 0.28% to 0.55% and the total interest income stood at ¥421.4 billion, with a decrease of ¥147.0 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 ¥18,997.4 billion compared to the same period of the previous fiscal year to ¥174,540.6 billion. Yield on interest-bearing liabilities fell by 0.21% to 0.11% and total interest expenses stood at ¥104.0 billion, with a decrease of ¥153.8 billion from the same period of the previous fiscal year.

(Millions of yen)

Item	Semi-annual period	Average balance	Interest	Yield
		Amount	Amount	(%)
Interest-earning assets	Previous semi-annual period	134,999,641	568,536	0.83
	Current semi-annual period	151,524,178	421,460	0.55
Of which, loans and bills discounted	Previous semi-annual period	62,987,598	338,270	1.07
	Current semi-annual period	67,116,641	267,968	0.79
Of which, securities	Previous semi-annual period	41,933,714	202,621	0.96
	Current semi-annual period	47,859,239	131,217	0.54
Of which, call loans and bills bought	Previous semi-annual period	32,147	12	0.07
	Current semi-annual period	118,253	38	0.06
Of which, receivables under resale agreements	Previous semi-annual period	2,457,696	(872)	(0.07)
	Current semi-annual period	3,040,704	(1,613)	(0.10)
Of which, receivables under securities borrowing transactions	Previous semi-annual period	–	–	–
	Current semi-annual period	–	–	–
Of which, due from banks	Previous semi-annual period	24,627,750	12,159	0.09
	Current semi-annual period	30,362,596	14,214	0.09
Interest-bearing liabilities	Previous semi-annual period	155,543,157	257,846	0.33
	Current semi-annual period	174,540,636	104,018	0.11
Of which, deposits	Previous semi-annual period	131,510,317	48,473	0.07
	Current semi-annual period	145,136,593	11,580	0.01
Of which, negotiable certificates of deposit	Previous semi-annual period	1,143,167	111	0.01
	Current semi-annual period	1,005,874	91	0.01
Of which, call money and bills sold	Previous semi-annual period	305,621	483	0.31
	Current semi-annual period	650,077	(96)	(0.02)
Of which, payables under repurchase agreements	Previous semi-annual period	9,749,464	41,907	0.85
	Current semi-annual period	8,248,097	15,472	0.37
Of which, payables under securities lending transactions	Previous semi-annual period	–	–	–
	Current semi-annual period	106	0	0.00
Of which, commercial paper	Previous semi-annual period	–	–	–
	Current semi-annual period	–	–	–
Of which, borrowed money	Previous semi-annual period	19,628,790	113,986	1.15
	Current semi-annual period	27,899,190	91,531	0.65

- (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. “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 increased by ¥1,870.2 billion compared to the same period of the previous fiscal year to ¥70,537.3 billion. Yield on interest-earning assets fell by 1.04% to 2.35% and total interest income stood at ¥833.9 billion, with a decrease of ¥339.1 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 ¥3,777.6 billion compared to the same period of the previous fiscal year to ¥72,555.7 billion. Yield on interest-bearing liabilities fell by 1.03% to 0.86% and total interest expenses stood at ¥315.4 billion, with a decrease of ¥341.0 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	68,667,044	1,173,064	3.40
	Current semi-annual period	70,537,338	833,949	2.35
Of which, loans and bills discounted	Previous semi-annual period	42,996,950	797,305	3.69
	Current semi-annual period	42,976,897	599,608	2.78
Of which, securities	Previous semi-annual period	7,795,963	86,071	2.20
	Current semi-annual period	8,596,429	76,293	1.77
Of which, call loans and bills bought	Previous semi-annual period	745,312	6,695	1.79
	Current semi-annual period	614,222	2,643	0.85
Of which, receivables under resale agreements	Previous semi-annual period	3,624,378	61,311	3.37
	Current semi-annual period	3,166,201	23,467	1.47
Of which, receivables under securities borrowing transactions	Previous semi-annual period	615,325	8,290	2.68
	Current semi-annual period	594,957	3,392	1.13
Of which, due from banks	Previous semi-annual period	7,647,777	72,625	1.89
	Current semi-annual period	9,374,013	15,229	0.32
Interest-bearing liabilities	Previous semi-annual period	68,778,139	656,526	1.90
	Current semi-annual period	72,555,756	315,494	0.86
Of which, deposits	Previous semi-annual period	41,182,586	310,944	1.50
	Current semi-annual period	44,647,770	153,765	0.68
Of which, negotiable certificates of deposit	Previous semi-annual period	5,134,122	63,331	2.46
	Current semi-annual period	5,055,310	27,059	1.06
Of which, call money and bills sold	Previous semi-annual period	279,322	2,250	1.60
	Current semi-annual period	311,046	1,199	0.76
Of which, payables under repurchase agreements	Previous semi-annual period	3,532,597	55,965	3.15
	Current semi-annual period	3,780,045	18,874	0.99
Of which, payables under securities lending transactions	Previous semi-annual period	34,329	811	4.71
	Current semi-annual period	30,771	343	2.22
Of which, commercial paper	Previous semi-annual period	1,783,325	22,480	2.51
	Current semi-annual period	1,292,985	6,214	0.95
Of which, borrowed money	Previous semi-annual period	3,535,790	47,042	2.65
	Current semi-annual period	2,722,463	25,482	1.86

- (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	203,666,685	(8,063,152)	195,603,533	1,741,601	(70,450)	1,671,150	1.70
	Current semi-annual period	222,061,516	(6,959,514)	215,102,002	1,255,409	(39,894)	1,215,515	1.12
Of which, loans and bills discounted	Previous semi-annual period	105,984,548	(1,911,952)	104,072,596	1,135,575	(29,873)	1,105,702	2.11
	Current semi-annual period	110,093,539	(1,464,861)	108,628,677	867,577	(9,830)	857,746	1.57
Of which, securities	Previous semi-annual period	49,729,678	(3,822,342)	45,907,335	288,692	(27,258)	261,434	1.13
	Current semi-annual period	56,455,668	(3,183,105)	53,272,563	207,510	(25,066)	182,444	0.68
Of which, call loans and bills bought	Previous semi-annual period	777,460	(78,932)	698,527	6,708	(182)	6,525	1.86
	Current semi-annual period	732,476	(54,508)	677,967	2,682	(4)	2,677	0.78
Of which, receivables under resale agreements	Previous semi-annual period	6,082,075	–	6,082,075	60,438	–	60,438	1.98
	Current semi-annual period	6,206,906	–	6,206,906	21,854	–	21,854	0.70
Of which, receivables under securities borrowing transactions	Previous semi-annual period	615,325	–	615,325	8,290	–	8,290	2.68
	Current semi-annual period	594,957	–	594,957	3,392	–	3,392	1.13
Of which, due from banks	Previous semi-annual period	32,275,527	(1,687,412)	30,588,115	84,785	(7,985)	76,800	0.50
	Current semi-annual period	39,736,610	(1,591,043)	38,145,566	29,444	(3,512)	25,932	0.13
Interest-bearing liabilities	Previous semi-annual period	224,321,297	(4,239,524)	220,081,772	914,372	(39,058)	875,314	0.79
	Current semi-annual period	247,096,393	(3,780,133)	243,316,259	419,513	(15,594)	403,918	0.33
Of which, deposits	Previous semi-annual period	172,692,903	(1,350,238)	171,342,664	359,418	(5,753)	353,665	0.41
	Current semi-annual period	189,784,364	(1,380,494)	188,403,869	165,346	(2,668)	162,677	0.17
Of which, negotiable certificates of deposit	Previous semi-annual period	6,277,289	–	6,277,289	63,443	–	63,443	2.01
	Current semi-annual period	6,061,184	(1,440)	6,059,744	27,150	–	27,150	0.89
Of which, call money and bills sold	Previous semi-annual period	584,944	(188,313)	396,630	2,733	(120)	2,613	1.31
	Current semi-annual period	961,123	(156,888)	804,235	1,102	(263)	839	0.20
Of which, payables under repurchase agreements	Previous semi-annual period	13,282,062	–	13,282,062	97,872	–	97,872	1.46
	Current semi-annual period	12,028,143	–	12,028,143	34,346	–	34,346	0.56
Of which, payables under securities lending transactions	Previous semi-annual period	34,329	–	34,329	811	–	811	4.71
	Current semi-annual period	30,877	–	30,877	343	–	343	2.21
Of which, commercial paper	Previous semi-annual period	1,783,325	–	1,783,325	22,480	–	22,480	2.51
	Current semi-annual period	1,292,985	–	1,292,985	6,214	–	6,214	0.95
Of which, borrowed money	Previous semi-annual period	23,164,581	(1,442,398)	21,722,183	161,028	(32,431)	128,597	1.18
	Current semi-annual period	30,621,654	(903,410)	29,718,243	117,013	(10,946)	106,067	0.71

(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 ¥248.4 billion, with a decrease of ¥16.6 billion from the same period of the previous fiscal year. Fees and commissions expenses were ¥72.4 billion, with a decrease of ¥6.1 billion from the same period of the previous fiscal year, resulting in a net fees and commissions income of ¥176.0 billion, with a decrease of ¥10.4 billion from the same period of the previous fiscal year. Fees and commissions income of overseas offices during the current semi-annual period was ¥248.1 billion, with a decrease of ¥12.3 billion from the same period of the previous fiscal year, while fees and commissions expenses were ¥38.2 billion, with a decrease of ¥11.3 billion from the same period of the previous fiscal year, resulting in a net fees and commissions income of ¥209.9 billion, with a decrease of ¥1.0 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 ¥308.7 billion, with a decrease of ¥16.9 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
Fees and commissions income	Previous semi-annual period	265,120	260,504	(105,226)	420,398
	Current semi-annual period	248,456	248,176	(98,801)	397,831
Of which, domestic and foreign exchange services	Previous semi-annual period	75,393	6,175	(176)	81,391
	Current semi-annual period	70,642	6,455	(150)	76,947
Of which, other commercial banking services	Previous semi-annual period	105,847	132,560	(1,899)	236,507
	Current semi-annual period	97,676	106,351	(1,564)	202,463
Of which, guarantee services	Previous semi-annual period	21,892	16,457	(7,329)	31,020
	Current semi-annual period	20,981	16,197	(6,696)	30,482
Of which, securities-related services	Previous semi-annual period	13,854	30,633	(35)	44,453
	Current semi-annual period	11,114	38,310	(32)	49,391
Fees and commissions expenses	Previous semi-annual period	78,630	49,544	(33,520)	94,654
	Current semi-annual period	72,439	38,222	(21,603)	89,058
Of which, domestic and foreign exchange services	Previous semi-annual period	16,953	5,789	(156)	22,586
	Current semi-annual period	15,667	6,235	(153)	21,750

- (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 ¥23.3 billion, with an increase of ¥12.9 billion from the same period of the previous fiscal year. As a result, net trading income for the current semi-annual period was ¥23.3 billion, with an increase of ¥12.9 billion from the same period of the previous fiscal year. Trading income of overseas offices for the current semi-annual period was ¥107.0 billion, with an increase of ¥50.7 billion from the same period of the previous fiscal year. Trading expenses of overseas offices were ¥32.2 billion, a decrease of ¥3.9 billion from the same period of the previous fiscal year. As a result, net trading income for the current semi-annual period was ¥74.8 billion, with an increase of ¥54.6 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 ¥99.2 billion, with an increase of ¥69.4 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	10,456	56,315	(36,981)	29,791
	Current semi-annual period	23,383	107,050	(31,232)	99,202
Of which, income from trading securities	Previous semi-annual period	890	33,601	(9,633)	24,858
	Current semi-annual period	169	34,411	(11,155)	23,425
Of which, income from securities related to trading transactions	Previous semi-annual period	(233)	369	–	136
	Current semi-annual period	687	163	–	850
Of which, income from trading-related financial derivatives	Previous semi-annual period	9,518	22,329	(27,348)	4,499
	Current semi-annual period	20,832	72,475	(20,070)	73,237
Of which, income from other trading transactions	Previous semi-annual period	281	15	–	296
	Current semi-annual period	1,694	0	(7)	1,688
Trading expenses	Previous semi-annual period	–	36,196	(36,196)	–
	Current semi-annual period	–	32,244	(32,244)	–
Of which, expenses on trading securities	Previous semi-annual period	–	9,633	(9,633)	–
	Current semi-annual period	–	11,155	(11,155)	–
Of which, expenses on securities related to trading transactions	Previous semi-annual period	–	–	–	–
	Current semi-annual period	–	–	–	–
Of which, expenses on trading-related financial derivatives	Previous semi-annual period	–	26,563	(26,563)	–
	Current semi-annual period	–	21,081	(21,081)	–
Of which, expenses on other trading transactions	Previous semi-annual period	–	–	–	–
	Current semi-annual period	–	7	(7)	–

- (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. From the end of the previous fiscal year, the Bank and its domestic subsidiaries have applied the Fair Value Measurement Standard, etc., which have been applied retroactively to trading results by domestic and overseas office for the previous semi-annual period.



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	130,437,193	41,346,290	(1,486,279)	170,297,205
	Current semi-annual period	147,378,827	45,486,386	(1,461,780)	191,403,433
Of which, liquid deposits	Previous semi-annual period	97,676,558	23,056,418	(492,703)	120,240,273
	Current semi-annual period	114,134,695	26,000,862	(591,322)	139,544,236
Of which, fixed-term deposits	Previous semi-annual period	25,498,367	18,215,569	(984,445)	42,729,491
	Current semi-annual period	25,795,696	19,409,191	(835,410)	44,369,477
Of which, other deposits	Previous semi-annual period	7,262,268	74,302	(9,130)	7,327,440
	Current semi-annual period	7,448,435	76,332	(35,047)	7,489,720
Negotiable certificates of deposit	Previous semi-annual period	1,163,463	5,209,849	–	6,373,312
	Current semi-annual period	1,055,585	5,088,171	(1,440)	6,142,316
Total	Previous semi-annual period	131,600,656	46,556,140	(1,486,279)	176,670,517
	Current semi-annual period	148,434,413	50,574,557	(1,463,220)	197,545,750

- (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)	59,913,533	100.00	64,609,298	100.00
Manufacturing	9,948,745	16.61	12,642,972	19.57
Construction	678,969	1.13	714,801	1.11
Wholesale and retail	6,189,036	10.33	6,813,629	10.54
Finance and insurance	7,037,806	11.75	6,512,791	10.08
Real estate, goods rental and leasing	10,682,998	17.83	11,356,488	17.58
Services	2,697,283	4.50	3,088,608	4.78
Other industries	22,678,694	37.85	23,480,007	36.34
Overseas and Japan offshore market account	42,490,270	100.00	40,359,835	100.00
Governments and public organizations	535,862	1.26	498,941	1.23
Financial institutions	8,872,253	20.88	8,551,169	21.19
Others	33,082,154	77.86	31,309,724	77.58
Total	102,403,803	—	104,969,134	—

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

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

(Reference information)

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

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

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

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

(Billions of yen, %)

	As of September 30, 2020
1. Consolidated Total Capital Ratio (4/7)	15.00
2. Consolidated Tier 1 Capital Ratio (5/7)	12.66
3. Consolidated Common Equity Tier 1 Capital Ratio (6/7)	11.13
4. Consolidated Total Capital	14,488.1
5. Consolidated Tier 1 Capital	12,229.4
6. Consolidated Common Equity Tier 1 Capital	10,754.0
7. Risk-weighted Assets	96,568.9
8. Consolidated Total Capital Requirements	7,725.5

Consolidated leverage ratio (under uniform international standards)

(%)

	As of September 30, 2020
Consolidated leverage ratio	5.22

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

(Billions of yen, %)

	As of September 30, 2020
1. Non-consolidated Total Capital Ratio (4/7)	15.22
2. Non-consolidated Tier 1 Capital Ratio (5/7)	12.90
3. Non-consolidated Common Equity Tier 1 Capital Ratio (6/7)	11.15
4. Non-consolidated Total Capital	12,344.3
5. Non-consolidated Tier 1 Capital	10,460.0
6. Non-consolidated Common Equity Tier 1 Capital	9,044.4
7. Risk-weighted Assets	81,055.3
8. Non-consolidated Total Capital Requirements	6,484.4

Non-consolidated leverage ratio (under uniform international standards)

(%)

	As of September 30, 2020
Non-consolidated leverage ratio	5.20

(Assessment of asset quality)

(Reference information)

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

1. Claims against bankrupt or de facto bankrupt borrowers

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

2. Doubtful claims

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

3. Claims in need of special attention

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

4. Normal claims

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

(2) 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 ¥86.2 billion from the same period of the previous fiscal year, primarily reflecting increases in trading income and net other operating income. Meanwhile, general and administrative expenses decreased by ¥10.1 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 ¥559.6 billion, with an increase of ¥96.3 billion from the same period of the previous fiscal year.

