

# **Annual Securities Report**

“Yukashoken Hokokusho”

(Excerpt)

for the fiscal year ended March 31, 2017

**The Bank of Tokyo-Mitsubishi UFJ, Ltd.**

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| [Cover]   |  |
| [Document Submitted]  | Annual Securities Report (“Yukashoken Hokokusho”)                              |
| [Article of the Applicable Law Requiring Submission of This Document] | Article 24, Paragraph 1 of the Financial Instruments and Exchange Act of Japan |
| [Submitted to]  | Director, Kanto Local Finance Bureau   |
| [Date of Submission]  | June 29, 2017  |
| [Accounting Period]   | The 12th Fiscal Year<br>(from April 1, 2016 to March 31, 2017)                 |
| [Company Name]  | Kabushiki-Kaisha Mitsubishi Tokyo UFJ Ginko                                    |
| [Company Name in English]   | The Bank of Tokyo-Mitsubishi UFJ, Ltd.   |
| [Position and Name of Representative]                                 | Kanetsugu Mike, President & CEO  |
| [Location of Head Office]   | 2-7-1, Marunouchi, Chiyoda-ku, Tokyo, Japan                                    |
| [Phone No.]   | 03-3240-1111 (main)  |
| [Contact for Communications]  | Jun Kobayashi,<br>Chief Manager of Corporate Administration Division           |
| [Nearest Contact]   | 2-7-1, Marunouchi, Chiyoda-ku, Tokyo, Japan                                    |
| [Phone No.]   | 03-3240-1111 (main)  |
| [Contact for Communications]  | Jun Kobayashi,<br>Chief Manager of Corporate Administration Division           |
| [Place Available for Public Inspection]                               | Available only at the Head Office  |

## I. Overview of the Company

### 1. Key Financial Data and Trends

(1) Key consolidated financial data and trends over the current and previous four fiscal years

(Millions of yen, unless otherwise stated)

|  | Fiscal 2012<br>From April 1,<br>2012<br>to March 31,<br>2013 | Fiscal 2013<br>From April 1,<br>2013<br>to March 31,<br>2014 | Fiscal 2014<br>From April 1,<br>2014<br>to March 31,<br>2015 | Fiscal 2015<br>From April 1,<br>2015<br>to March 31,<br>2016 | Fiscal 2016<br>From April 1,<br>2016<br>to March 31,<br>2017 |
|--|--|--|--|--|--|
| Consolidated ordinary income   | 3,419,307  | 3,599,428  | 4,028,944  | 4,033,796  | 4,237,395  |
| Consolidated ordinary profit   | 1,070,928  | 1,217,534  | 1,221,200  | 1,083,701  | 992,055  |
| Net income attributable to the shareholders<br>of The Bank of Tokyo-Mitsubishi UFJ   | 673,514  | 754,323  | 731,622  | 685,835  | 689,929  |
| Consolidated comprehensive income  | 1,573,447  | 1,157,696  | 2,622,793  | 453,557  | 266,086  |
| Consolidated total equity  | 10,658,841   | 11,741,453   | 13,201,844   | 13,118,288   | 12,427,078   |
| Consolidated total assets  | 181,625,557  | 201,614,685  | 219,313,264  | 222,797,387  | 229,108,371  |
| Total equity per share (yen)   | 729.93   | 798.38   | 954.03   | 952.16   | 933.06   |
| Net income per common share (yen)  | 53.07  | 59.62  | 59.24  | 55.53  | 55.86  |
| Diluted net income per common share (yen)  | 53.07  | 59.62  | 59.23  | 55.53  | 55.86  |
| Capital ratio (%)  | 5.18   | 5.08   | 5.37   | 5.27   | 5.02   |
| Consolidated return on equity (%)  | 7.85   | 7.79   | 6.75   | 5.82   | 5.92   |
| Net cash provided by (used in) operating<br>activities                               | (1,608,988)  | (5,283,802)  | (6,631,043)  | 1,382,275  | 6,800,032  |
| Net cash provided by investing activities  | 3,123,896  | 6,257,777  | 7,237,326  | 2,580,849  | 6,512,818  |
| Net cash used in financing activities  | (992,372)  | (918,046)  | (1,061,490)  | (82,996)   | (721,099)  |
| Cash and cash equivalents at end of period   | 3,692,657  | 3,998,556  | 3,712,330  | 7,513,181  | 20,086,245   |
| Number of employees<br>[Besides the above, average number of<br>temporary employees] | 59,057<br>[20,700]   | 78,105<br>[21,000]   | 79,146<br>[23,000]   | 80,088<br>[22,800]   | 84,025<br>[22,500]   |

- (Notes)
1. National and local consumption taxes of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (hereinafter referred to as the “Bank”) and its domestic consolidated subsidiaries are accounted for using the tax-excluded method.
  2. Capital ratio is calculated by dividing (“total equity at the end of fiscal year” - “subscription rights to shares at the end of fiscal year” - “noncontrolling interests at the end of fiscal year”) by “total assets at the end of fiscal year.”
  3. Consolidated price earnings ratio is not available as shares of the Bank are unlisted.
  4. The average number of temporary employees includes contractors and figures are rounded to the nearest hundred. The number of contractors counted as temporary employees during fiscal 2012 was 10,700, during fiscal 2013 was 6,700, during fiscal 2014 was 5,400, during fiscal 2015 was 5,500 and during fiscal 2016 was 5,500.

(2) Key non-consolidated financial data and trends of the Bank over the current and previous four fiscal years  
(Millions of yen, unless otherwise stated)

| Fiscal period  | 8th Term  | 9th Term  | 10th Term   | 11th Term   | 12th Term   |
|--|---|---|---|---|---|
| Period of account  | March 2013  | March 2014  | March 2015  | March 2016  | March 2017  |
| Ordinary income  | 2,796,371   | 2,921,537   | 2,856,450   | 2,925,593   | 3,072,712   |
| Ordinary profit  | 860,995   | 1,002,109   | 902,632   | 863,736   | 632,205   |
| Net income   | 585,112   | 650,257   | 571,778   | 586,066   | 481,455   |
| Capital stock  | 1,711,958   | 1,711,958   | 1,711,958   | 1,711,958   | 1,711,958   |
| Total number of shares issued<br>(thousands of shares)                               | Common stock<br>12,350,038<br>1st series Class 2<br>preferred stock<br>100,000<br>1st series Class 4<br>preferred stock<br>79,700<br>1st series Class 6<br>preferred stock<br>1,000<br>1st series Class 7<br>preferred stock<br>177,000 | Common stock<br>12,350,038<br>1st series Class 2<br>preferred stock<br>100,000<br>1st series Class 4<br>preferred stock<br>79,700<br>1st series Class 6<br>preferred stock<br>1,000<br>1st series Class 7<br>preferred stock<br>177,000 | Common stock<br>12,350,038<br>1st series Class 2<br>preferred stock<br>100,000<br>1st series Class 4<br>preferred stock<br>79,700<br>1st series Class 6<br>preferred stock<br>1,000<br>1st series Class 7<br>preferred stock<br>177,000 | Common stock<br>12,350,038<br>1st series Class 2<br>preferred stock<br>100,000<br>1st series Class 4<br>preferred stock<br>79,700<br>1st series Class 6<br>preferred stock<br>1,000<br>1st series Class 7<br>preferred stock<br>177,000 | Common stock<br>12,350,038<br>1st series Class 2<br>preferred stock<br>100,000<br>1st series Class 4<br>preferred stock<br>79,700<br>1st series Class 6<br>preferred stock<br>1,000<br>1st series Class 7<br>preferred stock<br>177,000 |
| Total equity   | 8,908,319   | 9,398,694   | 10,488,611  | 10,627,781  | 10,231,499  |
| Total assets   | 169,305,125   | 181,692,063   | 194,652,431   | 200,261,895   | 204,190,574   |
| Balance of deposits  | 112,154,287   | 119,636,522   | 124,590,909   | 131,986,582   | 139,164,104   |
| Balance of loans and bills discounted  | 74,104,875  | 79,495,010  | 82,740,384  | 86,691,727  | 81,394,063  |
| Balance of securities  | 63,071,374  | 56,790,753  | 52,873,408  | 48,913,432  | 42,235,515  |
| Total equity per share (yen)   | 689.01  | 728.72  | 849.27  | 860.54  | 828.45  |
| Dividends per share (yen)<br>[Of the above, interim dividends per share<br>(yen)]    | Common stock<br>11.19<br>[5.60]<br>1st series Class 6<br>preferred stock<br>105.45<br>[105.45]<br>1st series Class 7<br>preferred stock<br>115.00<br>[57.50]  | Common stock<br>17.85<br>[7.35]<br>1st series Class 7<br>preferred stock<br>115.00<br>[57.50]   | Common stock<br>32.57<br>[13.18]  | Common stock<br>30.00<br>[7.80]   | Common stock<br>35.66<br>[8.13]   |
| Net income per common share (yen)  | 45.91   | 51.19   | 46.29   | 47.45   | 38.98   |
| Diluted net income per common share (yen)  | –   | –   | –   | –   | –   |
| Capital ratio (%)  | 5.26  | 5.17  | 5.38  | 5.30  | 5.01  |
| Return on equity (%)   | 7.08  | 7.21  | 5.86  | 5.55  | 4.61  |
| Dividend payout ratio (%)  | 24.37   | 34.86   | 70.34   | 63.21   | 91.47   |
| Number of employees<br>[Besides the above, average number of<br>temporary employees] | 36,499<br>[12,283]  | 37,527<br>[12,603]  | 35,214<br>[12,486]  | 34,865<br>[12,399]  | 34,276<br>[12,407]  |

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

2. Diluted net income per common share is not stated due to the absence of residual securities.
3. The interim dividends for the 12th Term were resolved at the Board of Directors meeting held on November 14, 2016.
4. Dividends per share for the 10th Term, the 11th Term and the 12th Term include the special dividends of ¥6.27, ¥13.64 and ¥19.87, respectively.
5. The Bank paid dividends in kind in the 9th Term and 11th Term but these dividends are not included in the dividends per share and dividend payout ratio.
6. Capital ratio is calculated by dividing (“total equity at the end of fiscal year” - “subscription rights to shares at the end of fiscal year”) by “total assets at the end of fiscal year.”
7. Price earnings ratio is not available as shares of the Bank are unlisted.
8. Dividend payout ratio is calculated by dividing the total dividends on common stock by net income after the deduction of the total dividends on preferred stock.
9. The number of employees excludes employees loaned to other companies but includes employees loaned to the Bank and locally hired overseas staff members.
10. The average number of temporary employees includes contractors. The number of contractors counted as temporary employees during the 8th Term was 4,558, during the 9th Term was 2,962, during the 10th Term was 2,839, during the 11th Term was 2,814 and during the 12th Term was 2,800.

## 2. History

|               |   |
|---------------|---|
| August 1919   | The Mitsubishi Bank, Limited was founded with capital of ¥50.00 million (of which ¥30.00 million was paid in), inheriting the business of the Banking Division of Mitsubishi Goshi Kaisha, and started operation on October 1, 1919.  |
| December 1933 | The Sanwa Bank, Limited was founded with capital of ¥107.20 million (of which ¥72.20 million was paid in), as a result of the merger of The Thirty-Fourth Bank Limited, The Yamaguchi Bank, Ltd. and The Konoike Bank, Limited.   |
| June 1941     | The Tokai Bank, Limited was founded with capital of ¥37.60 million (of which ¥27.25 million was paid in), as a result of the merger of The Aichi Bank, Ltd., The Bank of Nagoya, Ltd. and The Itoh Bank Limited.  |
| December 1946 | The Bank of Tokyo, Ltd. was founded with capital of ¥50.00 million (fully paid in), on the basis of business transfer from The Yokohama Specie Bank, Ltd. and started operation on January 4, 1947.   |
| April 1996    | The Mitsubishi Bank, Limited and The Bank of Tokyo, Ltd. were merged to become The Bank of Tokyo-Mitsubishi, Ltd.   |
| April 2001    | <p>The Bank of Tokyo-Mitsubishi, Ltd., Nippon Trust Bank Limited and The Mitsubishi Trust and Banking Corporation jointly established by share transfer the wholly-owning parent company, Mitsubishi Tokyo Financial Group, Inc.</p> <p>The Sanwa Bank, Limited, The Tokai Bank, Limited and The Toyo Trust and Banking Company, Limited jointly established by share transfer the wholly-owning parent company, UFJ Holdings, Inc.</p> |
| January 2002  | The Sanwa Bank, Limited and The Tokai Bank, Limited were merged to become UFJ Bank Limited.   |
| October 2005  | Mitsubishi Tokyo Financial Group, Inc. and UFJ Holdings, Inc. were merged to become Mitsubishi UFJ Financial Group, Inc.  |
| January 2006  | The Bank of Tokyo-Mitsubishi, Ltd. and UFJ Bank Limited were merged to become The Bank of Tokyo-Mitsubishi UFJ, Ltd.  |
| June 2016     | The Bank of Tokyo-Mitsubishi UFJ, Ltd. transformed its governance structure from a Company with Board of Corporate Auditors into a Company with an Audit & Supervisory Committee.   |

### 3. Business Outline

Under its parent company, Mitsubishi UFJ Financial Group, Inc., the Group (The Bank of Tokyo-Mitsubishi UFJ, Ltd. and its subsidiaries and affiliates) comprises the Bank, 127 consolidated subsidiaries, and 50 equity method investees, and is engaged in banking and other financial services (including leasing).