Meanwhile, semi-annual net income attributable to the shareholders of MUFG Bank was ¥209.4 billion, with a decrease of ¥164.8 billion from the same period of the previous fiscal year, primarily reflecting an increase in credit costs.

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)	1,671.1	1,215.5	(455.6)
Interest expenses (after deduction of expenses related to money held in trust)	(2)	875.3	403.9	(471.3)
Trust fees	(3)	6.2	6.2	0.0
Of which, credit costs for trust accounts	(4)	–	–	–
Fees and commissions income	(5)	420.3	397.8	(22.5)
Fees and commissions expenses	(6)	94.6	89.0	(5.5)
Trading income	(7)	29.7	99.2	69.4
Trading expenses	(8)	–	–	–
Other operating income	(9)	348.0	416.0	67.9
Other operating expenses	(10)	114.4	164.4	50.0
Consolidated gross operating income (= (1) - (2) + (3) + (5) - (6) + (7) - (8) + (9) - (10))	(11)	1,391.2	1,477.4	86.2
General and administrative expenses (after deduction of non-recurring expenses)	(12)	927.9	917.8	(10.1)
Consolidated net business profit (loss) (before provision for general allowance for credit losses = (11) + (4) - (12))		463.2	559.6	96.3
Other ordinary expenses (Provision for general allowance for credit losses)	(13)	–	86.5	86.5
Consolidated net business profit (loss) (= (11) - (12) - (13))		463.2	473.1	9.8
Other ordinary income	(14)	190.6	105.9	(84.6)
Of which, reversal of allowance for credit losses		11.8	–	(11.8)
Of which, gain on collection of bad debts		33.1	20.0	(13.1)
Of which, gain on sales of equity securities and other securities		72.0	52.9	(19.0)
Interest expenses (expenses related to money held in trust)	(15)	0.0	0.0	0.0
General and administrative expenses (non-recurring expenses)	(16)	(3.9)	14.7	18.7
Other ordinary expenses (after deduction of provision for general allowance for credit losses)	(17)	119.3	247.6	128.3
Of which, credit costs		27.3	158.4	131.0
Of which, losses on sales of equity securities and other securities		18.0	20.1	2.1
Of which, losses on write-down of equity securities and other securities		32.4	8.4	(23.9)
Net non-recurring gains (losses) (= (14) - (15) - (16) - (17))		75.2	(156.4)	(231.6)

	Previous semi-annual period (A)	Current semi-annual period (B)	Change (B - A)
Ordinary profit	538.5	316.7	(221.8)
Net extraordinary gains (losses)	18.1	(7.2)	(25.4)
Of which, impairment loss of long-lived assets	(12.8)	(16.4)	(3.5)
Income before income taxes	556.6	309.4	(247.2)
Total income taxes	156.0	92.6	(63.3)
Net income before attribution of noncontrolling interests	400.6	216.7	(183.8)
Net income attributable to noncontrolling interests	26.3	7.3	(19.0)
Net income attributable to the shareholders of MUFG Bank	374.2	209.4	(164.8)

(Note) From the end of the previous fiscal year, the Bank and its domestic subsidiaries have applied the Fair Value Measurement Standard, etc., which have been applied retroactively to figures for the previous semi-annual period.

## 1) Analysis of Results of Operations

### (i) Total credit costs

Total credit costs for the current semi-annual period increased by ¥247.9 billion compared to the same period of the previous fiscal year to ¥224.8 billion, primarily reflecting decreases of reversal of allowance for credit losses and reversal of reserve for contingent losses and increases in provision for general allowance for credit losses and credit costs.

(Billions of yen)

	Previous semi-annual period (A)	Current semi-annual period (B)	Change (B - A)
Of the trust fees, credit costs for trust accounts (1)	–	–	–
Of other ordinary income, reversal of allowance for credit losses (2)	11.8	–	(11.8)
Of other ordinary income, reversal of reserve for contingent losses (3)	5.2	–	(5.2)
Of other ordinary income, gain on collection of bad debts (4)	33.1	20.0	(13.1)
Of other ordinary expenses, provision for general allowance for credit losses (5)	–	86.5	86.5
Of other ordinary expenses, credit costs (6)	27.3	158.4	131.0
Write-offs of loans	28.6	48.7	20.0
Provision for specific allowance for credit losses	–	109.5	109.5
Other credit costs	(1.3)	0.1	1.4
Total credit costs (= (1) - (2) - (3) - (4) + (5) + (6))	(23.0)	224.8	247.9
Consolidated net business profit (loss) (before credit costs for trust accounts and provision for general allowance for credit losses)	463.2	559.6	96.3
Consolidated net business profit (loss) (after deduction of total credit costs)	486.3	334.7	(151.5)

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

The Bank posted ¥24.3 billion net gain on equity securities and other securities for the current semi-annual period with an increase of ¥2.7 billion from the same period of the previous fiscal year.

Gain on sales of equity securities and other securities decreased by ¥19.0 billion compared to the same period of the previous fiscal year to ¥52.9 billion while losses on sales of equity securities and other securities increased by ¥2.1 billion compared to the same period of the previous fiscal year to ¥20.1 billion. Losses on write-down of equity securities and other securities decreased by ¥23.9 billion compared to the same period of the previous fiscal year to ¥8.4 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	21.5	24.3	2.7
Of other ordinary income, gain on sales of equity securities and other securities	72.0	52.9	(19.0)
Of other ordinary expenses, losses on sales of equity securities and other securities	18.0	20.1	2.1
Of other ordinary expenses, losses on write-down of equity securities and other securities	32.4	8.4	(23.9)

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 ¥111.1 billion from the end of the previous fiscal year to ¥763.0 billion.

The percentage of disclosed claims to total claims increased by 0.11 percentage points from the end of the previous fiscal year to 0.79%.

Claims by borrowers' classification show claims against bankrupt or de facto bankrupt borrowers increased by ¥35.8 billion, doubtful claims increased by ¥36.5 billion, and claims in need of special attention increased by ¥38.7 billion.

With regard to the status of coverage at the end of the current semi-annual period for these disclosed claims totaling ¥763.0 billion, the amount secured by allowance for credit losses was ¥186.7 billion and the amount secured by collaterals, guarantees and others was ¥423.2 billion, representing a percentage of covered claims to total disclosed claims (coverage ratio) of 79.94%.

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	157.7 [121.9]	15.7 [2.7]	142.0 [119.1]	100.00% [100.00%]	100.00% [100.00%]
Doubtful claims	345.2 [308.6]	106.0 [72.6]	166.9 [168.1]	59.48% [51.66%]	79.08% [77.99%]
Claims in need of special attention	260.0 [221.2]	65.0 [65.1]	114.1 [85.1]	44.58% [47.83%]	68.92% [67.90%]
Subtotal	763.0 [651.9]	186.7 [140.5]	423.2 [372.4]	54.96% [50.27%]	79.94% [78.68%]
Normal claims	95,345.2 [95,754.9]	–	–	–	–
Total	96,108.2 [96,406.8]	–	–	–	–
Percentage of disclosed claims to total claims	0.79% [0.67%]	–	–	–	–

(Note) The upper figures are as of September 30, 2020. The lower figures within brackets are as of March 31, 2020.



### 3) Cash Flows

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

### 4) Results of Operations by Business Unit

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

(Billions of yen)

	Retail & Commercial Banking Business Unit	Japanese Corporate & Investment Banking Business Unit	Global Corporate & Investment Banking Business Unit	Global Commercial Banking Business Unit	Customer business units subtotal	Global Markets Business Unit	Other units (Note 2)	Total
Gross operating income	302.1	201.5	173.2	415.2	1,092.2	332.2	16.2	1,440.6
Non-consolidated	274.4	176.3	117.6	0.3	568.8	297.1	20.0	886.0
Net interest income	197.2	78.6	57.8	0.4	334.3	59.8	27.6	421.8
Net non-interest income	77.2	97.7	59.7	(0.1)	234.5	237.2	(7.5)	464.2
Subsidiaries	27.6	25.1	55.6	414.9	523.3	35.0	(3.8)	554.6
Expenses	295.7	123.0	123.8	264.2	806.8	49.2	42.6	898.8
Net operating income (Note 1)	6.4	78.4	49.4	151.0	285.3	282.9	(26.4)	541.8

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

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

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

#### (i) Retail & Commercial Banking Business Unit

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

(ii) Japanese Corporate & Investment Banking Business Unit

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

(iii) Global Corporate & Investment Banking Business Unit

Gross operating income fell below that of the previous fiscal year due to a decrease in income from loans amid the COVID-19 pandemic as well as a decrease in income from commissions.

(iv) Global Commercial Banking Business Unit

Gross operating income exceeded that of the previous fiscal year due to an increase in interest income from increased deposits and loans by the Bank of Ayudhya and the effects of the consolidation of Bank Danamon.

(v) Global Markets Business Unit

Gross operating income exceeded that of the previous fiscal year through agile operation and decision making taking advantage of declining interest rates in Japan and overseas, despite a decrease in customers' ordinary foreign currency exchange flows amid the COVID-19 pandemic.

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

In the current semi-annual period, the Bank changed certain assumptions used in making accounting estimates in relation to the COVID-19 pandemic.

Accordingly, the Bank changed certain assumptions used in the previous fiscal year for making estimates relating to allowance for credit losses.

In addition, some foreign subsidiaries applying U.S. GAAP have adopted Accounting Standards Update (“ASU”) 2016-13 “Measurement of Credit Losses on Financial Instruments” issued by the Financial Accounting Standards Board from the beginning of the current semi-annual period and have changed the estimates and assumptions relating to allowance for credit losses.

Details are provided in “(8) Allowance for Credit Losses (Additional information)” in “2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES” under “Notes to Semi-annual Consolidated Financial Statements (Unaudited) for the six months ended September 30, 2020.”

**4. Critical Contracts for Operation**

Not applicable.

**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, 2020)	Number of shares issued as of the date of submission (November 30, 2020)	Financial instruments exchange on which the stock is listed or other market	Description
Common stock	12,350,038,122	Same as left	–	(Notes) 1, 2, 3
1st series of Class 2 preferred stock	100,000,000	Same as left	–	(Notes) 1, 2
1st series of Class 4 preferred stock	79,700,000	Same as left	–	(Notes) 1, 2
1st series of Class 6 preferred stock	1,000,000	Same as left	–	(Notes) 1, 2
1st series of Class 7 preferred stock	177,000,000	Same as left	–	(Notes) 1, 2
Total	12,707,738,122	Same as left	–	–

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

(2) Status of 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, 2020	–	12,707,738	–	1,711,958	–	1,711,958

(5) Status of major shareholders

By number of shares held

As of September 30, 2020

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

(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, 2020

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

(6) Status of voting rights  
1) Issued shares

As of September 30, 2020

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, 2020

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

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

**2. Directors and Corporate Auditors**

There were no changes in Directors or Corporate Auditors by the date of submission of this Semi-annual Securities report after the date of submission of the Annual Securities Report for the previous fiscal year.

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

### Accountant's Conclusion

We have reviewed the semi-annual consolidated financial statements of MUFG Bank, Ltd. and its consolidated subsidiaries (the "Bank"), which comprise the semi-annual consolidated balance sheet as of September 30, 2020, and the semi-annual consolidated statement of income, semi-annual consolidated statement of comprehensive income and semi-annual consolidated statement of cash flows for the six-month period then ended, and the related notes, all expressed in Japanese yen.

Based on our review, 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 as of September 30, 2020, and the consolidated results of their operations and their cash flows for the six-month period then ended in accordance with accounting principles for semi-annual consolidated financial statements generally accepted in Japan.

### Convenience Translation

Our review also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, based on our review, 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.

### Basis for Accountant's Conclusion

We conducted our review in accordance with review standards for semi-annual financial statements generally accepted in Japan. Our responsibility under those standards is further described in the Accountant's Responsibility for the Review of the Semi-annual Consolidated Financial Statements section of our report. We are independent of the Bank in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as accountants. We believe that we have obtained the evidence to provide a basis for our review conclusion.

### Responsibilities of Management and the Audit and Supervisory Committee for the Semi-annual Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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

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

### **Accountant's Responsibility for the Review of the Semi-annual Consolidated Financial Statements**

Our objective is to issue an accountant's report that includes our conclusion.

As part of a review in accordance with review standards for semi-annual financial statements generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the review. We also:

- Make inquiries, primarily of management and persons responsible for financial and accounting matters, and apply analytical and other review procedures for semi-annual financial statements. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in Japan.
- Conclude whether nothing has come to our attention, based on the evidence obtained, related to going concern that causes us to believe that the semi-annual consolidated financial statements are not fairly presented, in all material respects, in accordance with accounting principles for semi-annual consolidated financial statements generally accepted in Japan, if we conclude that a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our accountant's report to the related disclosures in the semi-annual consolidated financial statements or, if such disclosures are inadequate, to modify our conclusion. Our conclusions are based on the evidence obtained up to the date of our accountant's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate whether nothing has come to our attention that causes us to believe that the overall presentation and disclosures of the semi-annual consolidated financial statements are not in accordance with accounting principles for semi-annual consolidated financial statements generally accepted in Japan, as well as the overall presentation, structure and content of the semi-annual consolidated financial statements, including the disclosures, and whether nothing has come to our attention that causes us to believe that the semi-annual consolidated financial statements do not represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain evidence regarding the financial information of the entities or business activities within the Bank to express a conclusion on the semi-annual consolidated financial statements. We are responsible for the direction, supervision and performance of the review of the semi-annual consolidated financial statements. We remain solely responsible for our conclusion.

We communicate with the Audit and Supervisory Committee regarding the planned scope and timing of the review and significant findings that we identify during our review.