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

Positions of main subsidiaries and affiliates in relation to each business unit are illustrated in the following organizational chart. Classification of businesses in this chart corresponds to the reportable segments in "Notes to Consolidated Financial Statements" of "V. Financial Information."

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



(As of March 31, 2017)

\*consolidated subsidiaries, \*\* equity method investees

|   |   |  |                                    |
|---|---|--|------------------------------------|
| Mitsubishi UFJ Financial Group, Inc. (Parent Company) | <b>The Bank of Tokyo-Mitsubishi UFJ, Ltd.</b> |  | <b>Banking</b>                     |
|   | Retail Banking Business Unit                  | **JACCS CO., LTD.  | Intermediation of Credit Purchases |
|   |   | **Jibun Bank Corporation                                     | Banking                            |
|   |   | **JALCARD, INC.  | Credit cards                       |
|   | Corporate Banking Business Unit               |  |                                    |
|   | Global Business Unit                          | * MUFG Americas Holdings Corporation                         | Bank holding company               |
|   |   | * BTMU Leasing & Finance, Inc. *1                            | Leasing                            |
|   |   | * Banco de Tokyo-Mitsubishi UFJ Brasil S/A                   | Banking                            |
|   |   | * Bank of Tokyo-Mitsubishi UFJ (Mexico), S.A.                | Banking                            |
|   |   | * AO Bank of Tokyo-Mitsubishi UFJ (Eurasia)                  | Banking                            |
|   |   | * MUFG Bank (Europe) N.V.                                    | Banking                            |
|   |   | * Bank of Tokyo-Mitsubishi UFJ (Turkey) Anonim Sirketi       | Banking                            |
|   |   | * Bank of Ayudhya Public Company Limited                     | Banking                            |
|   |   | * Bank of Tokyo-Mitsubishi UFJ (China), Ltd.                 | Banking                            |
|   |   | **Vietnam Joint Stock Commercial Bank for Industry and Trade | Banking                            |
|   |   | **Dah Sing Financial Holdings Limited                        | Bank holding company               |
| **Security Bank Corporation                           |   | Banking  |                                    |
| Global Markets Unit                                   |   |  |                                    |
| Other units   | **The Chukyo Bank, Limited                    | Banking  |                                    |
| Mitsubishi UFJ Trust and Banking Corporation *2       |   | Trust banking  |                                    |
| Mitsubishi UFJ Securities Holdings Co., Ltd. *2       |   | Securities business holding company                          |                                    |
| Mitsubishi UFJ NICOS Co., Ltd. *2                     |   | Credit cards   |                                    |
| Mitsubishi UFJ Lease & Finance Company Limited *2     |   | Leasing  |                                    |

\*1. As of July 1, 2017, BTMU Leasing & Finance, Inc. is slated to become a subsidiary of MUFG Americas Holdings Corporation due to transfer of the ownership.

\*2. Mitsubishi UFJ Trust and Banking Corporation, Mitsubishi UFJ Securities Holdings Co., Ltd., Mitsubishi UFJ NICOS Co., Ltd., and Mitsubishi UFJ Lease & Finance Company Limited are the MUFG Group's major subsidiaries and affiliates.

#### 4. Information on Subsidiaries and Affiliates

(Parent company)

| Company name                         | Address           | Ratio of voting rights holding (held) (%) |
|--------------------------------------|-------------------|---|
| Mitsubishi UFJ Financial Group, Inc. | Chiyoda-ku, Tokyo | 100.0                                     |

(Consolidated subsidiaries)

| Company name   | Address  | Ratio of voting rights holding (held) (%) |
|--|--|---|
| MU Frontier Servicer Co., Ltd.                       | Nakano-ku, Tokyo                                       | 96.4                                      |
| Mitsubishi UFJ Personal Financial Advisers Co., Ltd. | Chuo-ku, Tokyo   | 47.3                                      |
| TOKYO CREDIT SERVICES, LIMITED                       | Chiyoda-ku, Tokyo                                      | 47.5<br>(21.5)                            |
| Japan Electronic Monetary Claim Organization         | Chiyoda-ku, Tokyo                                      | 100.0                                     |
| The Mitsubishi UFJ Factors Limited                   | Chiyoda-ku, Tokyo                                      | 100.0                                     |
| Mitsubishi UFJ Research and Consulting Co., Ltd.     | Minato-ku, Tokyo                                       | 44.9<br>(9.5)                             |
| Mitsubishi UFJ Financial Partners Co., Ltd.          | Minato-ku, Tokyo                                       | 100.0                                     |
| MU Business Engineering, Ltd.                        | Chuo-ku, Tokyo   | 100.0                                     |
| MUFG Americas Holdings Corporation                   | New York, New York,<br>the United States               | 96.2                                      |
| BTMU LF Capital LLC                                  | New York, New York,<br>the United States               | 100.0                                     |
| BTMU Leasing & Finance, Inc.                         | New York, New York,<br>the United States               | 100.0                                     |
| Banco de Tokyo-Mitsubishi UFJ Brasil S/A             | Sao Paulo, Sao Paulo,<br>Federative Republic of Brazil | 99.6                                      |
| Bank of Tokyo-Mitsubishi UFJ (Mexico), S.A.          | Mexico City,<br>United Mexican States                  | 100.0<br>(0.1)                            |
| AO Bank of Tokyo-Mitsubishi UFJ (Eurasia)            | Moscow,<br>the Russian Federation                      | 100.0                                     |
| MUFG Bank (Europe) N.V.                              | Amsterdam,<br>Kingdom of the Netherlands               | 100.0                                     |
| BTMU Lease (Deutschland) GmbH                        | Dusseldorf,<br>Federal Republic of Germany             | 95.0                                      |
| Bank of Tokyo-Mitsubishi UFJ (Turkey) Anonim Sirketi | Istanbul,<br>Republic of Turkey                        | 99.9                                      |
| Bank of Ayudhya Public Company Limited               | Bangkok,<br>Kingdom of Thailand                        | 76.8                                      |
| Bank of Tokyo-Mitsubishi UFJ (China), Ltd.           | Shanghai,<br>People's Republic of China                | 100.0                                     |
| Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad       | Kuala Lumpur,<br>Malaysia                              | 100.0                                     |

| Company name                            | Address                             | Ratio of voting rights holding (held) (%) |
|---|-------------------------------------|---|
| PT U Finance Indonesia                  | Jakarta,<br>Republic of Indonesia   | 65.0                                      |
| BTMU Participation (Thailand) Co., Ltd. | Bangkok,<br>Kingdom of Thailand     | 12.2<br>(2.2)<br>[57.3]                   |
| BTMU Preferred Capital 9 Limited        | Grand Cayman,<br>The Cayman Islands | 100.0                                     |
| 104 Other companies                     |                                     |   |

(Equity method investees)

| Company name   | Address  | Ratio of voting rights holding (held) (%) |
|--|--|---|
| JACCS CO., LTD.  | Hakodate City, Hokkaido                        | 20.3                                      |
| Jibun Bank Corporation                                     | Chuo-ku, Tokyo                                 | 50.0                                      |
| JALCARD, INC.  | Shinagawa-ku, Tokyo                            | 49.3                                      |
| BOT Lease Co., LTD.  | Chuo-ku, Tokyo                                 | 17.5<br>(12.5)                            |
| Mitsubishi UFJ Capital Co., Ltd.                           | Chuo-ku, Tokyo                                 | 27.8<br>(5.2)                             |
| The Mitsubishi Asset Brains Company, Limited               | Minato-ku, Tokyo                               | 25.0                                      |
| The Chukyo Bank, Limited                                   | Naka-ku, Nagoya City                           | 39.6<br>(0.0)                             |
| Nippon Mutual Housing Loan Co., Ltd.                       | Taito-ku, Tokyo                                | 4.7<br>[37.6]                             |
| Vietnam Joint Stock Commercial Bank for Industry and Trade | Hanoi,<br>the Socialist Republic of<br>Vietnam | 19.7                                      |
| Dah Sing Financial Holdings Limited                        | Hong Kong,<br>People's Republic of China       | 15.1                                      |
| Security Bank Corporation                                  | Makati,<br>Republic of the Philippines         | 20.0                                      |
| Bangkok BTMU Limited                                       | Bangkok,<br>Kingdom of Thailand                | 20.0<br>(10.0)                            |
| BTMU Holding (Thailand) Co., Ltd.                          | Bangkok,<br>Kingdom of Thailand                | 11.1<br>[29.8]                            |
| 37 Other companies   |  |   |

(Notes) 1. Of the above affiliates, Bank of Ayudhya Public Company Limited and BTMU Preferred Capital 9 Limited are classified as Specified Subsidiaries.

2. Of the above affiliates, Mitsubishi UFJ Financial Group, Inc., JACCS CO., LTD. and The Chukyo Bank, Limited submit annual securities reports or securities registration statements.

3. Of the above affiliates, the ordinary income of MUFG Americas Holdings Corporation (excluding internal transactions between consolidated companies) represents more than 10% of the ordinary income in the consolidated financial statements.

The ordinary income, ordinary profit, net income, total equity and total assets of MUFG Americas Holdings

Corporation are ¥566,050 million, ¥142,940 million, ¥103,845 million, ¥1,716,913 million and ¥17,812,701 million, respectively.

As for key information concerning the profit or loss of MUFG Americas Holdings Corporation, its consolidated figures including those of its subsidiaries rather than non-consolidated figures are presented.

4. ( ) in the “Ratio of voting rights holding (held)” column refers to indirect ownership via subsidiaries, while [ ] indicates the ratio of ownership by “persons who are found to exercise their voting rights in the same manner as the Company due to having a close relationship with the Company in terms of contribution, personnel affairs, funds, technology, transactions or other matters” or “persons who agree to exercise their voting rights in the same manner as the Company.”

## 5. Employees

### (1) Number of employees in consolidated companies

As of March 31, 2017

|                     | Retail Banking Business Unit | Corporate Banking Business Unit | Global Business Unit | Global Markets Unit | Other units      | Total              |
|---------------------|------------------------------|---------------------------------|----------------------|---------------------|------------------|--------------------|
| Number of employees | 15,892<br>[8,900]            | 9,347<br>[2,000]                | 49,001<br>[4,200]    | 1,242<br>[0]        | 8,543<br>[7,500] | 84,025<br>[22,500] |

- (Notes)
1. Number of employees includes locally hired overseas staff members, but excludes 3,887 contract employees and 22,000 temporary employees.
  2. Numbers within brackets indicate average number of temporary employees over the current fiscal year.
  3. Number of temporary employees includes contractors and is rounded to the nearest hundred.
  4. Number of contractors counted as temporary employees was 5,400 at the end of the current fiscal year while 5,500 on average over the year (numbers are rounded to the nearest hundred).

### (2) Employees of the Bank

As of March 31, 2017

| Number of employees | Average age (Years) | Average years of service (Years) | Average annual salary (Thousands of yen) |
|---------------------|---------------------|----------------------------------|--|
| 34,276<br>[12,407]  | 37.9                | 14.5                             | 7,738                                    |

|                     | Retail Banking Business Unit | Corporate Banking Business Unit | Global Business Unit | Global Markets Unit | Other units      | Total              |
|---------------------|------------------------------|---------------------------------|----------------------|---------------------|------------------|--------------------|
| Number of employees | 14,871<br>[8,334]            | 7,800<br>[1,515]                | 6,213<br>[528]       | 1,242<br>[42]       | 4,150<br>[1,988] | 34,276<br>[12,407] |

- (Notes)
1. Number of employees excludes employees loaned to other companies but includes employees loaned to the Bank, while it includes locally hired overseas staff members, but excludes 1,641 contract employees and 11,973 temporary employees.
  2. Number of employees excludes 91 Executive Officers (15 of whom serving as Directors concurrently).
  3. Number within brackets indicates average number of temporary employees for the current fiscal year.
  4. Number of temporary employees includes contractors. Number of contractors was 2,626 at the end of the current fiscal year and 2,800 on average over the year.
  5. Average age, average years of service and average annual salary reflect neither locally hired overseas staff members nor employees loaned to the Bank.
  6. Average annual salary includes bonus and extra wages.
  7. Employees union of the Bank is called The Bank of Tokyo-Mitsubishi UFJ Union with the membership of 31,841. No significant issues exist between the union and the management.

## II. Business Overview

### 1. Summary of Results

(Results for the current fiscal year)

Results for the current fiscal year are as follows:

Assets as of the end of the current fiscal year increased by ¥6,310.9 billion to ¥229,108.3 billion. Major components were loans and bills discounted of ¥95,121.2 billion, cash and due from banks of ¥49,105.0 billion and securities of ¥43,287.1 billion. Liabilities as of the end of the current fiscal year increased by ¥7,002.1 billion to ¥216,681.2 billion. Major components were deposits and negotiable certificates of deposit of ¥161,350.1 billion.

As for profits and losses, ordinary income increased by ¥203.5 billion compared to the previous fiscal year to ¥4,237.3 billion and ordinary expenses increased by ¥295.2 billion compared to the previous fiscal year to ¥3,245.3 billion. As a result, the Bank posted ordinary profit of ¥992.0 billion, with a decrease of ¥91.6 billion from the previous fiscal year and net income attributable to the shareholders of The Bank of Tokyo-Mitsubishi UFJ of ¥689.9 billion, with an increase of ¥4.0 billion from the previous fiscal year.

Results by reportable segment are as follows:

1. Retail Banking Business Unit

Net operating income was ¥55.1 billion, with a decrease of ¥41.0 billion from the previous fiscal year.

2. Corporate Banking Business Unit

Net operating income was ¥326.2 billion, with a decrease of ¥31.8 billion from the previous fiscal year.

3. Global Business Unit

Net operating income was ¥460.8 billion, with an increase of ¥10.4 billion from the previous fiscal year.

4. Global Markets Unit

Net operating income was ¥260.0 billion, with a decrease of ¥79.2 billion from the previous fiscal year.

5. Other units

Net operating loss was ¥87.9 billion, with a decrease of ¥23.1 billion from the previous fiscal year.

From the current fiscal year, the Bank has changed the calculation method of business segment profit in accordance with the changes in its internal performance management methods such as the changes in the allocation method of income and expenses of business segments.

Segment information for the previous fiscal year that was prepared in accordance with the restated calculation method is provided in “Segment Information” under the Section entitled “Notes to Consolidated Financial Statements” of “V. Financial Information.”

(Summary of cash flows)

With regard to cash flows, operating activities generated net cash of ¥6,800.0 billion, with a ¥5,417.7 billion increase in cash inflows from the previous fiscal year. Investing activities generated net cash of ¥6,512.8 billion, with a ¥3,931.9 billion increase in cash inflows from the previous fiscal year. Financing activities used net cash of ¥721.0 billion, with a ¥638.1 billion increase in cash outflows from the previous fiscal year.

Cash and cash equivalents at the end of the current fiscal year were ¥20,086.2 billion, with a ¥12,573.0 billion increase from the end of the previous fiscal year.

The consolidated total risk-adjusted capital ratio based on uniform international standards as of March 31, 2017 was 15.28%.

(1) Income and expenses for domestic and overseas operations

Details of income and expenses for domestic and overseas operations are as follows:

The total amount of net interest income, net fees and commissions, net trading income and net other operating income for the current fiscal year was ¥2,757.4 billion, with a ¥162.2 billion decrease from the previous fiscal year. Of this, domestic operations posted an income of ¥1,486.5 billion, with a decrease of ¥164.8 billion from the previous fiscal year, and overseas operations posted an income of ¥1,460.2 billion, with a decrease of ¥10.5 billion from the previous fiscal year.

(Millions of yen)

| Item                                    | Fiscal year          | Domestic  | Overseas  | Amount of elimination | Total     |
|---|----------------------|-----------|-----------|-----------------------|-----------|
|   |                      | Amount    | Amount    | Amount                | Amount    |
| Net interest income                     | Previous fiscal year | 910,195   | 946,836   | (68,872)              | 1,788,159 |
|   | Current fiscal year  | 822,851   | 934,299   | (44,275)              | 1,712,876 |
| Of which, interest income               | Previous fiscal year | 1,070,837 | 1,403,999 | (151,063)             | 2,323,774 |
|   | Current fiscal year  | 1,047,358 | 1,506,177 | (118,245)             | 2,435,290 |
| Of which, interest expenses             | Previous fiscal year | 160,642   | 457,163   | (82,190)              | 535,614   |
|   | Current fiscal year  | 224,506   | 571,878   | (73,970)              | 722,414   |
| Net fees and commissions                | Previous fiscal year | 463,319   | 386,858   | (132,382)             | 717,796   |
|   | Current fiscal year  | 459,889   | 408,553   | (138,633)             | 729,808   |
| Of which, fees and commissions income   | Previous fiscal year | 610,744   | 443,235   | (176,934)             | 877,046   |
|   | Current fiscal year  | 607,006   | 472,495   | (186,794)             | 892,707   |
| Of which, fees and commissions expenses | Previous fiscal year | 147,425   | 56,376    | (44,551)              | 159,249   |
|   | Current fiscal year  | 147,117   | 63,941    | (48,160)              | 162,899   |
| Net trading income                      | Previous fiscal year | 104,868   | 30,142    | 618                   | 135,629   |
|   | Current fiscal year  | 60,352    | 49,769    | (3,370)               | 106,750   |
| Of which, trading income                | Previous fiscal year | 104,868   | 47,688    | (16,927)              | 135,629   |
|   | Current fiscal year  | 60,352    | 88,921    | (39,688)              | 109,585   |
| Of which, trading expenses              | Previous fiscal year | –         | 17,545    | (17,545)              | –         |
|   | Current fiscal year  | –         | 39,151    | (36,317)              | 2,834     |
| Net other operating income              | Previous fiscal year | 173,014   | 106,940   | (1,867)               | 278,088   |
|   | Current fiscal year  | 143,491   | 67,631    | (3,116)               | 208,006   |
| Of which, other operating income        | Previous fiscal year | 304,794   | 332,815   | (209,930)             | 427,679   |
|   | Current fiscal year  | 358,982   | 234,867   | (106,018)             | 487,831   |
| Of which, other operating expenses      | Previous fiscal year | 131,780   | 225,874   | (208,063)             | 149,591   |
|   | Current fiscal year  | 215,491   | 167,235   | (102,901)             | 279,825   |

- (Notes) 1. “Domestic” includes offices of the Bank (excluding its overseas offices) and consolidated subsidiaries whose principal offices are located in Japan (hereinafter referred to as “domestic consolidated subsidiaries”). “Overseas” includes the Bank’s overseas offices and consolidated subsidiaries whose principal offices are located abroad (hereinafter referred to as “overseas consolidated subsidiaries”).
2. Interest expenses are stated excluding expenses related to money held in trust.
3. “Amount of elimination” is the total amount of elimination associated with the internal transactions, etc. between consolidated companies.



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

1) Domestic

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

The average balance of interest-earning assets in the current fiscal year decreased by ¥7,137.2 billion compared to the previous fiscal year to ¥128,410.9 billion. Yield on interest-earning assets rose by 0.02% to 0.81% and the total interest income stood at ¥1,047.3 billion, with a decrease of ¥23.4 billion from the previous fiscal year. The average balance of interest-bearing liabilities in the current fiscal year increased by ¥2,853.2 billion compared to the previous fiscal year to ¥133,772.8 billion. Yield on interest-bearing liabilities rose by 0.04% to 0.16% and total interest expenses stood at ¥224.5 billion, with an increase of ¥63.8 billion from the previous fiscal year.

(Millions of yen)

| Item   | Fiscal year          | Average balance | Interest  | Yield |
|--|----------------------|-----------------|-----------|-------|
|  |                      | Amount          | Amount    | (%)   |
| Interest-earning assets  | Previous fiscal year | 135,548,172     | 1,070,837 | 0.79  |
|  | Current fiscal year  | 128,410,971     | 1,047,358 | 0.81  |
| Of which,<br>loans and bills discounted                          | Previous fiscal year | 61,414,418      | 574,593   | 0.93  |
|  | Current fiscal year  | 57,980,232      | 546,082   | 0.94  |
| Of which, securities   | Previous fiscal year | 43,748,161      | 422,697   | 0.96  |
|  | Current fiscal year  | 40,095,634      | 426,573   | 1.06  |
| Of which,<br>call loans and bills bought                         | Previous fiscal year | 19,405          | 26        | 0.13  |
|  | Current fiscal year  | 14,930          | 7         | 0.05  |
| Of which, receivables under<br>resale agreements                 | Previous fiscal year | 25,492          | 14        | 0.05  |
|  | Current fiscal year  | 5,816           | 0         | 0.00  |
| Of which, receivables under<br>securities borrowing transactions | Previous fiscal year | 146,377         | 68        | 0.04  |
|  | Current fiscal year  | 1,617,912       | 163       | 0.01  |
| Of which,<br>due from banks                                      | Previous fiscal year | 26,008,411      | 25,667    | 0.09  |
|  | Current fiscal year  | 24,751,570      | 24,442    | 0.09  |
| Interest-bearing liabilities                                     | Previous fiscal year | 130,919,534     | 160,642   | 0.12  |
|  | Current fiscal year  | 133,772,833     | 224,506   | 0.16  |
| Of which, deposits   | Previous fiscal year | 106,846,000     | 45,457    | 0.04  |
|  | Current fiscal year  | 115,118,842     | 32,350    | 0.02  |
| Of which,<br>negotiable certificates of deposit                  | Previous fiscal year | 2,802,956       | 2,105     | 0.07  |
|  | Current fiscal year  | 1,288,282       | 505       | 0.03  |
| Of which,<br>call money and bills sold                           | Previous fiscal year | 2,434,174       | 2,492     | 0.10  |
|  | Current fiscal year  | 71,989          | 509       | 0.70  |
| Of which, payables under<br>repurchase agreements                | Previous fiscal year | 9,061,032       | 33,972    | 0.37  |
|  | Current fiscal year  | 8,144,306       | 56,457    | 0.69  |
| Of which, payables under<br>securities lending transactions      | Previous fiscal year | 1,265,595       | 1,007     | 0.07  |
|  | Current fiscal year  | 3,959,772       | 395       | 0.00  |
| Of which,<br>commercial paper                                    | Previous fiscal year | –               | –         | –     |
|  | Current fiscal year  | –               | –         | –     |
| Of which,<br>borrowed money                                      | Previous fiscal year | 12,477,032      | 89,308    | 0.71  |
|  | Current fiscal year  | 12,868,319      | 103,180   | 0.80  |

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

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

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

## 2) Overseas

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

The average balance of interest-earning assets in the current fiscal year increased by ¥2,425.1 billion compared to the previous fiscal year to ¥63,720.6 billion. Yield on interest-earning assets rose by 0.07% to 2.36% and total interest income stood at ¥1,506.1 billion, with an increase of ¥102.1 billion from the previous fiscal year. The average balance of interest-bearing liabilities in the current fiscal year increased by ¥5,305.0 billion compared to the previous fiscal year to ¥63,948.2 billion. Yield on interest-bearing liabilities rose by 0.11% to 0.89% and total interest expenses stood at ¥571.8 billion, with an increase of ¥114.7 billion from the previous fiscal year.