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



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

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

Deloitte Touche Tohmatsu LLC

November 25, 2020

## Semi-annual Consolidated Financial Statements (Unaudited)

### MUFG Bank, Ltd. and Subsidiaries

#### Semi-annual Consolidated Balance Sheet (Unaudited) as of September 30, 2020

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	September 30	March 31	September 30
	<u>2020</u>	<u>2020</u>	<u>2020</u>
<b>ASSETS:</b>			
Cash and due from banks (Notes 3, 4, 12 and 21)	¥ 78,115,568	¥ 63,234,971	\$ 738,332
Call loans and bills bought (Note 21)	590,657	872,194	5,583
Receivables under resale agreements (Note 21)	5,302,640	12,947,807	50,119
Receivables under securities borrowing transactions (Note 21)	600,204	731,916	5,673
Monetary claims bought (Notes 4 and 21)	3,745,495	4,329,234	35,402
Trading assets (Notes 12 and 21)	6,895,079	8,060,606	65,171
Money held in trust (Notes 5 and 21)	17,370	54,821	164
Securities (Notes 4, 6, 11, 12 and 21)	61,397,842	52,901,496	580,320
Loans and bills discounted (Notes 7, 12, 13 and 21)	104,969,134	105,358,628	992,147
Foreign exchange (Note 21)	1,634,013	1,654,276	15,444
Tangible fixed assets (Note 8)	1,007,523	1,024,423	9,523
Intangible fixed assets	873,510	916,047	8,256
Asset for retirement benefits	439,063	419,248	4,150
Deferred tax assets	83,942	77,332	793
Customers' liabilities for acceptances and guarantees (Note 11)	7,131,842	7,528,402	67,409
Other assets	9,698,464	10,919,638	91,668
Allowance for credit losses	(887,386)	(612,535)	(8,387)
<b>Total assets</b>	<b>¥ 281,614,967</b>	<b>¥ 270,418,512</b>	<b>\$ 2,661,767</b>

## MUFG Bank, Ltd. and Subsidiaries

### Semi-annual Consolidated Balance Sheet (Unaudited) as of September 30, 2020

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	September 30	March 31	September 30
	<u>2020</u>	<u>2020</u>	<u>2020</u>
<b>LIABILITIES:</b>			
Deposits (Notes 12 and 21)	¥ 191,403,433	¥ 177,613,234	\$ 1,809,106
Negotiable certificates of deposit (Note 21)	6,142,316	5,596,531	58,056
Call money and bills sold (Notes 12 and 21)	1,857,077	1,223,100	17,553
Payables under repurchase agreements (Notes 12 and 21)	11,860,711	17,120,945	112,105
Payables under securities lending transactions (Notes 12 and 21)	53,704	73,620	508
Commercial paper (Note 21)	1,155,046	1,530,833	10,917
Trading liabilities (Notes 12 and 21)	3,045,616	3,376,204	28,787
Borrowed money (Notes 10, 12 and 21)	35,547,920	30,521,462	335,992
Foreign exchange (Note 21)	2,029,246	2,437,007	19,180
Bonds payable (Notes 10, 12 and 21)	2,823,326	2,998,345	26,686
Reserve for employee bonuses	37,296	57,244	353
Reserve for bonuses to directors	584	789	6
Reserve for stocks payment	4,308	5,014	41
Liability for retirement benefits	76,701	76,186	725
Reserve for retirement benefits to directors	372	407	4
Reserve for loyalty award credits	12,241	12,449	116
Reserve for contingent losses	78,122	69,771	738
Deferred tax liabilities	597,692	533,908	5,649
Deferred tax liabilities for land revaluation (Note 9)	100,004	103,409	945
Acceptances and guarantees (Note 11)	7,131,842	7,528,402	67,409
Other liabilities (Note 12)	5,232,095	7,254,136	49,453
<b>Total liabilities</b>	<b>¥ 269,189,663</b>	<b>¥ 258,133,007</b>	<b>\$ 2,544,326</b>
<b>EQUITY (Notes 15, 16 and 20):</b>			
<b>Capital stock</b>			
<b>Common stock:</b>			
Authorized, 33,000,000 thousand shares; issued, 12,350,038 thousand shares as of September 30 and March 31, 2020, with no stated value	¥ 1,586,958	¥ 1,586,958	\$ 15,000
<b>Preferred stock:</b>			
Authorized, 1,157,700 thousand shares; issued, 357,700 thousand shares as of September 30 and March 31, 2020, with no stated value	125,000	125,000	1,181
Capital surplus	3,671,803	3,674,512	34,705
Retained earnings	5,037,314	5,076,746	47,612
Treasury stock—at cost 357,700 thousand shares as of September 30 and March 31, 2020	(645,700)	(645,700)	(6,103)
Total shareholders' equity	9,775,376	9,817,517	92,395
<b>Accumulated other comprehensive income:</b>			
Net unrealized gain on available-for-sale securities (Notes 4 and 6)	1,783,899	1,485,339	16,861
Net deferred gain on derivatives under hedge accounting	340,750	313,523	3,221
Land revaluation surplus (Note 9)	195,131	202,845	1,844
Foreign currency translation adjustments	7,326	127,868	69
Defined retirement benefit plans	(82,332)	(88,678)	(778)
Total accumulated other comprehensive income	2,244,775	2,040,899	21,217
Non-controlling interests	405,152	427,088	3,829
<b>Total equity</b>	<b>12,425,304</b>	<b>12,285,505</b>	<b>117,441</b>
<b>Total liabilities and equity</b>	<b>¥ 281,614,967</b>	<b>¥ 270,418,512</b>	<b>\$ 2,661,767</b>

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

MUFG Bank, Ltd. and Subsidiaries

**Semi-annual Consolidated Statement of Income (Unaudited)**  
**For the Six-Month Period Ended September 30, 2020**

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	Six-Month Periods Ended September 30		Six-Month Period Ended September 30
	<u>2020</u>	<u>2019</u>	<u>2020</u>
<b>INCOME:</b>			
Interest income:	¥ 1,215,515	¥ 1,671,150	\$ 11,489
Interest on loans and bills discounted	857,746	1,105,702	8,107
Interest and dividends on securities	182,444	261,434	1,724
Trust fees	6,289	6,248	59
Fees and commissions	397,831	420,398	3,760
Trading income	99,202	29,791	938
Other operating income	416,035	348,049	3,932
Other income (Note 17)	118,641	225,711	1,121
<b>Total income</b>	<b>2,253,516</b>	<b>2,701,349</b>	<b>21,300</b>
<b>EXPENSES:</b>			
Interest expenses:	403,923	875,317	3,818
Interest on deposits	162,677	353,665	1,538
Fees and commissions	89,058	94,654	842
Other operating expenses	164,418	114,409	1,554
General and administrative expenses	932,548	924,003	8,814
Other expenses (Note 18)	354,166	136,304	3,348
<b>Total expenses</b>	<b>1,944,115</b>	<b>2,144,688</b>	<b>18,375</b>
<b>Income before income taxes</b>	<b>309,400</b>	<b>556,660</b>	<b>2,924</b>
<b>Income taxes:</b>			
Current	145,457	91,158	1,375
Deferred	(52,807)	64,885	(499)
<b>Total income taxes</b>	<b>92,650</b>	<b>156,043</b>	<b>876</b>
<b>Net income before attribution of non-controlling interests</b>	<b>216,749</b>	<b>400,617</b>	<b>2,049</b>
<b>Net income attributable to non-controlling interests</b>	<b>7,308</b>	<b>26,318</b>	<b>69</b>
<b>Net income attributable to the shareholders of MUFG Bank</b>	<b>¥ 209,441</b>	<b>¥ 374,298</b>	<b>\$ 1,980</b>
	Yen		U.S. Dollars
	Six-Month Periods Ended September 30		Six-Month Period Ended September 30
	<u>2020</u>	<u>2019</u>	<u>2020</u>
<b>Per share of common stock (Notes 16 and 20):</b>			
Basic earnings per common share	¥ 16.95	¥ 30.30	\$ 0.16
Diluted earnings per common share	16.95	30.30	0.16
Cash dividends applicable to the reporting period per common share	11.27	11.45	0.11

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

**MUFG Bank, Ltd. and Subsidiaries**

**Semi-annual Consolidated Statement of Comprehensive Income (Unaudited)  
For the Six-Month Period Ended September 30, 2020**

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	Six-Month Periods Ended September 30		Six-Month Period Ended September 30
	<u>2020</u>	<u>2019</u>	<u>2020</u>
Net income before attribution of non-controlling interests	¥ 216,749	¥ 400,617	\$ 2,049
Other comprehensive income:			
Net unrealized gain on available-for-sale securities	301,638	120,997	2,851
Net deferred gain on derivatives under hedge accounting	29,181	108,873	276
Foreign currency translation adjustments	(128,191)	(99,580)	(1,212)
Defined retirement benefit plans	6,613	(9,997)	63
Share of other comprehensive (loss) income in affiliates accounted for using the equity method	(2,884)	21,781	(27)
Total other comprehensive income	<u>206,357</u>	<u>142,073</u>	<u>1,950</u>
Comprehensive income	<u>¥ 423,107</u>	<u>¥ 542,690</u>	<u>\$ 3,999</u>
Total comprehensive income attributable to:			
The shareholders of MUFG Bank	¥ 422,046	¥ 511,430	\$ 3,989
Non-controlling interests	1,061	31,260	10

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

MUFG Bank, Ltd. and Subsidiaries

Semi-annual Consolidated Statement of Changes in Equity (Unaudited)  
For the Six-Month Period Ended September 30, 2020

	Millions of Yen													
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Accumulated other comprehensive income							Non-controlling shareholders	Total equity
						Net unrealized gain on available-for-sale securities	Net deferred gain on derivatives under hedge accounting	Land revaluation surplus	Foreign currency translation adjustments	Defined retirement benefit plans	Total accumulated other comprehensive income			
BALANCE, APRIL 1, 2019	¥ 1,711,958	¥ 3,670,720	¥ 5,223,343	¥ (645,700)	¥ 9,960,322	¥ 1,690,999	¥ 165,125	¥ 212,725	¥ 151,092	¥ 15,745	¥ 2,235,688	¥ 673,557	¥ 12,869,567	
Accumulated effects of changes in accounting policies	-	-	(18,759)	-	(18,759)	-	-	-	-	-	-	-	(18,759)	
BALANCE, APRIL 1, 2019 (as restated)	1,711,958	3,670,720	5,204,583	(645,700)	9,941,562	1,690,999	165,125	212,725	151,092	15,745	2,235,688	673,557	12,850,807	
Dividends paid	-	-	(52,240)	-	(52,240)	-	-	-	-	-	-	-	(52,240)	
Net income attributable to the shareholders of MUFG Bank	-	-	374,298	-	374,298	-	-	-	-	-	-	-	374,298	
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	¥ 5,527,542	¥ (645,700)	¥ 10,267,955	¥ 1,824,234	¥ 273,828	¥ 211,825	¥ 56,671	¥ 5,360	¥ 2,371,920	¥ 645,898	¥ 13,285,774	
BALANCE, APRIL 1, 2020	¥ 1,711,958	¥ 3,674,512	¥ 5,076,746	¥ (645,700)	¥ 9,817,517	¥ 1,485,339	¥ 313,523	¥ 202,845	¥ 127,868	¥ (88,678)	¥ 2,040,899	¥ 427,088	¥ 12,285,505	
Accumulated effects due to revision of accounting standards for foreign affiliates	-	-	(116,805)	-	(116,805)	-	-	-	-	-	-	(25,608)	(142,414)	
BALANCE, APRIL 1, 2020 (as restated)	1,711,958	3,674,512	4,959,940	(645,700)	9,700,711	1,485,339	313,523	202,845	127,868	(88,678)	2,040,899	401,480	12,143,091	
Dividends paid	-	-	(139,678)	-	(139,678)	-	-	-	-	-	-	-	(139,678)	
Net income attributable to the shareholders of MUFG Bank	-	-	209,441	-	209,441	-	-	-	-	-	-	-	209,441	
Reversal of land revaluation surplus	-	-	7,714	-	7,714	-	-	-	-	-	-	-	7,714	
Changes of application of equity method	-	-	(104)	-	(104)	-	-	-	-	-	-	-	(104)	
Changes in equity of consolidated subsidiaries	-	(2,709)	-	-	(2,709)	-	-	-	-	-	-	-	(2,709)	
Other changes in the period	-	-	-	-	-	298,560	27,226	(7,714)	(120,541)	6,345	203,875	3,672	207,548	
BALANCE, SEPTEMBER 30, 2020	¥ 1,711,958	¥ 3,671,803	¥ 5,037,314	¥ (645,700)	¥ 9,775,376	¥ 1,783,899	¥ 340,750	¥ 195,131	¥ 7,326	¥ (82,332)	¥ 2,244,775	¥ 405,152	¥ 12,425,304	

**MUFG Bank, Ltd. and Subsidiaries**

**Semi-annual Consolidated Statement of Changes in Equity (Unaudited)  
For the Six-Month Period Ended September 30, 2020**

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 on derivatives under hedge accounting	Land revaluation surplus	Foreign currency translation adjustments	Defined retirement benefit plans	Total accumulated other comprehensive income	Non-controlling shareholders	
BALANCE, APRIL 1, 2020	\$ 16,181	\$ 34,731	\$ 47,984	\$ (6,103)	\$ 92,793	\$ 14,039	\$ 2,963	\$ 1,917	\$ 1,209	\$ (838)	\$ 19,290	\$ 4,037	\$ 116,120
Accumulated effects due to revision of accounting standards for foreign affiliates	-	-	(1,104)	-	(1,104)	-	-	-	-	-	-	(242)	(1,346)
BALANCE, APRIL 1, 2020 (as restated)	16,181	34,731	46,880	(6,103)	91,689	14,039	2,963	1,917	1,209	(838)	19,290	3,795	114,774
Dividends paid	-	-	(1,320)	-	(1,320)	-	-	-	-	-	-	-	(1,320)
Net income attributable to the shareholders of MUFG Bank	-	-	1,980	-	1,980	-	-	-	-	-	-	-	1,980
Reversal of land revaluation surplus	-	-	73	-	73	-	-	-	-	-	-	-	73
Changes of application of equity method	-	-	(1)	-	(1)	-	-	-	-	-	-	-	(1)
Changes in equity of consolidated subsidiaries	-	(26)	-	-	(26)	-	-	-	-	-	-	-	(26)
Other changes in the period	-	-	-	-	-	2,822	257	(73)	(1,139)	60	1,927	35	1,962
BALANCE, SEPTEMBER 30, 2020	\$ 16,181	\$ 34,705	\$ 47,612	\$ (6,103)	\$ 92,395	\$ 16,861	\$ 3,221	\$ 1,844	\$ 69	\$ (778)	\$ 21,217	\$ 3,829	\$ 117,441