(Millions of yen)

| Item   | Fiscal year          | Average balance | Interest  | Yield |
|--|----------------------|-----------------|-----------|-------|
|  |                      | Amount          | Amount    | (%)   |
| Interest-earning assets  | Previous fiscal year | 61,295,489      | 1,403,999 | 2.29  |
|  | Current fiscal year  | 63,720,600      | 1,506,177 | 2.36  |
| Of which,<br>loans and bills discounted                          | Previous fiscal year | 40,294,082      | 1,030,421 | 2.55  |
|  | Current fiscal year  | 42,524,268      | 1,102,616 | 2.59  |
| Of which, securities   | Previous fiscal year | 6,357,353       | 140,497   | 2.21  |
|  | Current fiscal year  | 6,534,400       | 143,586   | 2.19  |
| Of which,<br>call loans and bills bought                         | Previous fiscal year | 713,004         | 9,729     | 1.36  |
|  | Current fiscal year  | 697,485         | 10,493    | 1.50  |
| Of which, receivables under<br>resale agreements                 | Previous fiscal year | 731,009         | 27,337    | 3.73  |
|  | Current fiscal year  | 1,704,419       | 38,810    | 2.27  |
| Of which, receivables under<br>securities borrowing transactions | Previous fiscal year | —               | —         | —     |
|  | Current fiscal year  | 251,814         | 1,679     | 0.66  |
| Of which,<br>due from banks                                      | Previous fiscal year | 9,322,139       | 55,394    | 0.59  |
|  | Current fiscal year  | 7,549,480       | 57,417    | 0.76  |
| Interest-bearing liabilities                                     | Previous fiscal year | 58,643,164      | 457,163   | 0.77  |
|  | Current fiscal year  | 63,948,228      | 571,878   | 0.89  |
| Of which, deposits   | Previous fiscal year | 35,247,692      | 224,580   | 0.63  |
|  | Current fiscal year  | 37,075,114      | 244,050   | 0.65  |
| Of which,<br>negotiable certificates of deposit                  | Previous fiscal year | 5,989,385       | 34,678    | 0.57  |
|  | Current fiscal year  | 4,680,877       | 48,794    | 1.04  |
| Of which,<br>call money and bills sold                           | Previous fiscal year | 364,943         | 3,440     | 0.94  |
|  | Current fiscal year  | 342,837         | 3,288     | 0.95  |
| Of which, payables under<br>repurchase agreements                | Previous fiscal year | 599,862         | 7,331     | 1.22  |
|  | Current fiscal year  | 2,245,410       | 17,870    | 0.79  |
| Of which, payables under<br>securities lending transactions      | Previous fiscal year | —               | —         | —     |
|  | Current fiscal year  | 22,220          | —         | —     |
| Of which,<br>commercial paper                                    | Previous fiscal year | 1,394,809       | 4,121     | 0.29  |
|  | Current fiscal year  | 1,395,771       | 11,144    | 0.79  |
| Of which,<br>borrowed money                                      | Previous fiscal year | 2,340,516       | 26,698    | 1.14  |
|  | Current fiscal year  | 2,325,026       | 28,078    | 1.20  |

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

## 3) Total

(Millions of yen)

| Item  | Fiscal year          | Average balance |                       |             | Interest  |                       |           | Yield (%) |
|---|----------------------|-----------------|-----------------------|-------------|-----------|-----------------------|-----------|-----------|
|   |                      | Subtotal        | Amount of elimination | Total       | Subtotal  | Amount of elimination | Total     |           |
| Interest-earning assets                                       | Previous fiscal year | 196,843,662     | (8,140,300)           | 188,703,361 | 2,474,837 | (151,063)             | 2,323,774 | 1.23      |
|   | Current fiscal year  | 192,131,572     | (7,868,680)           | 184,262,892 | 2,553,536 | (118,245)             | 2,435,290 | 1.32      |
| Of which, loans and bills discounted                          | Previous fiscal year | 101,708,500     | (3,098,538)           | 98,609,961  | 1,605,297 | (70,936)              | 1,534,360 | 1.55      |
|   | Current fiscal year  | 100,504,501     | (2,885,141)           | 97,619,359  | 1,648,698 | (64,375)              | 1,584,323 | 1.62      |
| Of which, securities  | Previous fiscal year | 50,105,514      | (2,855,793)           | 47,249,720  | 563,195   | (69,130)              | 494,065   | 1.04      |
|   | Current fiscal year  | 46,630,034      | (2,943,662)           | 43,686,372  | 570,160   | (41,053)              | 529,106   | 1.21      |
| Of which, call loans and bills bought                         | Previous fiscal year | 732,410         | (215,750)             | 516,660     | 9,756     | (202)                 | 9,553     | 1.84      |
|   | Current fiscal year  | 712,416         | (144,651)             | 567,764     | 10,501    | (169)                 | 10,332    | 1.81      |
| Of which, receivables under resale agreements                 | Previous fiscal year | 756,502         | –                     | 756,502     | 27,351    | –                     | 27,351    | 3.61      |
|   | Current fiscal year  | 1,710,236       | (3,173)               | 1,707,062   | 38,810    | 10                    | 38,821    | 2.27      |
| Of which, receivables under securities borrowing transactions | Previous fiscal year | 146,377         | –                     | 146,377     | 68        | –                     | 68        | 0.04      |
|   | Current fiscal year  | 1,869,726       | –                     | 1,869,726   | 1,842     | –                     | 1,842     | 0.09      |
| Of which, due from banks                                      | Previous fiscal year | 35,330,550      | (1,640,757)           | 33,689,792  | 81,061    | (9,285)               | 71,776    | 0.21      |
|   | Current fiscal year  | 32,301,051      | (1,579,195)           | 30,721,855  | 81,860    | (9,980)               | 71,879    | 0.23      |
| Interest-bearing liabilities                                  | Previous fiscal year | 189,562,698     | (5,314,941)           | 184,247,757 | 617,805   | (82,190)              | 535,614   | 0.29      |
|   | Current fiscal year  | 197,721,062     | (4,950,192)           | 192,770,869 | 796,384   | (73,970)              | 722,414   | 0.37      |
| Of which, deposits  | Previous fiscal year | 142,093,692     | (1,198,069)           | 140,895,623 | 270,038   | (4,523)               | 265,514   | 0.18      |
|   | Current fiscal year  | 152,193,957     | (1,262,875)           | 150,931,081 | 276,401   | (5,284)               | 271,116   | 0.17      |
| Of which, negotiable certificates of deposit                  | Previous fiscal year | 8,792,341       | –                     | 8,792,341   | 36,783    | –                     | 36,783    | 0.41      |
|   | Current fiscal year  | 5,969,160       | –                     | 5,969,160   | 49,300    | (0)                   | 49,299    | 0.82      |
| Of which, call money and bills sold                           | Previous fiscal year | 2,799,117       | (78,027)              | 2,721,090   | 5,932     | (219)                 | 5,713     | 0.20      |
|   | Current fiscal year  | 414,826         | (81,751)              | 333,074     | 3,797     | (794)                 | 3,002     | 0.90      |
| Of which, payables under repurchase agreements                | Previous fiscal year | 9,660,894       | –                     | 9,660,894   | 41,303    | –                     | 41,303    | 0.42      |
|   | Current fiscal year  | 10,389,716      | (3,173)               | 10,386,542  | 74,328    | 10                    | 74,338    | 0.71      |
| Of which, payables under securities lending transactions      | Previous fiscal year | 1,265,595       | –                     | 1,265,595   | 1,007     | –                     | 1,007     | 0.07      |
|   | Current fiscal year  | 3,981,993       | –                     | 3,981,993   | 395       | –                     | 395       | 0.00      |
| Of which, commercial paper                                    | Previous fiscal year | 1,394,809       | –                     | 1,394,809   | 4,121     | –                     | 4,121     | 0.29      |
|   | Current fiscal year  | 1,395,771       | –                     | 1,395,771   | 11,144    | –                     | 11,144    | 0.79      |
| Of which, borrowed money                                      | Previous fiscal year | 14,817,549      | (3,367,546)           | 11,450,003  | 116,007   | (71,843)              | 44,163    | 0.38      |
|   | Current fiscal year  | 15,193,346      | (2,769,447)           | 12,423,898  | 131,259   | (60,447)              | 70,811    | 0.56      |

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

(3) Fees and commissions by domestic and overseas office

Net fees and commissions income are as follows:

Fees and commissions income of domestic offices for the current fiscal year was ¥607.0 billion, with a decrease of ¥3.7 billion from the previous fiscal year. Fees and commissions expenses were ¥147.1 billion, with a decrease of ¥0.3 billion from the previous fiscal year, resulting in a net fees and commissions income of ¥459.8 billion, with a decrease of ¥3.4 billion from the previous fiscal year. Fees and commissions income of overseas offices during the current fiscal year was ¥472.4 billion, with an increase of ¥29.2 billion from the previous fiscal year, while fees and commissions expenses were ¥63.9 billion, with an increase of ¥7.5 billion from the previous fiscal year, resulting in a net fees and commissions income of ¥408.5 billion, with an increase of ¥21.6 billion from the previous fiscal year.

Consequently, total net fees and commissions income for the current fiscal year stood at ¥729.8 billion, with an increase of ¥12.0 billion from the previous fiscal year.

(Millions of yen)

| Item   | Fiscal year          | Domestic | Overseas | Amount of elimination | Total   |
|--|----------------------|----------|----------|-----------------------|---------|
|  |                      | Amount   | Amount   | Amount                | Amount  |
| Fees and commissions income                      | Previous fiscal year | 610,744  | 443,235  | (176,934)             | 877,046 |
|  | Current fiscal year  | 607,006  | 472,495  | (186,794)             | 892,707 |
| Of which, domestic and foreign exchange services | Previous fiscal year | 152,255  | 14,079   | (324)                 | 166,010 |
|  | Current fiscal year  | 150,366  | 13,159   | (330)                 | 163,194 |
| Of which, other commercial banking services      | Previous fiscal year | 256,019  | 277,583  | (3,165)               | 530,438 |
|  | Current fiscal year  | 261,380  | 268,714  | (3,861)               | 526,233 |
| Of which, guarantee services                     | Previous fiscal year | 50,782   | 25,333   | (16,798)              | 59,316  |
|  | Current fiscal year  | 48,489   | 32,461   | (16,545)              | 64,405  |
| Of which, securities-related services            | Previous fiscal year | 54,391   | 9,969    | (41)                  | 64,319  |
|  | Current fiscal year  | 45,740   | 25,070   | (64)                  | 70,745  |
| Fees and commissions expenses                    | Previous fiscal year | 147,425  | 56,376   | (44,551)              | 159,249 |
|  | Current fiscal year  | 147,117  | 63,941   | (48,160)              | 162,899 |
| Of which, domestic and foreign exchange services | Previous fiscal year | 34,726   | 7,024    | (313)                 | 41,438  |
|  | Current fiscal year  | 33,146   | 7,954    | (328)                 | 40,772  |

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

(4) Trading results by domestic and overseas office

Details of trading income and expenses

Net trading incomes of domestic and overseas offices are as follows:

Trading income of domestic offices for the current fiscal year was ¥60.3 billion, with a decrease of ¥44.5 billion from the previous fiscal year, resulting in a net trading income of ¥60.3 billion, accompanied by a decrease of ¥44.5 billion from the previous fiscal year. Trading income of overseas offices for the current fiscal year was ¥88.9 billion, with an increase of ¥41.2 billion from the previous fiscal year. Trading expenses of overseas offices were ¥39.1 billion, an increase of ¥21.6 billion from the previous fiscal year. As a result, net trading income for the current fiscal year was ¥49.7 billion, with an increase of ¥19.6 billion from the previous fiscal year.

Consequently, total net trading income posted by both domestic and overseas offices for the current fiscal year stood at ¥106.7 billion, with a decrease of ¥28.8 billion from the previous fiscal year.

(Millions of yen)

| Item   | Fiscal year          | Domestic | Overseas | Amount of elimination | Total   |
|--|----------------------|----------|----------|-----------------------|---------|
|  |                      | Amount   | Amount   | Amount                | Amount  |
| Trading income   | Previous fiscal year | 104,868  | 47,688   | (16,927)              | 135,629 |
|  | Current fiscal year  | 60,352   | 88,921   | (39,688)              | 109,585 |
| Of which, income from trading securities                         | Previous fiscal year | 4,247    | 3,983    | (41)                  | 8,189   |
|  | Current fiscal year  | 2,879    | 18,351   | (20,069)              | 1,161   |
| Of which, income from securities related to trading transactions | Previous fiscal year | 4,914    | (431)    | (138)                 | 4,344   |
|  | Current fiscal year  | 1,427    | (877)    | (549)                 | –       |
| Of which, income from trading-related financial derivatives      | Previous fiscal year | 93,235   | 44,135   | (16,747)              | 120,623 |
|  | Current fiscal year  | 55,719   | 71,447   | (19,068)              | 108,097 |
| Of which, income from other trading transactions                 | Previous fiscal year | 2,470    | 0        | –                     | 2,471   |
|  | Current fiscal year  | 326      | 0        | –                     | 326     |
| Trading expenses   | Previous fiscal year | –        | 17,545   | (17,545)              | –       |
|  | Current fiscal year  | –        | 39,151   | (36,317)              | 2,834   |
| Of which, expenses on trading securities                         | Previous fiscal year | –        | 41       | (41)                  | –       |
|  | Current fiscal year  | –        | 20,069   | (20,069)              | –       |
| Of which, expenses on securities related to trading transactions | Previous fiscal year | –        | 138      | (138)                 | –       |
|  | Current fiscal year  | –        | 3,384    | (549)                 | 2,834   |
| Of which, expenses on trading-related financial derivatives      | Previous fiscal year | –        | 17,366   | (17,366)              | –       |
|  | Current fiscal year  | –        | 15,698   | (15,698)              | –       |
| Of which, expenses on other trading transactions                 | Previous fiscal year | –        | –        | –                     | –       |
|  | Current fiscal year  | –        | –        | –                     | –       |

- (Notes) 1. “Domestic” includes offices of the Bank (excluding its overseas offices) and domestic consolidated subsidiaries.  
“Overseas” includes the Bank’s overseas offices and overseas consolidated subsidiaries.  
2. “Amount of elimination” is the total amount of elimination associated with the internal transactions, etc. between consolidated companies.

## (5) Balance of deposits by domestic and overseas office

## · Deposits by classification (ending balance)

(Millions of yen)

| Item                               | Fiscal year          | Domestic    | Overseas   | Amount of elimination | Total       |
|------------------------------------|----------------------|-------------|------------|-----------------------|-------------|
|                                    |                      | Amount      | Amount     | Amount                | Amount      |
| Total deposits                     | Previous fiscal year | 112,182,553 | 36,852,218 | (1,250,425)           | 147,784,345 |
|                                    | Current fiscal year  | 119,885,688 | 36,558,280 | (1,733,839)           | 154,710,129 |
| Of which, liquid deposits          | Previous fiscal year | 78,507,388  | 20,482,713 | (590,762)             | 98,399,339  |
|                                    | Current fiscal year  | 86,949,425  | 21,264,170 | (614,198)             | 107,599,397 |
| Of which, fixed-term deposits      | Previous fiscal year | 27,497,892  | 16,208,342 | (647,309)             | 43,058,925  |
|                                    | Current fiscal year  | 26,464,217  | 15,240,390 | (659,508)             | 41,045,098  |
| Of which, other deposits           | Previous fiscal year | 6,177,271   | 161,162    | (12,353)              | 6,326,080   |
|                                    | Current fiscal year  | 6,472,045   | 53,719     | (460,132)             | 6,065,633   |
| Negotiable certificates of deposit | Previous fiscal year | 1,561,028   | 5,469,326  | –                     | 7,030,355   |
|                                    | Current fiscal year  | 1,345,435   | 5,294,625  | –                     | 6,640,060   |
| Total                              | Previous fiscal year | 113,743,581 | 42,321,545 | (1,250,425)           | 154,814,701 |
|                                    | Current fiscal year  | 121,231,123 | 41,852,906 | (1,733,839)           | 161,350,190 |

- (Notes) 1. “Domestic” includes offices of the Bank (excluding its overseas offices) and domestic consolidated subsidiaries.  
“Overseas” includes the Bank’s overseas offices and overseas consolidated subsidiaries.
2. “Amount of elimination” is the total amount of elimination associated with internal transactions, etc. between consolidated companies.
3. Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice
4. Fixed-term deposits = Time deposits + Installment savings

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

| Industry   | Previous fiscal year        |                       | Current fiscal year         |                       |
|--|-----------------------------|-----------------------|-----------------------------|-----------------------|
|  | Amount<br>(Millions of yen) | Composition ratio (%) | Amount<br>(Millions of yen) | Composition ratio (%) |
| Domestic<br>(excluding Japan offshore<br>market account) | 60,941,476                  | 100.00                | 54,637,005                  | 100.00                |
| Manufacturing  | 8,773,553                   | 14.40                 | 8,554,143                   | 15.66                 |
| Construction   | 716,043                     | 1.18                  | 671,563                     | 1.23                  |
| Wholesale and retail                                     | 5,535,199                   | 9.08                  | 5,560,677                   | 10.18                 |
| Finance and insurance                                    | 6,059,939                   | 9.94                  | 5,958,706                   | 10.90                 |
| Real estate, goods rental<br>and leasing                 | 8,060,369                   | 13.23                 | 8,300,239                   | 15.19                 |
| Services   | 2,373,504                   | 3.89                  | 2,430,885                   | 4.45                  |
| Other industries   | 29,422,866                  | 48.28                 | 23,160,789                  | 42.39                 |
| Overseas and Japan offshore<br>market account            | 40,066,204                  | 100.00                | 40,484,260                  | 100.00                |
| Governments and public<br>organizations                  | 971,750                     | 2.43                  | 864,555                     | 2.13                  |
| Financial institutions                                   | 8,558,125                   | 21.36                 | 9,184,391                   | 22.69                 |
| Others   | 30,536,328                  | 76.21                 | 30,435,313                  | 75.18                 |
| Total  | 101,007,681                 | –                     | 95,121,265                  | –                     |

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

(Status of Risk-Adjusted Capital Ratio)

(Reference information)

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

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

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

(Billions of yen, %)

|  | As of March 31, 2017 |
|--|----------------------|
| 1. Consolidated Total Capital Ratio (4/7)                | 15.28                |
| 2. Consolidated Tier 1 Capital Ratio (5/7)               | 12.70                |
| 3. Consolidated Common Equity Tier 1 Capital Ratio (6/7) | 11.14                |
| 4. Consolidated Total Capital                            | 14,053.4             |
| 5. Consolidated Tier 1 Capital                           | 11,680.7             |
| 6. Consolidated Common Equity Tier 1 Capital             | 10,245.8             |
| 7. Risk-weighted Assets                                  | 91,960.0             |
| 8. Consolidated Total Capital Requirements               | 7,356.8              |

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

(Billions of yen, %)

|  | As of March 31, 2017 |
|--|----------------------|
| 1. Non-consolidated Total Capital Ratio (4/7)                | 16.70                |
| 2. Non-consolidated Tier 1 Capital Ratio (5/7)               | 13.88                |
| 3. Non-consolidated Common Equity Tier 1 Capital Ratio (6/7) | 12.04                |
| 4. Non-consolidated Total Capital                            | 12,823.3             |
| 5. Non-consolidated Tier 1 Capital                           | 10,655.5             |
| 6. Non-consolidated Common Equity Tier 1 Capital             | 9,247.7              |
| 7. Risk-weighted Assets                                      | 76,757.5             |
| 8. Non-consolidated Total Capital Requirements               | 6,140.6              |



(Assessment of asset quality)

(Reference information)

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

1. Claims against bankrupt or de facto bankrupt borrowers

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

2. Doubtful claims

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

3. Claims in need of special attention

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

4. Normal claims

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

## 2. Management Policy, Business Environment and Issues to be Addressed, etc.

### (1) Management policy

The MUFG Group has established the following corporate vision to clarify the Group's mission and what it aims to be, and to provide common guidelines for a Group-wide response to the expectations of customers and society. The Bank's officers and employees share the three values of "Integrity and Responsibility," "Professionalism and Teamwork," and "Challenge Ourselves to Grow," as we pursue our vision to "Be the world's most trusted financial group."

#### (Corporate vision)

##### OUR MISSION

To be a foundation of strength, committed to meeting the needs of our customers, serving society, and fostering shared and sustainable growth for a better world.

##### OUR VISION

Be the world's most trusted financial group

1. Work together to exceed the expectations of our customers
2. Provide reliable and constant support to our customers
3. Expand and strengthen our global presence

##### OUR VALUES

1. Integrity and Responsibility
2. Professionalism and Teamwork
3. Challenge Ourselves to Grow

The operating environment for financial institutions is transforming substantially amidst such trends as changing patterns of consumption stemming from an aging Japanese population and its declining birthrate and the advance of information and communications technology. It is crucial to the continued progress of the Bank for us to maintain an accurate understanding of such changes, and evolve and reform our business model as a preemptive response to these changes. Based on this recognition, the Bank turned its eye toward the expected operating environment changes over the next decade, and launched its Medium-term Business Plan (fiscal 2015 to fiscal 2017), which outlines the strategies that will be implemented over the first three years of this decade.

The basic policy of the Medium-term Business Plan was defined as "Challenge to reform – foreseeing the next decade," with the Group business strategies and business foundation strategies of the plan based on three strategic focuses: "Customer perspective," "Group-driven approach," and "Productivity improvements." "Customer perspective" calls on us to develop businesses based on changing customer needs. "Group-driven approach" inspires us to bolster inter-Group company unity and consider how to optimize our business on a Group-wide basis. "Productivity improvements" encapsulates our commitment to boosting competitiveness by pursuing higher levels of rationality and efficiency.

### (2) Business environment

An overview of the financial and economic environment for the current fiscal year shows the global economy generally maintained a moderate recovery, particularly in developed countries. This was despite deep uncertainties arising from China's structural adjustment, as well as fluctuations in international financial markets due to key events such as the UK's vote to leave the EU and the advent of the new U.S. administration. The U.S. economy continued its self-sustained recovery, driven mainly by domestic demand, which was supported by improved employment conditions. However, the recovery in production and capital investment was a little slow in the corporate sector. In Europe, domestic demand continued to pick up, supported by improved employment conditions and low interest rates, despite an increase in uncertainty stemming from the UK's vote to leave the EU and non-performing loan problems in Southern European countries. On the whole, the Asian economy was solid, particularly in ASEAN (Association of Southeast Asian Nations). However, each country's exports were pushed down by the economic slowdown in China, which has been undergoing structural adjustment. Under such circumstances, Japan's economy maintained a moderate recovery throughout the fiscal year, yet some areas experienced a delay in improvement. Private consumption continued to grow, albeit slowly, on the back of an increase in employment and wages; meanwhile, residential investment also remained strong. Capital expenditure continued to increase gradually, underpinned by an upturn in exports and production, although it was held back temporarily by a slowdown in corporate earnings growth caused by yen appreciation in the first half of the fiscal year 2016. Public demand

was almost flat.

Turning now to financial conditions, there were large fluctuations in foreign exchange rates and stock prices in Japan. During the first half of fiscal year 2016, the Japanese yen continued to appreciate against the U.S. dollar and Japan's stock market was weak against a backdrop of uncertainties surrounding the global economy. However, after the U.S. presidential election, the Japanese yen depreciated sharply and stock prices surged due to high expectations brought about by the new administration. Towards the end of the fiscal year, the Japanese yen appreciated again. As for interest rates, the US Federal Reserve raised interest rates in December and March; whereas the Bank of England reduced interest rates in August after the national referendum and the European Central Bank retained its monetary easing policy. Additionally, the Bank of Japan maintained its aggressive monetary easing stance with the introduction of "Quantitative and Qualitative Monetary Easing with Yield Curve Control" in September, resulting in continued, low, long-term interest rates.

### (3) Issues to be Addressed

In fiscal 2016, the environment surrounding the MUFG Group became certainly harsher, due to developments in world politics that were more dramatic than expected and the resulting market fluctuations, as well as the impact of negative interest rates in Japan. In this environment, the Bank adapted to changes in the operating environment in a flexible and agile manner, while at the same time deepening the business strategies and business foundation strategies under the Medium-term Business Plan and its "Challenge to reform," and was able to make progress as previously described.

Fiscal 2017 is the final year of the Medium-term Business Plan defined as the first stage of reforms under the slogan of "reforms" focused on the next decade. In order to respond to an even harsher operating environment, we will work on the following key issues, bearing in mind the themes of "further speeding up reforms" and "more radical structural reforms," setting our sights on the next Medium-term Business Plan, and will accelerate various initiatives.