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

MUFG Bank, Ltd. and Subsidiaries

**Semi-annual Consolidated Statement of Cash Flows (Unaudited)**  
**For the Six-Month Period Ended September 30, 2020**

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	Six-Month Periods Ended September 30		Six-Month Period Ended September 30
	<u>2020</u>	<u>2019</u>	<u>2020</u>
OPERATING ACTIVITIES:			
Income before income taxes	¥ 309,400	¥ 556,660	\$ 2,924
Adjustments for:			
Income taxes paid	(90,254)	(102,280)	(853)
Income taxes refunds	6,391	37,939	60
Depreciation and amortization	117,076	115,098	1,107
Impairment loss on fixed assets	16,478	12,891	156
Amortization of goodwill	3,112	11,267	29
Equity in earnings of the equity method investees	(9,646)	(9,650)	(91)
Increase (decrease) in allowance for credit losses	117,589	(56,090)	1,111
Decrease in reserve for employee bonuses	(18,994)	(11,134)	(180)
Decrease in reserve for bonuses to directors	(180)	(379)	(2)
Decrease in reserve for stocks payment	(706)	(262)	(7)
Increase in asset for retirement benefits	(21,101)	(21,623)	(199)
Increase in liability for retirement benefits	2,249	1,687	21
Decrease in reserve for retirement benefits to directors	(35)	(44)	(0)
Increase in reserve for loyalty award credits	212	457	2
Increase (decrease) in reserve for contingent losses	3,963	(53,384)	37
Interest income (accrual basis)	(1,215,515)	(1,671,150)	(11,489)
Interest expenses (accrual basis)	403,923	875,317	3,818
Gains on securities	(229,995)	(220,435)	(2,174)
Losses on money held in trust	27,188	8,109	257
Foreign exchange losses	367,202	619,022	3,471
(Gains) losses on disposition of fixed assets	(9,179)	1,422	(87)
Decrease (increase) in trading assets	1,141,177	(542,343)	10,786
Decrease in trading liabilities	(316,192)	(1,722)	(2,989)
Adjustment of unsettled trading accounts	(202,831)	(14,053)	(1,917)
Net (increase) decrease in loans and bills discounted	(56,312)	1,964,625	(532)
Net increase (decrease) in deposits	14,274,348	(715,992)	134,918
Net increase (decrease) in negotiable certificates of deposit	550,687	(723,188)	5,205
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	4,633,105	(1,338,038)	43,791
Net decrease (increase) in call loans, bills bought and receivables under resale agreements	8,407,180	(2,694,322)	79,463
Net decrease (increase) in receivables under securities borrowing transactions	119,553	(94,941)	1,130
Net decrease in call money, bills sold and payables under repurchase agreements	(4,566,108)	(208,265)	(43,158)
Net (decrease) increase in commercial paper	(375,680)	630,517	(3,551)
Net (decrease) increase in payables under securities lending transactions	(19,079)	22,839	(180)
Net decrease in foreign exchange assets	16,481	257,264	156
Net decrease in foreign exchange liabilities	(406,397)	(263,007)	(3,841)
Net decrease in straight bonds due to issuance and redemption	(126,294)	(124,443)	(1,194)
Interest and dividends received (cash basis)	1,259,475	1,703,710	11,904
Interest paid (cash basis)	(441,971)	(859,379)	(4,177)
Other-net	(155,909)	1,118	(1,474)
Total adjustments	<u>23,205,009</u>	<u>(3,462,846)</u>	<u>219,329</u>
Net cash provided by (used in) operating activities	<u>¥ 23,514,410</u>	<u>¥ (2,906,185)</u>	<u>\$ 222,253</u>



**MUFG Bank, Ltd. and Subsidiaries**

**Semi-annual Consolidated Statement of Cash Flows (Unaudited)  
For the Six-Month Period Ended September 30, 2020**

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	Six-Month Periods Ended September 30		Six-Month Period Ended September 30
	<u>2020</u>	<u>2019</u>	<u>2020</u>
<b>INVESTING ACTIVITIES:</b>			
Purchases of securities	¥ (49,541,917)	¥ (36,272,009)	\$ (468,260)
Proceeds from sales of securities	22,068,376	29,140,301	208,586
Proceeds from redemption of securities	18,803,090	9,323,975	177,723
Payments for increase in money held in trust	(6,683)	(2,582)	(63)
Proceeds from decrease in money held in trust	9,157	2,155	87
Purchases of tangible fixed assets	(37,486)	(33,491)	(354)
Purchases of intangible fixed assets	(83,940)	(115,546)	(793)
Proceeds from sales of tangible fixed assets	17,077	8,938	161
Proceeds from sales of intangible fixed assets	6	4,184	0
Payments for business transfers	(520)	(4,311)	(5)
Payments for purchases of stocks of subsidiaries affecting the scope of consolidation	–	(255,077)	–
Proceeds from sales of stocks of subsidiaries affecting the scope of consolidation	–	28,096	–
Other-net	(481)	(418)	(5)
Net cash (used in) provided by investing activities	<u>(8,773,321)</u>	<u>1,824,212</u>	<u>(82,924)</u>
<b>FINANCING ACTIVITIES:</b>			
Proceeds from subordinated borrowings	707,445	857,560	6,687
Repayments of subordinated borrowings	(200,000)	(24,084)	(1,890)
Proceeds from issuance of subordinated bonds and bonds with subscription rights to shares	–	65,889	–
Payments for redemption of subordinated bonds and bonds with subscription rights to shares	(22,386)	(824)	(212)
Proceeds from issuance of common stock to non-controlling interests	2,937	3,702	28
Repayments to non-controlling interests	(23)	–	(0)
Payments for redemption of preferred securities	–	(90,000)	–
Cash dividends paid	(139,678)	(52,240)	(1,320)
Cash dividends paid to non-controlling interests	(4,465)	(21,106)	(42)
Proceeds from sales of stocks of subsidiaries not affecting the scope of consolidation	3,275	–	31
Net cash provided by financing activities	<u>347,102</u>	<u>738,897</u>	<u>3,281</u>
Effect of foreign exchange rate changes on cash and cash equivalents	<u>(207,594)</u>	<u>(303,092)</u>	<u>(1,962)</u>
Net increase (decrease) in cash and cash equivalents	14,880,597	(646,167)	140,648
Cash and cash equivalents, beginning of period	<u>63,234,971</u>	<u>60,389,520</u>	<u>597,684</u>
Cash and cash equivalents, end of period (Note 3)	<u>¥ 78,115,568</u>	<u>¥ 59,743,352</u>	<u>\$ 738,332</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-month period ended September 30, 2020

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#### 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, 2020 and the semi-annual consolidated financial statements for the six-month period ended September 30, 2019 (except for balance sheet related items) to conform to the classifications used in the semi-annual consolidated financial statements as of September 30, 2020 and for the six-month period then ended.

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 ¥105.80 to U.S. \$1, the approximate rate of exchange as of September 30, 2020. Such translations should not be construed as representations that the Japanese yen amounts can be converted into U.S. dollars at that or any other rate.

All U.S. dollar amounts in the 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 subsidiaries as of September 30, 2020.

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 41 affiliates were accounted for using the equity method as of September 30, 2020.

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, 2020 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, 2020 were as follows:  
Mitsubishi UFJ Life Science III, Limited Partnership and three other companies were newly included in the scope of consolidation as they were newly established in the six-month period ended September 30, 2020.

MU Business Partner Co., Ltd. and another company were excluded from the scope of consolidation due to termination accompanied with a merger and liquidation in the six-month period ended September 30, 2020.

##### b) There were no unconsolidated subsidiaries as of September 30, 2020.

##### c) The companies that were not regarded as subsidiaries, although the majority of voting rights (right to execute business) were owned by the Bank as of September 30, 2020 were as follows:

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

- d) There were no special purpose entities which were excluded from the scope of consolidation pursuant to Article 8-7 of the “Financial Statements Regulations for Terminology, Forms and Preparation of Financial Statements,” which does not regard a special purpose entity as a subsidiary of an investor irrespective of indicators of control if the entity was established and operated for the purpose of asset securitization and satisfied certain eligible criteria as of September 30, 2020.

2) Application of the equity method

- a) There were no unconsolidated subsidiaries accounted for using the equity method as of September 30, 2020.

- b) Major affiliates accounted for using the equity method as of September 30, 2020 were as follows:

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

Changes in the affiliates accounted for using the equity method in the six-month period ended September 30, 2020 were as follows:

Mars Growth Capital Pte. Ltd. was included in the scope of the equity method as it was newly established in the six-month period ended September 30, 2020.

BOT Lease (Eurasia) LLC and another company were excluded from the scope of the equity method as these companies have not met the definition of affiliates due to the decrease in ownerships in the six-month period ended September 30, 2020.

- c) There were no unconsolidated subsidiaries not accounted for using the equity method as of September 30, 2020.

- d) There were no affiliates not accounted for using the equity method as of September 30, 2020.

- e) The following companies as of September 30, 2020, 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:

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

3) The six-month period ended dates and fiscal year ended dates of subsidiaries

- a) The six-month period ended dates of subsidiaries as of September 30, 2020 were as follows:

	Number of subsidiaries
April 30	1
June 30	86
September 30	36

- b) Subsidiaries are consolidated based on the financial information as of their six-month period ended dates or fiscal year ended dates.

Adjustments were made in the semi-annual consolidated financial statements to reflect significant transactions within the Group occurring in the period between the six-month period ended dates of subsidiaries and September 30, 2020.

## **(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 (“U.S. GAAP”) to be used for the consolidation process with certain adjustments.

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

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

For the purpose of the semi-annual consolidated statement of cash flows, “Cash and cash equivalents” represents “Cash and due from banks” on the semi-annual consolidated balance sheet.

## **(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 statement of income.

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

- 2) Held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are reported at amortized cost (using the straight-line method) based on the moving-average method.
- 3) Available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value, with unrealized gain (loss), net of applicable taxes, reported in a separate component of equity, except for unrealized gain (loss) which is recognized in profit or loss by applying the fair value hedge accounting.

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

Non-marketable equity securities are 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 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 allowances.

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

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

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

For other claims, allowances are provided based mainly on expected losses for the immediately following one-year period or the average remaining term to maturity of loans. Expected losses are calculated by applying a loss rate, which is obtained based on the average rate of historical credit loss rate or historical probability-of-default over a certain period, which are derived from actual credit loss or actual default over one year or over the average remaining period of loans, with necessary adjustment for future loss projections and other factors.

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

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

For collateralized or guaranteed claims of bankrupt borrowers or virtually bankrupt borrowers, the amount of claims less 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 ¥270,792 million (\$2,559 million) and ¥266,615 million as of September 30, 2020 and March 31, 2020, respectively.

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

**(Additional information)**

**(Allowance for credit losses recorded by certain foreign subsidiaries that apply U.S. GAAP)**

The allowance for credit losses of certain foreign subsidiaries that apply U.S. GAAP is recorded by estimating expected credit losses over the residual contractual term in accordance with U.S. Accounting Standards Update (“ASU”) 2016-13, “Measurement of Credit Losses on Financial Instruments.” Expected credit losses are collectively computed using a model incorporating forward-looking information such as macroeconomic indicators mainly into probability-of-default on a basis of loss rate based on historical credit loss experience or default experience by portfolio with similar risk characteristics. While macroeconomic indicators to be used depend on the portfolio, the Group principally uses GDP and unemployment rates. Furthermore, in the event of current conditions to be considered in the estimate despite difficulty in capturing them using the model, qualitative factors regarding forecasts, or other cases deemed to require adjustments, the allowance for credit losses is determined by additionally reflecting these factors. Future uncertainties caused by the impact of COVID-19 are taken into consideration in estimating the allowance for credit losses from the viewpoint of either or both a) macroeconomic indicators to be used for calculation of allowance for credit losses and/or b) adjustments based on qualitative factors.

On the other hand, for claims with deteriorated credit risk that are deemed to have no similar risks shared with other claims, an allowance for credit losses is recognized considering the risks inherent to individual claims. Methods used for this purpose include recording the difference between the present value of the expected cash flows discounted at the effective interest rate and the carrying amounts of the claims or the fair value of collateral.

**(Estimated impact of the COVID-19 pandemic on the allowance for credit losses)**

The bank recorded an allowance for credit losses of ¥35,461 million (\$335 million) for the six-month period ended September 30, 2020 (¥45,347 million for the fiscal year ended March 31, 2020) by estimating the impact of the COVID-19 pandemic on credit risk, to the extent that such impact was considered not to have been reflected in the borrowers’ financial information as of September 30, 2020, considering the expected impact of the pandemic on the borrowers’ financial performance and on the overall economic environment.

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

Since there was no precedent or established market view regarding the extent of the pandemic or the timing of containment of the pandemic available for reference in considering the expected impact of the pandemic on economic conditions, the Bank made certain assumptions and estimated the amount, as best as it could under the circumstances, based on, among other things, such assumptions and information available from external sources and through an approval process in accordance with prescribed internal rules.

As of March 31, 2020, one of the Bank’s assumptions was that economic conditions would recover to the calendar 2019 level by around the end of calendar 2020 globally. As of September 30, 2020, the Bank updated this assumption and assumed that such economic recovery would still take some time. As a result, although the global economy has begun to recover, the Bank’s assumptions included, among other things, that the pace of recovery in economic activity would be slow and that economic recovery to pre-pandemic levels, particularly in developed countries, would thus be gradual. These assumptions, however, are highly uncertain, and, depending on future developments, significant additional allowance for credit losses may be recognized for the fiscal year ended March 31, 2021 and subsequent reporting periods due to such developments affecting the impact of the COVID-19 pandemic on the financial performance of borrowers and other transaction counterparties or on the economic environment.

**(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 ended date, except for investments in affiliates which are translated into Japanese yen at exchange rates in effect on the acquisition dates.

Assets and liabilities denominated in foreign currencies of the subsidiaries are translated into Japanese yen at the exchange rates in effect on the respective semi-annual period ended 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 (except for trading purposes) are stated at fair value.

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

1) Hedge accounting for interest rate risks

The Bank has adopted the deferred hedge accounting method for hedging transactions for interest rate risks arising from financial assets and liabilities. Portfolio hedging or individual hedging, as described in the Japanese Institute of Certified Public Accountants ("JICPA") Industry 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 financial 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 financial assets and liabilities denominated in the same foreign currencies and forward exchange contracts for the purpose of hedging foreign currency risks arising from investments in interests in foreign subsidiaries and affiliates and foreign currency denominated securities (other than bonds). The Bank has recorded foreign currency translation differences arising from hedging instruments for investments in interests in foreign subsidiaries and affiliates in the account of foreign currency translation adjustments under other comprehensive income and has applied the fair value hedge accounting to foreign currency denominated securities (other than bonds).

3) Hedge accounting for share price fluctuation risks

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

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

4) Transactions among consolidated companies

Derivative transactions, including interest rate swaps and currency swaps which are designated as hedging instruments, among consolidated companies or between trading accounts and other accounts (or among internal sections) are not eliminated from the semi-annual consolidated statement 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) Application of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System**

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

**(22) Per Share Information**

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

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

Total equity per common share is calculated by dividing total equity attributable to common shareholders as of the 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 statement of income are dividends applicable to the respective semi-annual periods including dividends to be paid after the end of the semi-annual period.

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

### **(Additional information)**

#### **(Accounting Standard for Fair Value Measurement)**

From the end of the fiscal year ended March 31, 2020, the Bank and its domestic subsidiaries have applied “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, July 4, 2019) (collectively, the “Fair Value Measurement Standard, etc.”) and changed the risk adjustment method in the fair value measurement of derivatives to the method to maximize the use of observable inputs estimated from derivatives traded in the market pursuant to the paragraph 8 of ASBJ Statement No. 30. Such change is followed by adoption of the Fair Value Measurement Standard, etc., and the Bank recorded cumulative effects of applying the new accounting policy retrospectively prior to the beginning of the fiscal year ended March 31, 2020 in the “Retained earnings” at the beginning of the fiscal year ended March 31, 2020 and applied the new accounting policy from the beginning of the fiscal year ended March 31, 2020 as an accounting change in accordance with the transitional measure provided by the paragraph 20 of ASBJ Statement No. 30. Accordingly, the new accounting policy has been applied retrospectively, and semi-annual consolidated financial statements for the six-month period ended September 30, 2019 have been restated.

As a result, “Income before income taxes” for the six-month period ended September 30, 2019 decreased by ¥4,198 million and basic earnings and diluted earnings per common share decreased by ¥0.24, compared with the amount before applying the new accounting policy retrospectively. “Retained earnings” at the beginning of the fiscal year ended March 31, 2020 decreased by ¥20,533 million and total equity per common share decreased by ¥1.66, as cumulative effects of applying the new accounting standard were recorded in equity at the beginning of the fiscal year ended March 31, 2020.

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

The Bank has adopted ASU No. 2016-13, “Measurement of Credit Losses on Financial Instruments” with respect to its consolidated overseas subsidiaries applying U.S. GAAP as of the beginning of the six-month period ended September 30, 2020. This update primarily applies to financial assets measured at amortized cost and replaced the incurred loss impairment methodology with a methodology that reflects expected credit losses, and full life time expected credit losses are recognized upon initial recognition of a financial asset measured on an amortized cost basis, considering forward-looking information such as macroeconomic indicators. In applying this new accounting standard, cumulative effects at the beginning of the six-month period ended September 30, 2020 are adjusted in retained earnings.

This update resulted in an increase in the allowance for credit losses of ¥172,363 million (\$1,629 million), a decrease in retained earnings of ¥114,943 million (\$1,086 million) and a decrease in total equity per common share of ¥9.30 (\$0.09) as of the beginning of the six-month period ended September 30, 2020.

## **(24) Additional Information**

### **(Total credit-related expenses of foreign subsidiaries which may have impacts on the third quarter consolidated financial statements for the year ending March 2021)**

From the beginning of the six-month period ended June 30, 2020, the new accounting standard (ASU 2016-13, “Measurement of Credit Losses on Financial Instruments”) is applied to major foreign subsidiaries which are consolidated using their financial statements for the six-month period ended June 30, 2020, and an expected credit losses methodology is introduced, considering forward-looking information such as macroeconomic indicators.

Accordingly, for major foreign subsidiaries in the third quarter (July through September 2020) of the fiscal year ending December 31, 2020, total credit-related expenses are currently estimated to amount to approximately ¥40 billion (\$378 million), and will be reflected in the Bank’s third quarter results of the consolidated financial statements of for the fiscal year ending March 31, 2021.

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

### 3. CASH AND CASH EQUIVALENTS

As noted in (3) “Cash and Cash Equivalents” under 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, “Cash and due from banks” including time deposits and negotiable certificates of deposit in the semi-annual consolidated balance sheet has been treated as “Cash and cash equivalents” in the semi-annual consolidated statement of cash flows, and there were no reconciling items between the two accounts as of September 30, 2020 and 2019.

### 4. SECURITIES

Securities as of September 30, 2020 and March 31, 2020 include equity securities in affiliates of ¥328,847 million (\$3,108 million) and ¥327,176 million, respectively and capital subscriptions to entities such as limited liability companies of ¥14,591 million (\$138 million) and ¥14,320 million, respectively. These amounts include investments in jointly controlled entities in an amount of ¥31,733 million (\$300 million) and ¥31,756 million as of September 30, 2020 and March 31, 2020, respectively.

Securities loaned under unsecured securities lending transactions amounted to nil and ¥300,120 million as of September 30, 2020 and March 31, 2020, respectively.

For securities borrowed and purchased under resale agreements where the secured parties are permitted to sell or re-pledge the securities without restrictions, ¥7,022,463 million (\$66,375 million) and ¥14,898,792 million of such securities were re-pledged as of September 30, 2020 and March 31, 2020, respectively.

The remaining ¥3,933,868 million (\$37,182 million) and ¥3,285,607 million of these securities were held without disposition as of September 30, 2020 and March 31, 2020, 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, 2020				
	Carrying amount	Fair value	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Japanese government bonds	¥ 1,100,510	¥ 1,127,140	¥ 26,629	¥ 26,629	¥ –
Foreign bonds	873,214	907,019	33,805	33,849	(43)
Other	838,908	830,191	(8,716)	152	(8,869)
Total	¥ 2,812,633	¥ 2,864,351	¥ 51,717	¥ 60,631	¥ (8,913)

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

	Millions of U.S. Dollars				
	September 30, 2020				
	Carrying amount	Fair value	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Japanese government bonds	\$ 10,402	\$ 10,653	\$ 252	\$ 252	\$ –
Foreign bonds	8,253	8,573	320	320	(0)
Other	7,929	7,847	(82)	1	(84)
Total	\$ 26,584	\$ 27,073	\$ 489	\$ 573	\$ (84)

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

	Millions of Yen				
	September 30, 2020				
	Carrying amount	Acquisition cost	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Domestic equity securities	¥ 3,835,856	¥ 1,676,979	¥ 2,158,876	¥ 2,221,707	¥ (62,831)
Domestic bonds	36,692,869	36,521,788	171,081	187,186	(16,105)
Japanese government bonds	29,679,752	29,556,167	123,584	134,876	(11,291)
Municipal bonds	3,318,220	3,303,199	15,021	16,538	(1,517)
Corporate bonds	3,694,897	3,662,421	32,475	35,771	(3,296)
Foreign equity securities	70,999	64,736	6,262	10,226	(3,963)
Foreign bonds	15,808,566	15,526,204	282,362	289,066	(6,704)
Other	3,137,161	3,181,984	(44,823)	39,929	(84,752)
Total	¥ 59,545,453	¥ 56,971,694	¥ 2,573,759	¥ 2,748,116	¥ (174,357)

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

	Millions of U.S. Dollars				
	September 30, 2020				
	Carrying amount	Acquisition cost	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Domestic equity securities	\$ 36,256	\$ 15,850	\$ 20,405	\$ 20,999	\$ (594)
Domestic bonds	346,814	345,196	1,617	1,769	(152)
Japanese government bonds	280,527	279,359	1,168	1,275	(107)
Municipal bonds	31,363	31,221	142	156	(14)
Corporate bonds	34,923	34,616	307	338	(31)
Foreign equity securities	671	612	59	97	(37)
Foreign bonds	149,419	146,751	2,669	2,732	(63)
Other	29,652	30,075	(424)	377	(801)
Total	\$ 562,811	\$ 538,485	\$ 24,327	\$ 25,975	\$ (1,648)

## Notes:

- Securities other than trading securities and investments in affiliates (excluding non-marketable equity securities or investment in partnerships and others), whose fair value significantly declined compared with the acquisition cost, and is considered to be other than recoverable decline, were written down to the respective fair value which is recorded as the carrying amount on the semi-annual consolidated balance sheet.

Impairment losses for the six-month periods ended September 30, 2020 and 2019 were ¥5,934 million (\$56 million), consisting of ¥5,916 million (\$56 million) on domestic equity securities and ¥17 million (\$0 million) of debt securities and others and ¥52,380 million, consisting of ¥52,368 million on domestic equity securities and ¥12 million on debt securities and others, respectively.

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

- 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.”

- Gains of ¥61,357 million (\$580 million) and ¥23,052 million included in “Net unrealized gain (loss)” for the six-month period ended September 30, 2020 and for the fiscal year ended March 31, 2020, respectively, 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, 2020 and March 31, 2020.

“Money held in trust” classified as other than trading and held-to-maturity as of September 30, 2020 and March 31, 2020 was as follows:

	Millions of Yen				
	September 30, 2020				
	Carrying amount	Acquisition cost	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Money held in trust classified as other than trading and held-to-maturity	¥ 1,804	¥ 1,804	¥ –	¥ –	¥ –

	Millions of Yen				
	March 31, 2020				
	Carrying amount	Acquisition cost	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Money held in trust classified as other than trading and held-to-maturity	¥ 4,349	¥ 4,349	¥ –	¥ –	¥ –

	Millions of U.S. Dollars				
	September 30, 2020				
	Carrying amount	Acquisition cost	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Money held in trust classified as other than trading and held-to-maturity	\$ 17	\$ 17	\$ –	\$ –	\$ –

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

Net unrealized gain on available-for-sale securities as of September 30, 2020 and March 31, 2020 was as follows:

	Millions of Yen		Millions of U.S. Dollars
	September 30, 2020	March 31, 2020	September 30, 2020
Unrealized gain:	¥ 2,503,605	¥ 2,069,385	\$ 23,664
Available-for-sale securities	2,512,987	2,080,717	23,752
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	(9,382)	(11,331)	(89)
Deferred tax liabilities	(713,065)	(580,477)	(6,740)
Net unrealized gain on available-for-sale securities before adjustments by ownership share	1,790,539	1,488,907	16,924
Non-controlling interests	(6,873)	(4,775)	(65)
Bank's ownership share in unrealized gain on available-for-sale securities held by affiliates accounted for using the equity method	233	1,206	2
Net unrealized gain on available-for-sale securities	¥ 1,783,899	¥ 1,485,339	\$ 16,861

Notes:

1. Unrealized gains as of September 30, 2020 and March 31, 2020 in the table above do not include gains which were recognized in profit or loss by the fair value hedge accounting in the amount of ¥61,357 million (\$580 million) and ¥23,052 million, respectively, as described in Note 4 (2).
2. Unrealized gain in the table above includes ¥585 million (\$6 million) and ¥966 million of unrealized gain on available-for-sale securities invested in limited partnerships as of September 30, 2020 and March 31, 2020, respectively.

## 7. LOANS AND BILLS DISCOUNTED

Bills discounted and rediscounted are accounted for as financial transactions in accordance with JICPA Industry Audit Committee Report No. 24 "Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry." The Bank has rights to sell or pledge bank acceptances, commercial bills discounted, documentary bills and foreign exchanges bills bought without restriction. The total face value of these bills discounted was ¥1,059,178 million (\$10,011 million) and ¥1,122,656 million as of September 30, 2020 and March 31, 2020, respectively. Of these, the total face value of bank acceptances and foreign exchange bills bought which were transferred due to rediscounts of bills amounted to ¥5,804 million (\$55 million) and ¥6,905 million as of September 30, 2020 and March 31, 2020, respectively.

"Loans and bills discounted" as of September 30, 2020 and March 31, 2020 included the following:

	Millions of Yen		Millions of U.S. Dollars
	September 30, 2020	March 31, 2020	September 30, 2020
Loans to bankrupt borrowers	¥ 34,140	¥ 31,601	\$ 323
Non-accrual delinquent loans	692,648	540,622	6,547
Loans past due for three months or more	23,663	11,274	224
Restructured loans	327,144	320,269	3,092
Total	¥ 1,077,596	¥ 903,767	\$ 10,185

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, 2020 and March 31, 2020 amounted to ¥890,430 million (\$8,416 million) and ¥922,489 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, 2020 and March 31, 2020:

	Millions of Yen		Millions of
	September 30, 2020	March 31, 2020	U.S. Dollars
Subordinated borrowings included in “Borrowed money”	¥ 7,922,997	¥ 7,503,164	\$ 74,887
Subordinated bonds included in “Bonds payable”	735,492	766,468	6,952

## 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, 2020 and March 31, 2020 were ¥281,328 million (\$2,659 million) and ¥297,220 million, respectively.

## 12. ASSETS PLEDGED AS COLLATERAL

Assets pledged as collateral and their relevant liabilities as of September 30, 2020 and March 31, 2020 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	September 30, 2020	March 31, 2020	September 30, 2020
Assets pledged as collateral:			
Cash and due from banks	¥ 442	¥ 453	\$ 4
Trading assets	–	1,371,668	–
Securities	12,941,711	7,156,126	122,322
Loans and bills discounted	13,070,561	12,621,983	123,540
Total	<u>¥ 26,012,714</u>	<u>¥ 21,150,231</u>	<u>\$ 245,867</u>
Relevant liabilities to above assets:			
Deposits	¥ 511,524	¥ 411,273	\$ 4,835
Trading liabilities	23,962	15,600	226
Borrowed money	25,535,684	20,753,041	241,358
Bonds payable	62,093	86,650	587
Total	<u>¥ 26,133,265</u>	<u>¥ 21,266,565</u>	<u>\$ 247,006</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, 2020	March 31, 2020	September 30, 2020
Assets pledged as collateral:			
Trading assets	¥ 1,133,665	¥ –	\$ 10,715
Securities	11,470,522	9,132,153	108,417
Loans and bills discounted	4,677,749	4,626,353	44,213
Total	<u>¥ 17,281,936</u>	<u>¥ 13,758,506</u>	<u>\$ 163,345</u>

Furthermore, “Trading assets” and “Securities” sold under repurchase agreements or loaned under securities lending with cash collateral were ¥1,171,451 million (\$11,072 million) and ¥4,204,591 million (\$39,741 million), respectively, as of September 30, 2020 and ¥1,085,126 million and ¥6,113,140 million, respectively, as of March 31, 2020.

“Payables under repurchase agreements” relevant to above assets were ¥5,013,091 million (\$47,383 million) and ¥6,885,985 million as of September 30, 2020 and March 31, 2020, respectively.

“Payables under securities lending transactions” relevant to above assets were ¥15,995 million (\$151 million) and ¥19,429 million as of September 30, 2020 and March 31, 2020, respectively.

“Securities” pledged by GC Repos under the Subsequent Collateral JGB Allocation Method were ¥1,085,652 million (\$10,261 million) and ¥2,238,206 million as of September 30, 2020 and March 31, 2020, 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 ¥87,874,357 million (\$830,570 million) and ¥79,637,841 million as of September 30, 2020 and March 31, 2020, 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 occurrences and the probable loss amount can be reasonably estimated. Based upon current knowledge and consultation with counsel, management believes the eventual outcome of such litigation and regulatory matters, where losses are probable and the probable loss amounts can be reasonably estimated, would not have a material adverse effect on the Group's financial position, results of operations or cash flows. Additionally, management believes the amount of loss that is reasonably possible, but not probable, from various litigations and regulatory matters is not material to the Group's financial position, results of operations or cash flows.

## 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, 2020 and 2019 were as follows:

	Number of shares in thousands			
	April 1, 2020	Increase	Decrease	September 30, 2020
Outstanding shares issued:				
Common stock	12,350,038	—	—	12,350,038
Preferred stock—first series of Class 2	100,000	—	—	100,000
Preferred stock—first series of Class 4	79,700	—	—	79,700
Preferred stock—first series of Class 6	1,000	—	—	1,000
Preferred stock—first series of Class 7	177,000	—	—	177,000
Total	12,707,738	—	—	12,707,738
Treasury stock:				
Preferred stock—first series of Class 2	100,000	—	—	100,000
Preferred stock—first series of Class 4	79,700	—	—	79,700
Preferred stock—first series of Class 6	1,000	—	—	1,000
Preferred stock—first series of Class 7	177,000	—	—	177,000
Total	357,700	—	—	357,700

	Number of shares in thousands			
	April 1, 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

There was no issuance of stock acquisition rights and treasury stock acquisition rights during the six-month periods ended September 30, 2020 and 2019.