In addition, the MUFG Group has formulated the "MUFG Re-Imagining Strategy" as a group of initiatives aimed at full-scale reforms for the purpose of sustainable growth of the MUFG Group over the medium- to long-term. We will work to further embody this initiative which is the cornerstone of the MUFG Group's strategy and management structure for the future with the pillars of 1) Strengthening our management approach based on customer- and business-based segments, 2) Business transformation through the use of digital technology, 3) Initiatives to improve productivity, and 4) Reorganization of Group management structure. Restructuring the MUFG Group's management structure includes integrating the corporate loan businesses of its trust bank and the Bank by April 2018, the acquisition of Mitsubishi UFJ Kokusai Asset Management Co., Ltd. by the trust bank, and changes to trade name of the Bank.

### (Promotion of business strategies)

The Bank, as the core bank of MUFG Group, will provide the highest quality services with suitability and promptness by demonstrating the Group's integrated strength by capitalizing on its operational network both at home and abroad, which is the most extensive among the Japanese banks. In addition, further collaboration with other group companies will be expanded upon, in order to satisfy the increasingly diversified and sophisticated financial needs of customers in the face of turbulent changes in the business environment.

For individual customers, the Group will band together to provide asset management, custody and succession planning services and give firm backing to the flow from savings to stable asset building while helping to stimulate consumption by strengthening payment and consumer finance businesses.

To address the needs of SME customers, we will work to provide smooth support for customers' funding needs while also implementing initiatives in new business fields. Initiatives in new fields will include enhancing our M&A advisory service functions to respond to the rising number of business succession and bolstering our ability to provide asset management solutions. At the same time, we will also accelerate efforts to contribute to the growth of customers through means such as offering business matching services.

Meanwhile, we will respond to the ever more advanced, diverse and global management issues of large companies through concerted efforts conducted on a Group-wide and global basis, and we will establish a unique global Corporate & Investment Banking (CIB)<sup>\*1</sup> model to aid us in this endeavor. As part of this process, we will consolidate our sector-specific expertise while deepening strategic collaboration with Morgan Stanley.

In sales and trading business<sup>\*2</sup>, we will boost our competitiveness through the full-fledged launch of

Group-wide integrated operations. Specifically, we will push forward with efforts to strengthen its ability to provide products and services that address the diverse needs of various customers, such as corporations and institutional investors, on a global basis.

In transaction banking<sup>\*3</sup> operations, we aim to build an unrivaled position in the domestic market. At the same time, we will redouble efforts to address cross-border business flows and expand trade finance operations. In addition, we will bolster our product capabilities and sales capabilities through the COMSUITE brand and step up inter-regional collaboration to increase deposit balances.

Outside Japan, we are working to establish and strengthen unique, comprehensive commercial banking platforms. These efforts are centered around the Bank of Ayudhya Public Company Limited and MUFG Union Bank, N.A. In the past, the Bank's overseas operations focused primarily on transactions with large companies, but in strengthening platforms we are concentrating efforts on building a balanced business portfolio by branching out to accommodate local individuals and SME customers.

- \*1 A business model that provides customers with end-to-end, comprehensive financial services including both Corporate Banking (e.g. deposits and loans) and Investment Banking (e.g. M&A advisory) services, in order to help customers increase their corporate value
- \*2 General term for sales activities involving the provision of financial products and solutions including foreign exchange and derivatives, and trading activities to buy and sell global market products through inter-bank trading or trading on exchanges
- \*3 General term for deposit business, domestic exchange business, foreign exchange business, and related businesses such as cash management and trade finance

(Strengthening of operation basis)

We will take the following measures to strengthen the basis of operation:

Having transformed its structure to a Company with an Audit & Supervisory Committee, the Bank will press ahead with enhancement of the governance system with emphasis on an outside perspective, and will continue to further strengthen corporate governance systems by establishing an effective system for the oversight of management by the Board of Directors. Governance will also be enhanced on both a Group-wide and global basis. At the same time, the Bank is developing more evolved and advanced comprehensive risk management practices that address new regulations and progress in businesses while placing emphasis on managing risks in an integrated and preventive manner.

We will press ahead with further strengthening and streamlining of our business platform through shared usage of systems, back-office functions, and facilities on a Group-wide basis. At the same time, we will promote the use of block chain technology and AI in the ICT area, and pursue digitalization and greater usability in operational and administrative processes.

Communication, both internal communication that is a means of fostering a corporate culture and creating a sense of cohesion within the Group, and communication with outside parties that contributes to improving customer satisfaction and brand value as well as to helping us fulfill our corporate social responsibility, will be promoted strategically and in an integrated manner on a Group-wide and global basis to maximize its benefits.

The MUFG Group revised and announced the MUFG Basic Policy for Fiduciary Duties in May 2017, in order to thoroughly implement and further enhance its customer-first initiatives. We will strive to maintain and improve the MUFG brand in a way that it will receive broad empathy and support from society by regularly checking and revising the status of efforts to provide products and services that serve the interests of customers.

#### (4) Target Financial Data

The Bank's parent company, Mitsubishi UFJ Financial Group, aims to achieve ¥950.0 billion for net income attributable to the shareholders of The Bank of Tokyo-Mitsubishi UFJ by the fiscal year ending March 31, 2018, while the Bank, the Group's main banking subsidiary aims to achieve ¥420.0 billion for net income on a non-consolidated basis by the same fiscal year.

(For reference)

[Mitsubishi UFJ Financial Group - consolidated]

(Billions of yen)

|   | Fiscal 2017 | Semi-annual period | Fiscal 2016<br>(Actual) | Semi-annual period<br>(Actual) |
|---|-------------|--------------------|-------------------------|--------------------------------|
| Total credit cost (cost)  | (160.0)     | (70.0)             | (155.3)                 | (57.6)                         |
| Ordinary profit   | 1,390.0     | 670.0              | 1,360.7                 | 794.8                          |
| Net income attributable to the shareholders of The Bank of Tokyo-Mitsubishi UFJ | 950.0       | 440.0              | 926.4                   | 490.5                          |

(Main banking subsidiary – non-consolidated)

The Bank of Tokyo-Mitsubishi UFJ, Ltd.

(Billions of yen)

|   |        |        |        |       |
|---|--------|--------|--------|-------|
| Net business profit<br>(before provision for general allowance for credit losses) | 580.0  | 300.0  | 666.9  | 417.0 |
| Total credit cost (cost)  | (30.0) | (20.0) | (25.4) | (4.7) |
| Ordinary profit   | 570.0  | 280.0  | 632.2  | 410.2 |
| Net income  | 420.0  | 200.0  | 481.4  | 323.0 |

### 3. Risks Related to Business

The Bank has described below the major matters that the Bank believes may have a material impact on your investment decision with respect to risks to its business, as well as other risks. In addition, to proactively disclose information to investors, the Bank has described matters that do not necessarily correspond to such risk factors, but that the Bank believes are material to you in making an investment decision. The Bank will, with the understanding that these risks may occur, endeavor to avoid the occurrence of such risks and to address such risks if they occur.

This section contains forward-looking statements, which unless specifically described otherwise, reflect the Bank's understanding as of the date of filing of this Annual Securities Report.

#### (1) Risks relating to the Bank's equity portfolio

The Bank holds large amounts of marketable equity securities, including those held for strategic investment purposes. If stock prices decline due to factors, such as the acceleration of the trend toward further reduction of risk assets on a global basis, changes in governmental monetary and economic policies, and other general economic trends, as well as deterioration of operating results of its investees, its portfolio of equity securities will incur impairment losses or valuation losses, which will adversely affect its financial condition and results of operations and may also decrease its capital ratios.

#### (2) Risks relating to the Bank's lending business

##### 1) Status of the Bank's problem loans and credit costs

The Bank's problem loans and credit costs may increase in the future due to deterioration of domestic and foreign economies, fluctuations in oil and other commodity prices, declines in real estate and stock prices, changes in the financial condition of its borrowers or in the global economic environment and other factors, which, as a result, may adversely affect its financial condition and results of operations and may result in a decrease in its capital ratios.

##### 2) Status of the Bank's allowance for credit losses

The Bank's allowance for credit losses is based on assumptions and estimates of the condition of borrowers, the value of the collateral provided and the economy as a whole. The Bank's actual loan losses may be different from the assumptions and estimates made at the time of the provision for credit losses, causing its actual loan losses to be significantly larger than its allowance. This may result in situations where the Bank's allowance is insufficient. In addition, because of a deterioration of the economy in general, the Bank may be required to change the assumptions and estimates that it initially made. The Bank may also need to increase its provision for credit losses due to a decrease in the value of collateral or other unforeseen reasons.

##### 3) Status of troubled borrowers

The Bank has borrowers that are experiencing financial difficulties. Some of these borrowers are rehabilitating their businesses through legal proceedings or voluntary restructurings (e.g., Turnaround ADR (alternative dispute resolution)) that include debt forgiveness.

This has adversely affected the Bank's problem loan issue. If the borrowers are not successful in their rehabilitation because of the deterioration in the economy, heightened competition in the borrowers' industry or the termination of or decrease in support provided by other creditors, they may become distressed again. If the financial distress that these borrowers face or other problems continue or expand or the Bank is required to forgive its debt, its credit costs will increase and this may adversely affect its problem loan issue.

##### 4) The Bank's response to borrowers

Even if a borrower defaults, based on the efficiency and effectiveness of collecting on loans and other factors, the Bank may not exercise all of its legal rights as a creditor against the borrower.

In addition, if the Bank determines that it is reasonable, it may forgive debt or provide additional loans or equity capital to support borrowers. If such support is provided, the Bank's outstanding loans would increase significantly, the Bank's credit costs may increase and the stock price of the additional equity purchased may decline.

##### 5) Difficulty in exercising the Bank's rights with respect to collateral

Because of the illiquidity and decreases in prices in the real estate market and the decreases in prices of securities, the Bank may not be able to monetize the real estate and securities that it hold as collateral

or enforce the Bank's rights on these assets as a practical matter.

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

When the Bank makes loans and other extensions of credit, the Bank seeks to diversify its portfolio to avoid any concentration of exposure to a particular industry or counterparty. However, the Bank's credit exposures to the energy and real estate industries are relatively high in comparison to other industries. While the Bank continues to monitor and respond to changes in circumstances and other developments relating to particular industries and individual counterparties, their credit quality may deteriorate to an extent greater than expected due to changes in economic conditions in Japan and other countries and fluctuations in oil and other commodity prices and real estate prices. As a result, the Bank's credit costs may increase, adversely affecting the Bank's financial condition and results of operations.

7) Other factors that could affect the Bank's problem loan issues

- i) If interest rates rise in the future, the resulting decrease in the price of the bonds the Bank holds, including Japanese government bonds, change in the Bank's credit spread or increase in problem loans to borrowers that cannot bear the increase in interest payments may adversely affect its financial condition and results of operations.
- ii) Significant fluctuations in foreign exchange rates could result in increases in costs, decreases in sales, valuation losses on foreign exchange derivatives (such as currency options) and other adverse financial consequences affecting the Bank's borrowers' results of operations, as well as borrowers losing financial resources to settle such derivative transactions. In such cases, the Bank's problem loans could increase, which could adversely affect the Bank's financial condition and results of operations.
- iii) If the Bank's problem loans increase, mainly from borrowers facing increases in costs, including purchasing and transporting costs due to increases in raw material prices like oil and steel, who cannot add these additional costs to their final sales price, or from borrowers whose results of operations are negatively impacted by declining oil and other commodity prices, this may adversely affect the Bank's financial condition and results of operations.
- iv) Declining asset quality and other financial problems may still continue to exist at some domestic and overseas financial institutions, including banks, non-bank lending and credit institutions, securities companies and insurance companies, and these problems may worsen or these problems may arise again as new issues. If the financial difficulties of these financial institutions continue, worsen or arise, this may lead to liquidity and solvency problems for them and may adversely affect the Bank for the following reasons:
  - the Bank is extending credit to some financial institutions;
  - the Bank is a shareholder of some financial institutions;
  - the Bank may be requested to participate in providing support to failing financial institutions;
  - financial institutions that face problems may terminate or reduce financial support to borrowers. As a result, it may cause these borrowers to become distressed or the Bank's problem loans to these borrowers to increase;
  - if the government elects to provide regulatory, tax, funding or other benefits to financial institutions that the government controls to strengthen their capital, increase their profitability or for other purposes, it may adversely affect the Bank's competitiveness against them;
  - the Bank's deposit insurance premiums may rise if deposit insurance funds prove to be inadequate;
  - bankruptcies or government control of financial institutions may generally undermine the confidence of depositors in, or adversely affect the overall environment for, financial institutions; and
  - negative or adverse media coverage of the banking industry, regardless of its accuracy and applicability to the Bank, may harm the Bank's reputation and market confidence.