The Bank paid the following cash dividends and distributed dividends-in-kind (securities) during the six-month periods ended September 30, 2020 and 2019:

### For the six-month period ended September 30, 2020:

Cash dividends approved at the Board of Directors' meeting held on May 15, 2020:					
	Total amount (Millions of Yen)	Per share amount (Yen)	Dividend record date	Effective date	
Common stock	¥ 139,678	¥ 11.31	Mar. 31, 2020	May 18, 2020	
Cash dividends approved at the Board of Directors' meeting held on May 15, 2020:					
	Total amount (Millions of U.S. Dollars)	Per share amount (U.S. Dollar)	Dividend record date	Effective date	
Common stock	\$ 1,320	\$ 0.11	Mar. 31, 2020	May 18, 2020	

Subject to approval at the Board of Directors' meeting, the Bank paid the following cash dividends on November 13, 2020, to shareholders of record as of September 30, 2020:

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

Cash dividends approved at the Board of Directors' meeting held on November 13, 2020:	Total amount (Millions of U.S. Dollars)	Dividend resource	Per share amount (Yen)	Dividend record date	Effective date
Common stock	\$ 1,316	Retained earnings	\$ 0.11	Sep. 30, 2020	Nov. 16, 2020

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

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

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

## 17. OTHER INCOME

Other income for the six-month periods ended September 30, 2020 and 2019 was as follows:

Six-month periods ended September 30	Millions of Yen		Millions of U.S. Dollars
	2020	2019	2020
Gain on disposal of fixed assets	¥ 12,653	¥ 2,617	\$ 120
Gain on sales of stocks of subsidiaries	–	30,336	–
Gain on step acquisitions	–	2,105	–
Gain on reversal of allowance for credit losses	–	11,873	–
Gain on collection of bad debts	20,033	33,171	189
Gain on sales of equity securities and other securities	52,994	72,041	501
Gain on reversal of reserve for contingent losses	–	37,846	–
Equity in earnings of the equity method investees	9,646	9,650	91
Other	23,313	26,068	220
Total	¥ 118,641	¥ 225,711	\$ 1,121

## 18. OTHER EXPENSES

Other expenses for the six-month periods ended September 30, 2020 and 2019 was as follows:

Six-month periods ended September 30	Millions of Yen		Millions of U.S. Dollars
	2020	2019	2020
Loss on disposal of fixed assets	¥ 3,474	¥ 4,039	\$ 33
Impairment loss on fixed assets	16,478	12,891	156
Write-offs of loans	48,714	28,638	460
Provision of allowance for credit losses	196,723	—	1,859
Loss on write-down of equity securities and other securities	8,451	32,410	80
Loss on sales of equity securities and other securities	20,149	18,037	190
Outsourcing expenses of consolidated subsidiaries operating information services	—	8,974	—
Loss on forgiveness of loans and others	1,351	1,791	13
Provision of reserve for contingent losses	888	—	8
Other	57,933	29,521	548
Total	¥ 354,166	¥ 136,304	\$ 3,348

## 19. LEASES

Operating Leases

### (1) Lessee

Future lease payments including interest payables under noncancelable operating leases as of September 30, 2020 and March 31, 2020 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	September 30, 2020	March 31, 2020	September 30, 2020
Due within one year	¥ 29,285	¥ 29,643	\$ 277
Due after one year	90,055	101,633	851
Total	¥ 119,341	¥ 131,277	\$ 1,128

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

### (2) Lessor

Future lease receivables including interest receivables under noncancelable operating leases as of September 30, 2020 and March 31, 2020 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	September 30, 2020	March 31, 2020	September 30, 2020
Due within one year	¥ 8,238	¥ 9,680	\$ 78
Due after one year	7,758	10,039	73
Total	¥ 15,997	¥ 19,719	\$ 151

## 20. PER SHARE INFORMATION

Six-month periods ended September 30	Yen		U.S. Dollars
	2020	2019	2020
Basic earnings per common share	¥ 16.95	¥ 30.30	\$ 0.16
Diluted earnings per common share	16.95	30.30	0.16

Total equity per common share	Yen		U.S. Dollars
	September 30, 2020	March 31, 2020	September 30, 2020
	¥ 973.28	¥ 960.19	\$ 9.20

### 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
	2020	2019	2020
Net income attributable to the shareholders of the Bank	¥ 209,441	¥ 374,298	\$ 1,980
Net income attributable to the shareholders of the Bank related to common shares	209,441	374,298	1,980

Six-month periods ended September 30	Number of shares in thousands	
	2020	2019
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
	2020	2019	2020
Diluted earnings per common share			
Adjustment to net income attributable to the shareholders of the Bank	¥ (6)	¥ (9)	\$ (0)

### Note:

As stated in “(23) Changes in Accounting Policies (Additional information)” in “2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,” the Bank and its domestic subsidiaries have applied the Fair Value Measurement Standard, etc. from the end of the fiscal year ended March 31, 2020. Per share information for the six-month period ended September 30, 2019 have been restated after retrospectively applying these standards.

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

Total equity	Millions of Yen		Millions of U.S. Dollars
	September 30, 2020	March 31, 2020	September 30, 2020
Total equity	¥ 12,425,304	¥ 12,285,505	\$ 117,441
Deductions from total equity:			
Non-controlling interests	405,152	427,088	3,829
Total equity attributable to common shares	¥ 12,020,151	¥ 11,858,416	\$ 113,612

Number of common shares used in computing total equity per common share at the end of the period	Number of shares in thousands	
	September 30, 2020	March 31, 2020
	12,350,038	12,350,038

## 21. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

### Matters concerning Fair Value of Financial Instruments and Breakdown by Fair Value Hierarchy

The following tables summarize the amount stated on the semi-annual consolidated balance sheet or consolidated balance sheet and the fair value of financial instruments as of September 30, 2020 and March 31, 2020 together with their difference and the fair value of financial instruments by level within the fair value hierarchy as of September 30, 2020 and March 31, 2020.

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

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

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

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

Level 3: Fair value determined based on significant unobservable inputs

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

(1) Financial assets and liabilities stated at fair value on the semi-annual consolidated balance sheet or consolidated balance sheet

	Millions of Yen			
	September 30, 2020			
	Carrying amount			
	Level 1	Level 2	Level 3	Total
Monetary claims bought (*1)	¥ –	¥ 452,410	¥ –	¥ 452,410
Trading assets	432,507	3,116,836	21,684	3,571,028
Money held in trust (Trading purpose, other)	–	17,370	–	17,370
Securities (Available-for-sale securities)	43,288,300	13,122,172	391,206	56,801,679
<i>Of which:</i>				
<i>Domestic equity securities</i>	3,813,948	21,908	–	3,835,856
<i>Japanese government bonds</i>	29,214,495	465,256	–	29,679,752
<i>Municipal bonds</i>	–	3,318,220	–	3,318,220
<i>Corporate bonds</i>	–	3,694,860	36	3,694,897
<i>Foreign equity securities</i>	70,181	817	–	70,999
<i>Foreign bonds</i>	10,185,088	5,502,291	121,185	15,808,566
<i>Other (*2)</i>	4,585	118,817	269,983	393,387
Total assets	¥ 43,720,808	¥ 16,708,789	¥ 412,891	¥ 60,842,489
Trading liabilities	¥ 258,480	¥ 56,032	¥ –	¥ 314,513
Total liabilities	¥ 258,480	¥ 56,032	¥ –	¥ 314,513
Derivatives (*3) (*4)	¥ (11,846)	¥ 746,416	¥ (24,697)	¥ 709,872
<i>Of which:</i>				
<i>Interest related instruments</i>	(12,665)	859,691	(30,763)	816,262
<i>Currency related instruments</i>	(355)	(86,449)	2,694	(84,110)
<i>Equity related instruments</i>	14	3,550	(111)	3,453
<i>Bond related instruments</i>	1,160	3,745	2,485	7,391
<i>Commodity related instruments</i>	–	(0)	0	0
<i>Credit derivative instruments</i>	–	(34,122)	–	(34,122)
<i>Other</i>	–	–	997	997

(\*1) Monetary claims bought consist of securitized products accounted for in the same manner as available-for-sale securities, which are ¥452,410 million.

(\*2) Investment trusts which are not included in the above table pursuant to the transitional measure provided by Paragraph 26 of the Guidance for Application of Fair Value Measurement amount to ¥1,993,089 million in the semi-annual consolidated balance sheet.

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

(\*4) Derivative transactions for which hedge accounting is applied are reported in the semi-annual consolidated balance sheet at ¥115,259 million.

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

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

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

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

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

	Thousands of U.S. Dollars			
	September 30, 2020			
	Carrying amount			
	Level 1	Level 2	Level 3	Total
Monetary claims bought (*1)	\$ –	\$ 4,276	\$ –	\$ 4,276
Trading assets	4,088	29,460	205	33,753
Money held in trust (Trading purpose, other)	–	164	–	164
Securities (Available-for-sale securities)	409,152	124,028	3,698	536,878
<i>Of which:</i>				
<i>Domestic equity securities</i>	36,049	207	–	36,256
<i>Japanese government bonds</i>	276,129	4,398	–	280,527
<i>Municipal bonds</i>	–	31,363	–	31,363
<i>Corporate bonds</i>	–	34,923	0	34,923
<i>Foreign equity securities</i>	663	8	–	671
<i>Foreign bonds</i>	96,267	52,007	1,145	149,419
<i>Other (*2)</i>	43	1,123	2,552	3,718
Total assets	\$ 413,240	\$ 157,928	\$ 3,903	\$ 575,071
Trading liabilities	\$ 2,443	\$ 530	\$ –	\$ 2,973
Total liabilities	\$ 2,443	\$ 530	\$ –	\$ 2,973
Derivatives (*3) (*4)	\$ (112)	\$ 7,055	\$ (233)	\$ 6,710
<i>Of which:</i>				
<i>Interest related instruments</i>	(120)	8,126	(291)	7,715
<i>Currency related instruments</i>	(3)	(817)	25	(795)
<i>Equity related instruments</i>	0	34	(1)	33
<i>Bond related instruments</i>	11	35	23	70
<i>Commodity related instruments</i>	–	(0)	0	0
<i>Credit derivative instruments</i>	–	(323)	–	(323)
<i>Other</i>	–	–	9	9

(\*1) Monetary claims bought consist of securitized products accounted for in the same manner as available-for-sale securities, which are \$4,276 million.

(\*2) Investment trusts which are not included in the above table pursuant to the transitional measure provided by Paragraph 26 of the Guidance for Application of Fair Value Measurement amount to \$18,838 million in the semi-annual consolidated balance sheet.

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

(\*4) Derivative transactions for which hedge accounting is applied are reported in the semi-annual consolidated balance sheet at \$1,089 million.

(2) Financial assets and financial liabilities which are not stated at fair value on the semi-annual consolidated balance sheet or consolidated balance sheet

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

Millions of Yen						
September 30, 2020						
	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
Monetary claims bought (*1)	¥ -	¥ -	¥ 3,284,368	¥ 3,284,368	¥ 3,293,084	¥ (8,716)
Securities (Held-to-maturity debt securities)	1,127,357	906,801	-	2,034,159	1,973,724	60,434
<i>Of which:</i>						
<i>Japanese government bonds</i>	1,127,140	-	-	1,127,140	1,100,510	26,629
<i>Municipal bonds</i>	-	-	-	-	-	-
<i>Corporate bonds</i>	-	-	-	-	-	-
<i>Foreign bonds</i>	217	906,801	-	907,019	873,214	33,805
<i>Other</i>	-	-	-	-	-	-
Loans and bills discounted (*2)	-	36	105,095,566	105,095,603	104,181,736	913,867
Total assets	¥ 1,127,357	¥ 906,838	¥108,379,934	¥110,414,131	¥109,448,546	¥ 965,585
Deposits	¥ -	¥191,444,184	¥ -	¥191,444,184	¥191,403,433	¥ 40,750
Negotiable certificates of deposit	-	6,146,962	-	6,146,962	6,142,316	4,645
Borrowed money	-	35,847,301	-	35,847,301	35,547,920	299,380
Bonds payable	-	2,917,728	-	2,917,728	2,823,326	94,401
Total liabilities	¥ -	¥236,356,176	¥ -	¥236,356,176	¥235,916,997	¥ 439,179

(\*1) Monetary claims bought includes securitized products accounted for in the same manner as held-to-maturity debt securities, which are ¥838,908 million.

(\*2) Loans and bills discounted are presented net of allowances for credit losses in the amount of ¥787,398 million.

However, with respect to items other than loans and bills discounted, the carrying amount is shown because the amount of allowance for credit losses corresponding to these items is insignificant.

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

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

(\*2) Loans and bills discounted are presented net of allowances for credit losses in the amount of ¥515,443 million.

However, with respect to items other than loans and bills discounted, the carrying amount is shown because the amount of allowance for credit losses corresponding to these items is insignificant.



Thousands of U.S. Dollars

	September 30, 2020					
	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
Monetary claims bought (*1)	\$ –	\$ –	\$ 31,043	\$ 31,043	\$ 31,126	\$ (82)
Securities (Held-to-maturity debt securities)	10,656	8,571	–	19,226	18,655	571
<i>Of which:</i>						
<i>Japanese government bonds</i>	<i>10,653</i>	<i>–</i>	<i>–</i>	<i>10,653</i>	<i>10,402</i>	<i>252</i>
<i>Municipal bonds</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>
<i>Corporate bonds</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>
<i>Foreign bonds</i>	<i>2</i>	<i>8,571</i>	<i>–</i>	<i>8,573</i>	<i>8,253</i>	<i>320</i>
<i>Other</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>
Loans and bills discounted(*2)	–	0	993,342	993,342	984,704	8,638
Total assets	\$ 10,656	\$ 8,571	\$ 1,024,385	\$ 1,043,612	\$ 1,034,485	\$ 9,127
Deposits	\$ –	\$ 1,809,491	\$ –	\$ 1,809,491	\$ 1,809,106	\$ 385
Negotiable certificates of deposit	–	58,100	–	58,100	58,056	44
Borrowed money	–	338,821	–	338,821	335,992	2,830
Bonds payable	–	27,578	–	27,578	26,686	892
Total liabilities	\$ –	\$ 2,233,990	\$ –	\$ 2,233,990	\$ 2,229,839	\$ 4,151

(\*1) Monetary claims bought includes securitized products accounted for in the same manner as held-to-maturity debt securities, which are \$7,929 million.

(\*2) Loans and bills discounted are presented net of allowances for credit losses in the amount of \$7,442 million.

However, with respect to items other than loans and bills discounted, the carrying amount is shown because the amount of allowance for credit losses corresponding to these items is insignificant.

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

#### Monetary claims bought

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

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

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

#### Trading assets

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

#### Money held in trust

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

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

### Securities

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

For privately placed guaranteed bonds held by the Bank, the fair value is determined based on the present value of expected future cash flows, which is adjusted to reflect default risk, amount to be collected from collateral, guarantees and guarantee fees and discounted at an interest rate based on the market rate as of the date of evaluation with certain adjustments, and principally classified into Level 2 depending on credit risk, etc.

The fair value of variable rate Japanese government bonds is determined by discounting the expected future cash flow estimated based on factors such as the yield of government bonds, and the discounting rate is based on the yield of such government bonds, the value of embedded options and the liquidity premium based on the actual market premiums observed in the past, and classified into Level 2. The fair value of investment trusts is determined based on the publicly available price and these investment trusts are not classified into any fair value hierarchy applying the transitional measures in accordance with Paragraph 26 of Guidance for Application of Fair Value Measurement.

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

### Loans and bills discounted

With respect to loans, for each category of loans based on types of loans, internal ratings and maturity length, the fair value is determined based on the present value of expected future cash flows, which is adjusted to reflect default risk and expected amount to be collected from collateral and guarantees and discounted at an interest rate based on the market rate as of the date of evaluation with certain adjustments, and classified principally into Level 3. For loans with variable interest rates such as certain residential loans provided to individual homeowners, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount, unless the creditworthiness of the borrower has changed significantly since the loan origination, and classified principally into Level 3.

For loans from “bankrupt,” “virtually bankrupt” and “likely to become bankrupt” borrowers, credit loss is estimated based on factors such as the present value of expected future cash flow or the expected amount to be collected from collateral and guarantees.