(3) Risks relating to the Bank's financial markets operations

The Bank undertakes extensive financial market operations involving a variety of financial instruments, including derivatives, and hold large volumes of such financial instruments. As a result, the Bank's financial condition and results of operations are subject to the risks relating to these operations and holdings. The primary risks are fluctuations in interest rates in and outside of Japan, foreign currency exchange rates and securities prices. For example, an increase in interest rates in and outside of Japan may adversely affect the value of the Bank's fixed income securities portfolio. Specifically, interest rates of Japanese government bonds may increase due to such factors as a heightened market expectation for tapering or cessation of the

“quantitative and qualitative monetary easing with yield curve control” program in response to further progress in the anti-deflation measures in Japan and a decline in confidence in Japan’s fiscal health and sovereign creditworthiness, or in the event that interest rates on U.S. Treasury securities increase due to such factors as acceleration of interest rate hikes in the United States. If interest rates in and outside of Japan rise for these or other reasons, the Bank may incur significant losses on sales of, and valuation losses on, the Bank’s government bond portfolio. In addition, an appreciation of the Japanese yen will cause the value of the Bank’s foreign currency-denominated investments on the Bank’s financial statements to decline and may cause the Bank to recognize losses on sales or valuation losses. The Bank manages market risk, which is the risk of incurring losses due to various market changes including interest rates in and outside of Japan, foreign currency exchange rates and securities prices, by separating market risk into “general market risk” and “specific risk”. General market risk is the risk of incurring losses due to changes in overall markets, while specific risk is the risk of incurring losses due to changes in the prices of individual financial instruments, including stocks and bonds, which fluctuate separately from changes in the overall direction of the market. To measure these risks, the Bank uses a method that statistically estimates how much the market value of its portfolio may decline over a fixed period of time in the future based on past market changes, and the Bank considers the sum of its general market risk and specific risk calculated by this method as its market risk exposure. However, because of its inherent nature, the Bank’s market risk exposure calculated in this manner cannot always reflect the actual risk that the Bank faces and the Bank may realize actual losses that are greater than its estimated market risk exposure.

In addition, if the “quantitative and qualitative monetary easing with yield curve control” program is maintained in Japan for an extended period, or if the negative interest rate is lowered from the current level, market rates may decline further, and the yield on the Japanese government bonds and other financial instruments that the Bank holds may also decline.

Furthermore, the Bank may voluntarily modify, or may be required by changes in accounting rules or otherwise to modify, the valuation method and other accounting treatment the Bank applies to the financial instruments it hold in connection with its markets operations. In such case, the Bank’s results of operations may be adversely affected.

#### (4) Risks relating to foreign exchange rate

The Bank’s business operations are impacted by fluctuations in the foreign currency exchange rate. If foreign exchange rates fluctuate against the Japanese yen, the Japanese yen translation amounts of assets and liabilities of MUFG Americas Holdings Corporation (“MUAH”) (including its bank subsidiary, MUFG Union Bank, N.A. (“MUB”)) and Bank of Ayudhya Public Company Limited (“Krungsri”), major subsidiaries of the Bank, which are denominated in foreign currencies, will also fluctuate. In addition, some of the Bank’s assets and liabilities are denominated in foreign currencies. To the extent that the Bank’s foreign currency denominated assets and liabilities are not matched in the same currency or appropriately hedged, fluctuations in foreign currency exchange rates against the Japanese yen may adversely affect the Bank’s financial condition, including capital ratios, and results of operations.

#### (5) Risks relating to a deterioration of funding operations following a downgrade of the Bank’s credit ratings

A downgrade of the Bank’s credit ratings by one or more of the credit rating agencies may adversely affect the Bank’s financial market operations and other aspects of its business. In the event of a downgrade of the Bank’s credit ratings, the Bank may have to accept less favorable terms in its financial market transactions with counterparties or may be unable to enter into some transactions. A downgrade may also adversely affect the Bank’s capital raising and funding activities. If the events described above occur, this will adversely affect the profitability of the Bank’s financial market and other operations and adversely affect its financial condition and results of operations.

#### (6) Risks relating to failures to achieve the Bank’s certain business plans or operating targets

The Bank has been implementing various business strategies on a global basis in order to strengthen its profitability. However, these strategies may not succeed or produce the results it initially anticipated, or it may have to change these strategies because of various factors, including:

- the volume of loans made to highly rated borrowers does not increase as anticipated;
- the Bank’s income from interest spreads on the existing loans does not improve as anticipated;
- the Bank’s loan interest spread further narrows as a result of the “quantitative and qualitative monetary easing with yield curve control” program being maintained in Japan for an extended period or the negative interest rate being lowered from the current level;



- the increase in fee income that the Bank is aiming to achieve is not achieved as anticipated;
- the Bank's strategy to expand overseas operations is not achieved as anticipated;
- the Bank's strategy to improve financial and operational efficiencies does not proceed as anticipated;
- customers and business opportunities are lost, costs and expenses significantly exceeding the Bank's expectations are incurred, or the Bank's strategies to increase efficiency or system integration plans are not achieved as expected, because of delays in the ongoing or planned intra-group integration or reorganization of the Bank's operations; and
- the Bank's investees encounter financial and operational difficulties, they change their strategies, or they decide that the Bank is no longer an attractive alliance partner, and as a result, they no longer desire to be the Bank's partner or they terminate or scale down the alliance with it, or the alliance with an investee is terminated or scaled down due to deterioration in the Bank's financial condition.

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

The Bank is expanding the range of its business operations, including those of its subsidiaries and affiliates, on a global basis to the extent permitted by applicable laws and regulations and other conditions. As the Bank expands the range of its business operations, it will be exposed to new and increasingly complex risks. There may be cases where the Bank's experience with the risks relating to such expanded business operations is non-existent or limited. With respect to operations that are subject to volatility in the business environment, while large profits can be expected on the one hand, there is a risk of incurring large losses on the other. With respect to such expanded business operations, if the Bank does not have appropriate internal control and risk management systems in place and also does not have sufficient capital commensurate with the associated risks, its financial condition and results of operations may be adversely affected. Furthermore, if the expansion of its business operations does not proceed as expected, or if the profitability of such business operations is adversely affected by intense competition, the Bank may not succeed in its efforts to expand its range of business operations.

(8) Risks relating to the exposures to emerging market countries

The Bank is active in countries in Asia, Latin America, Central and Eastern Europe, the Middle East and other emerging market countries through a network of branches and subsidiaries and is exposed to a variety of credit and market risks associated with these countries. For example, further depreciation of local currencies in these countries may adversely affect the creditworthiness of some of its borrowers in these countries. The loans the Bank has made to borrowers in these countries are often denominated in U.S. dollars, Euro or other foreign currencies. These borrowers often do not hedge the loans to protect against fluctuations in the values of local currencies, and the depreciation of the local currency may make it difficult for borrowers to pay their debts to us and other lenders. In addition, some of these countries in which the Bank operates may attempt to support the value of their currencies by raising domestic interest rates. If this happens, the borrowers in these countries would have to devote more of their resources to repaying their domestic obligations, which may adversely affect their ability to repay their debts to the Bank and other foreign lenders. If these issues and related issues result in limited credit availability, it will adversely affect economic conditions in some countries and cause further deterioration of the credit quality of borrowers and banks in those countries, and as a result, it may cause the Bank to incur losses.

In addition, in each country and region, the Bank is exposed to risks specific to that country and region and risks that are common, including political and social instability, terrorism and other conflicts, which may cause the Bank to incur losses or suffer other adverse effects.

(9) Risks relating to MUAH

Any adverse changes to the business or management of MUAH, one of the Bank's major subsidiaries, may negatively affect the Bank's financial condition and results of operations. Factors that may negatively affect MUAH's financial condition and results of operations include adverse economic conditions, including a downturn in the real estate and housing industries in the United States, particularly in California, substantial competition in the banking market in the United States, uncertainty over the U.S. economy, the threat of terrorist attacks, fluctuating prices of oil and other natural resources and additional credit costs incurred as a result of such fluctuations, drastic fluctuation in interest rates, restrictions due to U.S. financial regulations, losses from litigation, credit rating downgrades and declines in stock prices of the Bank's borrowers, bankruptcies of companies that may occur because of these factors and costs arising due to internal control weaknesses and an inadequate compliance system at MUAH and its subsidiaries.

(10) Risks relating to Krungsri

Any adverse changes to the business or management of Krungsri, one of the Bank's major subsidiaries, may negatively affect its financial condition and results of operations. Factors that may negatively affect Krungsri's financial condition and results of operations include:

- adverse economic conditions, substantial competition in the banking industry, volatile political and social conditions, natural disasters including floods, terrorism and armed conflicts, restrictions under applicable financial systems and regulations, or significant fluctuations in interest rates, currency exchange rates, stock prices or commodity prices, in Southeast Asia, particularly in Thailand,
- the business performance of companies making investments in and entering into markets in the Southeast Asian region, as well as the conditions of economies, financial systems, laws and financial markets in the countries where such companies primarily operate,
- losses from legal proceedings involving Krungsri,
- credit rating downgrades and declines in stock prices of Krungsri's borrowers, and bankruptcies of Krungsri's borrowers resulting from such factors,
- defaults on Krungsri's loans to individuals,
- adverse changes in the cooperative relationship between us and the other major shareholder of Krungsri, and
- costs incurred due to weaknesses in the internal controls and regulatory compliance systems of Krungsri or any of its subsidiaries.

(11) Risks relating to the Bank's consumer lending business

The Bank has affiliates, etc. in the consumer finance industry as well as loans outstanding to consumer finance companies. The results of recent court cases, including the strict interpretation of the requirements for deemed payment, or "minashi bensai," have made a borrowers' claim for reimbursement of previously collected interest payments in excess of the limits stipulated by the Interest Rate Restriction Law easier, and as a result, there have been a significant number of such claims. In addition, beginning in December 2007, amendments to the Law Concerning Lending Business came into effect in phases, and in June 2010, amendments abolishing the deemed payment system and limiting the total amount that individuals can borrow, among others, became effective. At the same time, an amendment to the Law Concerning Acceptance of Investment, Cash, Deposit and Interest Rate, etc. became effective, reducing the maximum permissible interest rate under a loan agreement from 29.2% per annum to 20% per annum. The business environment for the consumer finance industry continues to require close monitoring as a large number of consumer finance companies, including major consumer finance companies, have failed. If the Bank's affiliates, etc. in the consumer finance industry are adversely affected by various factors including those described above, the Bank's financial condition and results of operations may be adversely affected. In addition, if the Bank's borrowers in the consumer finance industry are adversely affected by the factors described above, the Bank's loans to the consumer finance companies may be impaired.

(12) Risks relating to losses affected by a global economic downturn and the recurrence of a financial crisis

Although economic conditions in the United States remained stable, with domestic consumption being the primary driver of the economy, even after the cessation of the central bank's quantitative easing program, uncertainty still remains because of such factors as concerns over a shift to the protectionist trade policy in some countries and regions that may undermine the global free trade regime, and the proceedings of U.K.'s withdrawal from the EU. Other concerns are the slowing economic growth in China in the midst of a shift in the government's economic policy and the economic stagnation in emerging countries and commodity-exporting countries caused by China's economic slowdown, as well as the political turmoil in various regions around the world. If the economic environment deteriorates again, the Bank's investment and loan portfolios could be adversely affected. For example, declines in the market prices of the securities that the Bank owns may increase its losses. In addition, changes in the credit market environment may be a factor in causing the Bank's borrowers to experience financial problems or to default, which may result in an increase in problem loans and credit costs. Furthermore, trends such as a decline in the market prices of securities and credit crunch in the capital markets will deteriorate the creditworthiness of domestic and foreign financial institutions and cause them capital adequacy or liquidity problems, which may increase the number of these institutions being forced into bankruptcies or liquidation. If this happens, the Bank would incur losses with respect to transactions with these financial institutions and its financial condition and results of operations may be adversely affected. In addition, if any instability in the markets, because of another global financial crisis causing the global debt,

equity and foreign currency exchange markets to fluctuate significantly, has a long term impact on the global economy, the adverse effect on the Bank may be more severe.