Since the fair value of these items approximates the net amount of loans after the deduction of allowance for credit losses on the consolidated balance sheet as of the fiscal year ended date, such amount is presented as the fair value, and classified principally into Level 3.

### Deposits and negotiable certificates of deposit

For demand deposits, the amount payable on demand as of the fiscal year ended date (i.e., the carrying amount) is considered to be the fair value. For variable rate time deposits, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount because the market rate is reflected in such deposits within a short time period. The majority of fixed rate time deposits are grouped by certain maturity lengths. The fair value of such deposits is the present value of discounted expected future cash flow. The discount rate used is the interest rate that would be applied to newly accepted deposits. These are classified into Level 2.

### Borrowed money

For floating rate borrowings, the carrying amount is presented as the fair value, as the fair value is considered to approximate such carrying amount. This is on the basis that the market rate is reflected in the fair value set within a short time period for such floating rate borrowings and that there has been no significant change in the creditworthiness of the Bank nor its consolidated subsidiaries after such borrowings were made. For fixed rate borrowings, the fair value is calculated as the present value of expected future cash flow from these borrowings grouped by certain maturity lengths, which is discounted at an interest rate generally applicable to similar borrowings reflecting the premium applicable to the Bank or its consolidated subsidiaries. These are classified into Level 2.

### Bonds payable

The fair value of corporate bonds issued by the Bank or its consolidated subsidiaries is determined based on their market price. For certain corporate bonds, the fair value is calculated as the present value of expected future cash flow discounted at an interest rate generally applicable to issuance of similar corporate bonds. For variable rate corporate bonds without market prices, the carrying amount of such bonds is presented as the fair value, as the fair value is considered to approximate such carrying amount. This is on the basis that the market rate is reflected in the fair value of such corporate bonds because such bond terms were set within a short time period and that there has been no significant change in the creditworthiness of the Bank nor its consolidated subsidiaries after the issuance. For fixed rate corporate bonds, the fair value is the present value of expected future cash flow from these borrowings, which is discounted at an interest rate generally applicable to similar borrowings reflecting the premium applicable to the Bank or its consolidated subsidiaries. These are classified into Level 2.

Derivatives

Derivative transactions are ones involving interest rates (interest futures, interest options, interest swaps and other transactions), ones involving foreign currencies (currency futures, currency options, currency swaps and other transactions), and ones involving bonds (bond futures, bond future options and other transactions). The fair value of exchange-traded derivative transactions is based on market price. The fair value of over-the-counter (“OTC”) derivative transactions is based on the discounted present value or amount calculated under the option-price calculation model.

The key inputs used in the valuation techniques for OTC derivative transactions include the interest rate yield curve, foreign currency exchange rate and volatility. For OTC derivative transactions, adjustments are made for counterparty credit risk (credit valuation adjustments: CVA) and to reflect the impact of uncollateralized funding (funding valuation adjustments: FVA). The calculation of CVA takes into account probability-of-default event occurring for each counterparty which is primarily derived from observed or estimated spread on credit default swaps.

In addition, the calculation of CVA takes into account the effect of credit risk mitigation such as pledged collateral and the legal right of offset with the counterparty.

The calculation of FVA takes into account the Bank’s market funding spread reflecting the credit risk of the Bank and the funding exposure of any uncollateralized component of the OTC derivative transaction.

Exchange-traded derivative transactions valued using quoted prices are classified into Level 1. OTC derivative transactions are classified into Level 2 if they do not use significant unobservable inputs. OTC derivative transactions using significant unobservable inputs are classified into Level 3.

(Note) 2. Information about fair value of financial assets and financial liabilities stated at fair value which is classified as Level 3

(1) Quantitative information about significant unobservable inputs

As of September 30, 2020

Category	Valuation technique	Significant unobservable inputs	Range of inputs	Weighted-average of inputs (*1)
Securities				
Foreign bonds	Return on equity method	Probability-of-default	0.0%-25.0%	0.4%
		Recovery rate	35.0%-90.0%	76.1%
		Market-required return on capital	8.0%-10.0%	9.6%
Other	Discounted cash flow	Liquidity premium	0.9%-3.1%	2.8%
Derivatives				
Interest related instruments	Option pricing models	Correlations between interest rates	35.3%-53.8%	—
		Correlations between interest rate and foreign exchange rate	15.5%-39.5%	—
		Volatility	42.3%-100.0%	—

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

As of March 31, 2020

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

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

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

Millions of Yen									
Six-month period ended September 30, 2020									
	March 31, 2020	Included in net income (*1)	Included in other comprehensive income (*2)	Changes due to purchases, issues, sales and settlements	Transfers into fair value of Level 3 (*3)	Transfers out of fair value of Level 3 (*4)	September 30, 2020	Change in unrealized gains (losses) included in net income for financial assets and liabilities still held at September 30, 2020 (*1)	
Trading assets	¥ 15,995	¥ 5,688	¥ -	¥ -	¥ -	¥ -	¥ 21,684	¥ 5,688	
Securities	335,505	(5,635)	2,469	67,962	19	(9,114)	391,206	(5,636)	
<i>Of which:</i>									
<i>Corporate bonds</i>	9,151	(1)	(0)	(18)	19	(9,114)	36	(2)	
<i>Foreign bonds</i>	123,961	0	(1,986)	(789)	-	-	121,185	0	
<i>Other</i>	202,393	(5,634)	4,455	68,770	-	-	269,983	(5,634)	
Total assets	¥ 351,501	¥ 53	¥ 2,469	¥ 67,962	¥ 19	¥ (9,114)	¥ 412,891	¥ 52	
Derivatives (*5)	¥ 22,858	¥ 2,625	¥ -	¥ (35,647)	¥ (15,374)	¥ 841	¥ (24,697)	¥ 2,444	
<i>Of which:</i>									
<i>Interest related instruments</i>	19,089	738	-	(35,937)	(15,021)	367	(30,763)	558	
<i>Currency related instruments</i>	1,174	1,169	-	230	(353)	473	2,694	1,169	
<i>Equity related instruments</i>	(349)	238	-	-	-	-	(111)	238	
<i>Bond related instruments</i>	2,240	446	-	(202)	-	-	2,485	446	
<i>Commodity related instruments</i>	0	(0)	-	-	-	-	0	(0)	
<i>Other</i>	704	32	-	260	-	-	997	31	

Thousands of U.S. Dollars									
Six-month period ended September 30, 2020									
	March 31, 2020	Included in net income (*1)	Included in other comprehensive income (*2)	Changes due to purchases, issues, sales and settlements	Transfers into fair value of Level 3 (*3)	Transfers out of fair value of Level 3 (*4)	September 30, 2020	Change in unrealized gains (losses) included in net income for financial assets and liabilities still held at September 30, 2020 (*1)	
Trading assets	\$ 151	\$ 54	\$ -	\$ -	\$ -	\$ -	\$ 205	\$ 54	
Securities	3,171	(53)	23	642	0	(86)	3,698	(53)	
<i>Of which:</i>									
<i>Corporate bonds</i>	86	(0)	(0)	(0)	0	(86)	0	(0)	
<i>Foreign bonds</i>	1,172	0	(19)	(7)	-	-	1,145	0	
<i>Other</i>	1,913	(53)	42	650	-	-	2,552	(53)	
Total assets	\$ 3,322	\$ 1	\$ 23	\$ 642	\$ 0	\$ (86)	\$ 3,903	\$ 0	
Derivatives (*5)	\$ 216	\$ 25	\$ -	\$ (337)	\$ (145)	\$ 8	\$ (233)	\$ 23	
<i>Of which:</i>									
<i>Interest related instruments</i>	180	7	-	(340)	(142)	3	(291)	5	
<i>Currency related instruments</i>	11	11	-	2	(3)	4	25	11	
<i>Equity related instruments</i>	(3)	2	-	-	-	-	(1)	2	
<i>Bond related instruments</i>	21	4	-	(2)	-	-	23	4	
<i>Commodity related instruments</i>	0	(0)	-	-	-	-	0	(0)	
<i>Other</i>	7	0	-	2	-	-	9	0	

(\*1) Included in "Trading income" and "Other operating income" of the semi-annual consolidated statement of income.

(\*2) Included in "Net unrealized gain on available-for-sale securities" and "Foreign currency translation adjustments" under "Other comprehensive income" in the semi-annual consolidated statement of comprehensive income.

- (\*3) Transfer from fair value of Level 2 to that of Level 3 due to the lack of observable market data caused by a decrease in market activities of derivatives. This transfer was implemented at the beginning of the fiscal year ending March 31, 2021.
- (\*4) Transfers out of Level 3 and into Level 2 for corporate bonds (privately placed guaranteed bonds held by the Bank) were due to decreased significance of unobservable credit risks. This transfer was implemented at the beginning of the fiscal year ending March 31, 2021.
- (\*5) Derivatives in trading assets and liabilities and in other assets and liabilities are shown together. Assets or liabilities and profit or loss arising from derivative transactions are presented on a net basis. Total amounts, which are net liabilities or net loss, are presented in parentheses.

(3) Explanation about the valuation process of fair value

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

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

Probability-of-default

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

Recovery rate

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

Market-required return on capital

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

Liquidity premium

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

Volatility

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

Correlations

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

Correlation levels are highly dependent on market conditions and could have a relatively wide range of levels within different currencies financial instruments or across different types of financial instruments.

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

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

	Carrying amount		
	Millions of Yen		Millions of U.S. Dollars
	September 30, 2020	March 31, 2020	September 30, 2020
Non-marketable equity securities (*1) (*3)	¥ 207,157	¥ 199,834	\$ 1,958
Investment in partnerships and others (*2) (*3)	78,751	67,473	744

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

(\*2) Investment in partnerships and others mainly include silent partnerships and investment partnerships and other partnerships.

Their fair values are not disclosed in accordance with Paragraph 27 of the Guidance for Application of Fair Value Measurement.

(\*3) With respect to unlisted equity securities and others, an impairment loss of ¥2,593 million (\$25 million) and ¥2,975 million was recorded in the six-month period ended September 30, 2020 and the fiscal year ended March 31, 2020, respectively.

## 22. DERIVATIVES

The Bank has the following derivative contracts outstanding as of September 30, 2020 and March 31, 2020:

### 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 or consolidated balance sheet date by transaction type 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, 2020			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year		
<b>Transactions listed on exchange:</b>					
Interest rate futures	Sold	¥ 288,089	¥ 66,848	¥ (720)	¥ (720)
	Bought	1,925,702	58,482	1,221	1,221
Interest rate options	Sold	2,285,902	–	(19,382)	(17,226)
	Bought	521,788	–	6,215	5,369
<b>Over-the-counter (“OTC”) transactions:</b>					
Forward rate agreement	Sold	13,249,571	132,990	22	22
	Bought	13,977,016	61,787	(79)	(79)
Interest rate swaps	Receivable fixed rate/ Payable floating rate	199,271,527	160,214,261	4,079,167	4,079,167
	Receivable floating rate/ Payable fixed rate	201,119,534	158,503,917	(3,406,681)	(3,406,681)
	Receivable floating rate/ Payable floating rate	30,965,337	24,048,410	36,955	36,955
	Receivable fixed rate/ Payable fixed rate	953,467	931,817	8,371	8,371
Interest rate swaptions	Sold	2,634,982	1,625,588	(56,454)	3,743
	Bought	2,605,626	1,758,201	60,513	12,251
Other	Sold	1,894,520	1,579,461	(4,774)	10,955
	Bought	2,664,128	2,145,228	9,566	(13,111)
Total		–	–	¥ 713,940	¥ 720,239

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

Millions of U.S. Dollars

September 30, 2020

		Contract amount			Valuation gain (loss)	
		Total	Over one year	Fair value		
<b>Transactions listed on exchange:</b>						
Interest rate futures	Sold	\$ 2,723	\$ 632	\$ (7)	\$ (7)	
	Bought	18,201	553	12	12	
Interest rate options	Sold	21,606	–	(183)	(163)	
	Bought	4,932	–	59	51	
<b>OTC transactions:</b>						
Forward rate agreement	Sold	125,232	1,257	0	0	
	Bought	132,108	584	(1)	(1)	
Interest rate swaps	Receivable fixed rate/ Payable floating rate	1,883,474	1,514,312	38,555	38,555	
	Receivable floating rate/ Payable fixed rate	1,900,941	1,498,147	(32,199)	(32,199)	
	Receivable floating rate/ Payable floating rate	292,678	227,301	349	349	
	Receivable fixed rate/ Payable fixed rate	9,012	8,807	79	79	
Interest rate swaptions	Sold	24,905	15,365	(534)	35	
	Bought	24,628	16,618	572	116	
Other	Sold	17,907	14,929	(45)	104	
	Bought	25,181	20,276	90	(124)	
Total		–	–	\$ 6,748	\$ 6,808	

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



## (2) Currency-related derivatives

		Millions of Yen			
		September 30, 2020			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year	Fair value	Valuation gain (loss)
<b>Transactions listed on exchange:</b>					
Currency futures	Sold	¥ 80,611	¥ 470	¥ (455)	¥ (455)
	Bought	273,031	51,812	71	71
<b>OTC transactions:</b>					
Currency swaps		35,361,804	25,890,414	(142,561)	(142,561)
Forward contracts on foreign exchange		99,719,217	8,419,282	74,281	74,281
Currency options	Sold	7,250,363	1,535,103	(62,028)	29,621
	Bought	6,800,374	1,512,581	38,020	(47,138)
Total		–	–	¥ (92,672)	¥ (86,180)

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

		Millions of U.S. Dollars			
		September 30, 2020			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year	Fair value	Valuation gain (loss)
<b>Transactions listed on exchange:</b>					
Currency futures	Sold	\$ 762	\$ 4	\$ (4)	\$ (4)
	Bought	2,581	490	1	1
<b>OTC transactions:</b>					
Currency swaps		334,233	244,711	(1,347)	(1,347)
Forward contracts on foreign exchange		942,526	79,577	702	702
Currency options	Sold	68,529	14,509	(586)	280
	Bought	64,276	14,297	359	(446)
Total		–	–	\$ (876)	\$ (815)

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

## (3) Equity-related derivatives

		Millions of Yen			
		September 30, 2020			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year		
<b>Transactions listed on exchange:</b>					
Stock index futures	Sold	¥	–	¥	–
	Bought		1,153		6
Stock index options	Sold		4,509		(6)
	Bought		4,840		14
<b>OTC transactions:</b>					
OTC securities option transactions	Sold		1,227		635
	Bought		18,904		635
Swaps on OTC securities index and others	Receivable index volatility/Payable interest		4,251		4,251
	Receivable interest/Payable index volatility		1,000		1,000
Total			–	–	¥
				(921)	¥
					(639)
		Millions of Yen			
		March 31, 2020			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year		
<b>Transactions listed on exchange:</b>					
Stock index options	Sold	¥	3,950	¥	–
	Bought		3,950		–
<b>OTC transactions:</b>					
OTC securities option transactions	Sold		3,941		734
	Bought		21,296		734
Swaps on OTC securities index and others	Receivable index volatility/Payable interest		1,000		1,000
	Receivable interest/Payable index volatility		1,000		1,000
Total			–	–	¥
				(323)	¥
					(316)
		Millions of U.S. Dollars			
		September 30, 2020			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year		
<b>Transactions listed on exchange:</b>					
Stock index futures	Sold	\$	–	\$	–
	Bought		11		0
Stock index options	Sold		43		(0)
	Bought		46		0
<b>OTC transactions:</b>					
OTC securities option transactions	Sold		12		6
	Bought		179		6
Swaps on OTC securities index and others	Receivable index volatility/Payable interest		40		40
	Receivable interest/Payable index volatility		9		9
Total			–	–	\$
				(9)	\$
					(6)

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

## (4) Bond-related derivatives

		Millions of Yen			
		September 30, 2020			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year		
<b>Transactions listed on exchange:</b>					
Bond futures	Sold	¥ 1,295,735	¥ –	¥ (4,185)	¥ (4,185)
	Bought	627,555	–	543	543
Bond futures options	Sold	563,421	–	(539)	565
	Bought	2,065,556	–	5,342	(3,237)
<b>OTC transactions:</b>					
OTC bond options	Sold	94,929	–	(225)	(31)
	Bought	94,929	–	283	88
Bond forward contracts	Sold	1,340,251	–	(2,569)	(2,569)
	Bought	2,248,259	–	6,340	6,340
Total return swaps	Sold	–	–	–	–
	Bought	122,814	122,814	2,402	2,402
Total		–	–	¥ 7,391	¥ (83)

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

		Millions of U.S. Dollars			
		September 30, 2020			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year		
<b>Transactions listed on exchange:</b>					
Bond futures	Sold	\$ 12,247	\$ –	\$ (40)	\$ (40)
	Bought	5,932	–	5	5
Bond futures options	Sold	5,325	–	(5)	5
	Bought	19,523	–	50	(31)
<b>OTC transactions:</b>					
OTC bond options	Sold	897	–	(2)	(0)
	Bought	897	–	3	1
Bond forward contracts	Sold	12,668	–	(24)	(24)
	Bought	21,250	–	60	60
Total return swaps	Sold	–	–	–	–
	Bought	1,161	1,161	23	23
Total		–	–	\$ 70	\$ (1)

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

## (5) Commodity-related derivatives

		Millions of Yen							
		September 30, 2020							
		Contract amount		Fair value	Valuation gain (loss)				
		Total	Over one year						
<b>OTC transactions:</b>									
Commodity swaps	Receivable index volatility/ Payable floating rate	¥	49	¥	–	¥	5	¥	5
	Receivable floating rate/ Payable index volatility		49		–		(5)		(5)
Commodity options	Sold		234		40		(5)		45
	Bought		234		40		5		(27)
Total			–		–	¥	0	¥	18

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

		Millions of U.S. Dollars							
		September 30, 2020							
		Contract amount		Fair value	Valuation gain (loss)				
		Total	Over one year						
<b>OTC transactions:</b>									
Commodity swaps	Receivable index volatility/ Payable floating rate	\$	0	\$	–	\$	0	\$	0
	Receivable floating rate/ Payable index volatility		0		–		(0)		(0)
Commodity options	Sold		2		0		(0)		0
	Bought		2		0		0		(0)
Total			–		–	\$	0	\$	0

## Notes:

1. The transactions above are stated at fair value and the related valuation gain (loss) is reported in the annual/semi-annual consolidated statement of income.
2. The commodity transactions are mainly oil-related.

## (6) Credit-related derivatives

		Millions of Yen			
		September 30, 2020			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
<b>OTC transactions:</b>					
Credit default options	Sold	¥ 1,637,519	¥ 1,587,105	¥ (26,004)	¥ (26,004)
	Bought	1,717,411	1,611,591	(8,117)	(8,117)
Total		–	–	¥ (34,122)	¥ (34,122)

  

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

  

		Millions of U.S. Dollars			
		September 30, 2020			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
<b>OTC transactions:</b>					
Credit default options	Sold	\$ 15,477	\$ 15,001	\$ (246)	\$ (246)
	Bought	16,233	15,232	(77)	(77)
Total		–	–	\$ (323)	\$ (323)

## Notes:

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

## (7) Other derivatives

		Millions of Yen			
		September 30, 2020			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year		
<b>OTC transactions:</b>					
Earthquake derivatives	Sold	¥ 28,000	¥ 18,000	¥ (304)	¥ 346
	Bought	28,993	18,319	1,302	(559)
Other	Sold	–	–	–	–
	Bought	4,996	3,144	–	–
Total		–	–	¥ 997	¥ (212)

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

		Millions of U.S. Dollars			
		September 30, 2020			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year		
<b>OTC transactions:</b>					
Earthquake derivatives	Sold	\$ 265	\$ 170	\$ (3)	\$ 3
	Bought	274	173	12	(5)
Other	Sold	–	–	–	–
	Bought	47	30	–	–
Total		–	–	\$ 9	\$ (2)

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

## 23. SEGMENT INFORMATION

Notes:

- (1) “Ordinary income (expenses)” and “Ordinary profit” are defined as follows:
- 1) “Ordinary profit” means “Ordinary income” less “Ordinary expenses.”
  - 2) “Ordinary income” means total income less certain special income included in “Other income” in the semi-annual consolidated statement of income.
  - 3) “Ordinary expenses” means total expenses less certain special expenses included in “Other expenses” in the semi-annual consolidated statement of income.
- (2) A reconciliation of the ordinary profit under the internal management reporting system for the six-month periods ended September 30, 2020 and 2019 to income before income taxes shown in the semi-annual consolidated statement of income was as follows:

Six-month periods ended September 30	Millions of Yen		Millions of U.S. Dollars
	2020	2019	2020
Ordinary profit	¥ 316,700	¥ 538,532	\$ 2,993
Gain on disposal of fixed assets	12,653	2,617	120
Gain on sales of stocks of subsidiaries	–	30,336	–
Gain on step acquisitions	–	2,105	–
Loss on disposal of fixed assets	(3,474)	(4,039)	(33)
Impairment loss on fixed assets	(16,478)	(12,891)	(156)
Income before income taxes	¥ 309,400	¥ 556,660	\$ 2,924

For the six-month periods ended September 30, 2020 and 2019:

(1) Reportable segments

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

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

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

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

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

**Changes in calculation method of income or loss**

The Group has changed the allocation method of income/loss to divisions from the six-month period ended September 30, 2020, and has changed the calculation method of segment income.

The business segment information for the six month period ended September 30, 2019 has been restated to reflect the foregoing changes in the calculation method.

As noted in “(23) Changes in Accounting Policies (Additional information)” in “2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,” the Fair Value Measurement Standard, etc. was applied from the end of the fiscal year ended March 31, 2020, and accordingly, the segment information for the six-month period ended September 30, 2019 has been restated after applying the new accounting policies retrospectively.

(3) Reportable segment information for the six-month periods ended September 30, 2020 and 2019

Six-month period ended September 30, 2020	Millions of Yen							
	Retail & Commercial Banking	Japanese Corporate & Investment Banking	Global Corporate & Investment Banking	Global Commercial Banking	Customer business units subtotal	Global Markets	Other units	Total
Gross operating income	¥ 302,122	¥ 201,566	¥ 173,264	¥ 415,291	¥ 1,092,244	¥ 332,222	¥ 16,222	¥ 1,440,689
Non-consolidated	274,480	176,391	117,614	372	568,858	297,142	20,086	886,087
Net interest income	197,249	78,668	57,892	498	334,309	59,847	27,656	421,812
Net non-interest income	77,231	97,722	59,721	(125)	234,549	237,295	(7,570)	464,274
Subsidiaries	27,641	25,175	55,650	414,918	523,385	35,079	(3,864)	554,601
Expenses	295,708	123,093	123,814	264,262	806,878	49,297	42,627	898,803
Net operating income	¥ 6,413	¥ 78,473	¥ 49,450	¥ 151,028	¥ 285,365	¥ 282,924	¥ (26,405)	¥ 541,885

Six-month period ended September 30, 2019	Millions of Yen							
	Retail & Commercial Banking	Japanese Corporate & Investment Banking	Global Corporate & Investment Banking	Global Commercial Banking	Customer business units subtotal	Global Markets	Other units	Total
Gross operating income	¥ 339,608	¥ 221,141	¥ 193,138	¥ 366,487	¥ 1,120,375	¥ 230,764	¥ 4,382	¥ 1,355,522
Non-consolidated	308,890	187,370	137,236	(759)	632,738	198,951	9,295	840,985
Net interest income	218,397	90,841	59,472	141	368,853	43,640	16,116	428,610
Net non-interest income	90,492	96,529	77,763	(900)	263,884	155,310	(6,820)	412,374
Subsidiaries	30,717	33,770	55,901	367,247	487,637	31,813	(4,912)	514,537
Expenses	311,227	125,908	120,181	270,760	828,077	49,455	31,096	908,630
Net operating income	¥ 28,380	¥ 95,233	¥ 72,956	¥ 95,727	¥ 292,297	¥ 181,309	¥ (26,714)	¥ 446,892

Six-month period ended September 30, 2020	Millions of U.S. Dollars							
	Retail & Commercial Banking	Japanese Corporate & Investment Banking	Global Corporate & Investment Banking	Global Commercial Banking	Customer business units subtotal	Global Markets	Other units	Total
Gross operating income	\$ 2,856	\$ 1,905	\$ 1,638	\$ 3,925	\$ 10,324	\$ 3,140	\$ 153	\$ 13,617
Non-consolidated	2,594	1,667	1,112	4	5,377	2,809	190	8,375
Net interest income	1,864	744	547	5	3,160	566	261	3,987
Net non-interest income	730	924	564	(1)	2,217	2,243	(72)	4,388
Subsidiaries	261	238	526	3,922	4,947	332	(37)	5,242
Expenses	2,795	1,163	1,170	2,498	7,626	466	403	8,495
Net operating income	\$ 61	\$ 742	\$ 467	\$ 1,427	\$ 2,697	\$ 2,674	\$ (250)	\$ 5,122

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
	2020	2019	2020
Net operating income per reportable segment information	¥ 541,885	¥ 446,892	\$ 5,122
Net business profit of subsidiaries excluded from the reportable segment information	14,504	9,690	137
Provision for allowance for credit losses	(86,514)	–	(818)
Credit-related expenses	(158,401)	(27,306)	(1,497)
Gain on reversal of allowance for credit losses	–	11,873	–
Gain on reversal of reserve for contingent losses (credit-related)	–	5,283	–
Gain on collection of bad debts	20,033	33,171	189
Gains on equity securities and other securities	24,392	21,594	231
Equity in earnings of the equity method investees	9,646	9,650	91
Amortization of net unrecognized actuarial gain or loss	(9,669)	(18,706)	(91)
Other	(39,178)	46,389	(370)
Ordinary profit under the internal management reporting system	¥ 316,700	¥ 538,532	\$ 2,993

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.
3. As noted in “(23) Changes in Accounting Policies (Additional information)” in “2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,” the Fair Value Measurement Standard, etc. was applied from the end of the fiscal year ended March 31, 2020, and accordingly, the above information for the six-month period ended September 30, 2019 has been restated after applying the new accounting policies retrospectively.

- (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, 2020							
Japan	USA	North America (except for USA)	Latin America	Europe/Middle East	Thailand	Asia/Oceania (except for Thailand)	Total
¥ 1,068,584	¥ 470,540	¥ 9,554	¥ 21,315	¥ 101,861	¥ 265,405	¥ 303,600	¥ 2,240,862
Millions of Yen							
Six-month period ended September 30, 2019							
Japan	USA	North America (except for USA)	Latin America	Europe/Middle East	Thailand	Asia/Oceania (except for Thailand)	Total
¥ 1,255,415	¥ 598,305	¥ 16,421	¥ 30,459	¥ 157,085	¥ 245,069	¥ 363,532	¥ 2,666,290
Thousands of U.S. Dollars							
Six-month period ended September 30, 2020							
Japan	USA	North America (except for USA)	Latin America	Europe/Middle East	Thailand	Asia/Oceania (except for Thailand)	Total
\$ 10,100	\$ 4,447	\$ 90	\$ 201	\$ 963	\$ 2,509	\$ 2,870	\$ 21,180

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.
3. As noted in "(23) Changes in Accounting Policies (Additional information)" in "2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES," the Fair Value Measurement Standard, etc. was applied from the end of the fiscal year ended March 31, 2020, and accordingly, the above information for the six-month period ended September 30, 2019 has been restated after applying the new accounting policies retrospectively.

**Changes in presentation:**

Ordinary income for "Thailand" which had been included in "Asia/Oceania" in September 30, 2019 has been stated separately from the fiscal year ended March 31, 2020 due to increased significance. In order to reflect these changes in presentation, notes on "2) Information by geographic region a) Ordinary income" for September 30, 2019 has been reclassified. As a result, amounts which had been presented as "Asia/Oceania" in September 30, 2019 of ¥608,602 million have been reclassified into "Thailand" of ¥ 245,069 million and "Asia/Oceania (except for Thailand)" of ¥ 363,532 million.

b) Tangible fixed assets

Millions of Yen							
As of September 30, 2020							
Japan	USA	North America (except for USA)	Latin America	Europe/Middle East	Asia/Oceania	Total	
¥ 770,409	¥ 100,668	¥ 189	¥ 486	¥ 3,680	¥ 132,088	¥ 1,007,523	

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 U.S. Dollars							
As of September 30, 2020							
Japan	USA	North America (except for USA)	Latin America	Europe/Middle East	Asia/Oceania	Total	
\$ 7,282	\$ 951	\$ 2	\$ 5	\$ 35	\$ 1,248	\$ 9,523	

3) Information by major customer

There was no applicable information to be reported for the six-month periods ended September 30, 2020 and 2019.

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

Impairment loss on fixed assets is not allocated to the reportable segments. The impairment loss was ¥16,478 million (\$156 million) and ¥12,891 million for the six-month periods ended September 30, 2020 and 2019, respectively.

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

Millions of Yen									
Six-month period ended September 30, 2020	Retail & Commercial Banking	Japanese Corporate & Investment Banking	Global Corporate & Investment Banking	Global Commercial Banking	Customer business units subtotal	Global Markets	Other units	Total	
Amortization	¥	- ¥	- ¥	1,512 ¥	1,599 ¥	3,112 ¥	- ¥	- ¥	3,112
Unamortized balance		-	-	42,299	41,199	83,499	-	-	83,499

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	¥	- ¥	- ¥	905 ¥	10,361 ¥	11,267 ¥	- ¥	- ¥	11,267
Unamortized balance		-	-	21,832	430,360	452,192	-	-	452,192

Millions of U.S. Dollars									
Six-month period ended September 30, 2020	Retail & Commercial Banking	Japanese Corporate & Investment Banking	Global Corporate & Investment Banking	Global Commercial Banking	Customer business units subtotal	Global Markets	Other units	Total	
Amortization	\$	- \$	- \$	14 \$	15 \$	29 \$	- \$	- \$	29
Unamortized balance		-	-	400	389	789	-	-	789

(Note) From the six-month period ended September 30, 2020, a portion of the goodwill previously allocated to MUAH has been reallocated to the Global Corporate & Investment Banking Business Unit from the Global Commercial Banking Business Unit. Accordingly, the amortization and unamortized balance of goodwill as of and for the six-month period ended September 30, 2019 has been restated to reflect the reallocation.

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, 2020 and 2019.

## 24. SUBSEQUENT EVENTS

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

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

1. Acquisition cost of the acquired business and its components

Consideration for acquisition	Cash and due from banks	¥555,770 million (\$5,253 million)
Acquisition cost		¥555,770 million (\$5,253 million)

2. Amount of goodwill generated

¥23,390 million (\$221 million)