In addition, a substantial portion of the assets on the Bank's balance sheet are financial instruments that the Bank carries at fair value. Generally, Bank establishes the fair value of these instruments by relying on quoted market prices. If the value of these financial instruments declines, a corresponding impairment may be recognized in the Bank's statements of income. In the event of another global financial crisis or recession, there may be circumstances where quoted market prices of financial instruments have declined significantly or were not properly quoted. These significant fluctuations in the market or market malfunctions may have an adverse effect on the fair value of the Bank's financial instruments.

Furthermore, with respect to the accounting treatment of the fair value of financial instruments, if the treatment is amended in the future, it may adversely affect the fair value of the Bank's financial instruments.

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

As a major financial institution incorporated in Japan and operating in major international financial markets, the Bank's business operations, ATMs and other information technology systems, personnel, and facilities and other physical assets are subject to the risks of earthquakes, typhoons, floods and other natural disasters, terrorism and other political and social conflicts, abduction, health epidemics, and other disruptions caused by external events, which are beyond the Bank's control. As a consequence of such external events, the Bank may be required to incur significant costs and expenses for remedial measures or compensation to customers or transaction counterparties for resulting losses. The Bank may suffer loss of facility and human and other resources. The Bank may also suffer loss of business. In addition, such external events may have various other significant adverse effects, including deterioration in economic conditions, declines in the business performance of the Bank's borrowers and decreases in stock prices, which may result in an increase in problem loans and credit costs, or impairment or valuation losses on the financial instruments the Bank holds.

These effects could materially and adversely affect the Bank's business, operating results and financial condition.

As with other Japanese companies, the Bank is exposed to heightened risks of large-scale natural disasters, particularly earthquakes. In particular, a large-scale earthquake occurring in the Tokyo metropolitan area could result in market disruptions or significant damage to or losses of tangible or human assets relating to the Bank's business and counterparties because many of the Bank's important business functions and many of the major Japanese companies and financial markets are located in the area. In addition, such earthquake could cause longer-term economic slowdown and a downgrade of Japan's sovereign credit rating due to increases in government spending for disaster recovery measures.

The Bank's risk management policies and procedures may be insufficient to address the consequences of these external events, resulting in the Bank's inability to continue to operate a part or the whole of its business. In addition, the Bank's redundancy and backup measures may not be sufficient to avoid a material disruption in its operations, and the Bank's contingency and business continuity plans may not address all eventualities that may occur in the event of a material disruption caused by a large-scale natural disaster such as the March 2011 Great East Japan Earthquake, which led to tsunamis, soil liquefaction and fires, as well as electricity power supply shortages and electricity power conservation measures resulting from the suspension of the operations of the nuclear power plants.

(14) Risks relating to the Bank's systems

The Bank's information and communications systems constitute a critical part of its business operations. The Bank relies on these systems to provide its customers with services through the Internet and ATMs and also as the core infrastructure for its business operations and accounting system. In addition to external factors such as wars (including serious political instability), terrorist activities, earthquakes, severe weather conditions, floods, health epidemics, and other natural disasters and events, human errors, equipment malfunctions, power loss, defects in services provided by communications service providers, and inadequate responses to new technology, systems and measures may also cause failures of, or flaws in, the information and communications systems, which may lead to errors and delays in transactions, information leakage and other adverse consequences. In addition, the Bank may be unable to enhance its financial transaction management systems as required under increasingly stricter regulations applicable to banks. Such failures and inability, if serious, could lead to the suspension of the Bank's business operations and financial losses such as those incurred in connection with compensation for damage caused by such suspension, subject the

Bank to administrative sanctions, result in the Bank's incurring additional costs to deal with the consequences of these events, diminish confidence in the Bank, or harm its reputation, which could in turn adversely affect its business, financial condition and results of operations.

(15) Risks relating to cyber-attacks

The Bank's information and communications systems (including systems owned by third parties such as subcontractors) constitute a core infrastructure for its accounting and other business operations. Cyber-attacks and other forms of unauthorized access and computer viruses could cause disruptions to and malfunctions of such systems and result in unintended releases of information stored in the systems and other adverse consequences. Such consequences, if serious, could lead to the suspension of the Bank's business operations and financial losses such as those incurred in connection with compensation for damage caused by such suspension, subject the Bank to administrative sanctions, result in the Bank's incurring additional costs to deal with the consequences, diminish confidence in the Bank, or harm its reputation, which could in turn adversely affect its business, financial condition and results of operations.

(16) Risks relating to competitive pressures

Competition in the Japanese financial services industry has intensified as regional financial institutions are further integrating and reorganizing their operations and recent advances in information and communication technology have increased the number of non-financial institutions that enter the financial services industry. Thus, the Bank may face an increasingly competitive environment in the future. The ongoing global financial regulatory reforms may also lead to changes in the competitive environment for financial institutions. If the Bank is unable to compete effectively in the increasingly competitive business environment, its business, financial condition and results of operations may be adversely affected.

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

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

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

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

regulators regarding events and associated matters as described above, including those related to the extension of the assessment period by the independent consultant, and is undertaking necessary actions relating to these matters. These developments or other similar events may result in additional regulatory actions against the Bank or agreements to make significant settlement payments.

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

(18) Risks relating to regulatory development or changes in laws or rules, including accounting rules, governmental policies and economic controls

The Bank conducts its business subject to current regulations (including laws, regulations, accounting standards, policies, customary business practices and interpretations in Japan and other regions where the Bank operate, as well as global financial regulatory standards) and risks associated with changes in such regulations. In light of the ongoing international discussions on various regulatory standards that could significantly affect banking operations, including revisions to methods of calculating the amount of risk-weighted assets as well as the review of the credit valuation adjustment risk framework and leverage ratio standards, future regulatory changes and situations arising as a result of such changes may adversely impact the Bank's business, financial condition and results of operations. However, the type, nature and extent of the impact of any regulatory changes and situations that may arise as a result are difficult to predict and beyond the Bank's control.

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

The Bank enters into transactions with entities in or affiliated with Iran and other countries designated by the U.S. Department of State as "state sponsors of terrorism." In addition, the Bank has a representative office in Iran.

U.S. law generally prohibits or limits U.S. persons from doing business with state sponsors of terrorism. In addition, the Bank is aware of initiatives by U.S. governmental entities and U.S. institutional investors, such as pension funds, to restrict transactions with or investments in entities doing business with Iran and other countries identified as state sponsors of terrorism. It is possible that such initiatives may result in the Bank being unable to gain or retain U.S. governmental entities, U.S. institutional investors, such as pension funds, and entities subject to such restrictions as customers or as investors in the Bank's shares. In addition, depending on socio-political developments, the Bank's reputation may suffer because of its associations with these countries. The above circumstances may adversely affect the Bank's financial condition and results of operations.

In January 2016, the United States, other four United Nations member states and Iran announced suspension or lifting of some of the sanctions relating to Iran's nuclear development in accordance with the Joint Comprehensive Plan of Action, to which they agreed in July 2015. Some of the measures implemented in Japan under the Foreign Exchange and Foreign Trade Law were also lifted. However, the U.S. sanctions against Iran continue to prohibit, among other things, U.S. persons from conducting transactions relating to Iran, subject to limited exceptions. In addition, companies registered with the U.S. Securities and Exchange Commission (including non-U.S. companies) remain subject to the disclosure requirement relating to certain Iran-related transactions. Moreover, certain Japanese sanctions measures remain in effect, including freezing the assets of persons involved in Iran's sensitive nuclear activities and development of nuclear weapon delivery systems. The Bank is striving to improve systems to comply with such regulations. However, there remains a risk of potential regulatory actions against the Bank, if government authorities perceive the Bank's systems not to be in compliance with applicable regulations. For more information on the relevant regulatory actions, please refer to "17. Risks of receiving potential claims or sanctions regarding inappropriate or illegal practices or other conduct from the Bank's customers or regulatory authorities."

(20) Risks relating to regulatory capital ratio and others

1) Capital ratio requirements and adverse factors

Since the fiscal year ended March 31, 2013, the Bank have been subject to capital adequacy

requirements adopted in Japan in accordance with “Basel III: A global regulatory framework for more resilient banks and banking systems” (“Basel III”). Compared to the previous capital adequacy requirements (Basel II), Basel III places greater importance on the quality of capital, and is designed, among other things, to increase capital levels by raising the level of minimum capital ratio requirements and introduce a framework to promote the conservation of capital where dividends and other distributions are constrained when capital levels fall within a prescribed buffer range. Basel III capital adequacy requirements are being introduced in Japan in phases starting in the fiscal year ended March 31, 2013. Since the Bank has international operations, its consolidated and non-consolidated capital ratios are subject to the capital requirements applicable to internationally active banks on a consolidated and non-consolidated basis under the capital adequacy guidelines adopted by the Financial Services Agency of Japan for banks (the Financial Services Agency of Japan Public Notice No. 19 released in 2006).

If the Bank’s capital ratios fall below required levels, the Financial Services Agency of Japan will require the Bank to take a variety of corrective actions, including the suspension of all or a part of its business operations.

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

Factors that will affect the Bank’s capital ratios, including the capital ratios of its bank subsidiaries, include:

- increases in the Bank and its banking subsidiaries’ credit risk assets and expected losses because of fluctuations in the Bank’s or its banking subsidiaries’ portfolios due to deterioration in the creditworthiness of borrowers and the issuers of equity and debt securities,
- difficulty in refinancing or issuing instruments upon redemption or at maturity of such instruments to raise capital under terms and conditions similar to prior financings or issuances,
- declines in the value of the Bank’s or its banking subsidiaries’ securities portfolios,
- adverse changes in foreign currency exchange rates,
- adverse revisions to the capital ratio requirements,
- reductions in the value of the Bank’s or its banking subsidiaries’ deferred tax assets, and
- occurrence of other adverse events.

## 2) Regulatory developments

The Financial Stability Board (“FSB”) has identified Mitsubishi UFJ Financial Group, Inc. as one of the globally systemically important banks (“G-SIBs”). The banks that are included in the list of G-SIBs will be subject to a capital surcharge to varying degrees depending on the bucket to which each bank is allocated, and the capital surcharge requirement is being implemented in phases from 2016. As the list of G-SIBs is expected to be updated annually, Mitsubishi UFJ Financial Group, Inc. may be required to meet stricter capital ratio requirements.

## 3) Deferred tax assets

Under the capital adequacy guidelines which have been revised in connection with the adoption of Basel III as discussed above, deferred tax assets can be included as a capital item when calculating capital ratios up to an amount calculable based on Common Equity Tier 1 instrument and reserve items and regulatory adjustment items. If and to the extent the amount of deferred tax assets exceeds this limit and cannot be included in Common Equity Tier 1 capital, the Bank’s capital ratio can decrease.

## 4) Capital raising

Under the capital adequacy guidelines which have been revised in connection with the adoption of Basel III as discussed above, there is a transition measure relating to the inclusion as a capital item of capital raising instruments issued in or prior to March 2013 (qualifying prior capital raising instruments), and such instruments can be included as a capital item when calculating capital ratios to the extent permitted by the transition measure. Such capital raising instruments may require refinancing upon the expiration of the transition period during which such instruments can be included as a capital item in the calculation of capital ratios. However, in order for newly issued capital raising instruments, other than common stock, to be included as a capital item in the calculation of capital ratios under the above capital adequacy guidelines, such instruments must have a clause in their terms and conditions that requires them to be written off or converted into common stock upon the occurrence of certain events, including when the issuing financial institution is deemed non-viable or when the issuing financial institution’s capital

ratios decline below prescribed levels. As a result, under certain market conditions, the Bank may be unable to refinance or issue capital raising instruments under terms and conditions similar to those of qualifying prior capital raising instruments. If such circumstances arise, the Bank's capital could be reduced, and the Bank's capital ratio could decrease.

5) Total loss absorbing capacity in resolution

In November 2015, the Financial Stability Board issued the final Total Loss-Absorbing Capacity ("TLAC") standard for global systematically important banks, or G-SIBs, including us. The standard will require G-SIBs to hold TLAC above a minimum ratio starting in 2019. This standard will be applied in addition to the regulatory capital ratio standard and may have an adverse impact on business, financial condition and results of operations of Mitsubishi UFJ Financial Group, Inc.

In accordance with the FSA's explanatory paper published in April 2016 outlining its approach for the introduction of the TLAC framework in Japan, senior debt securities of Mitsubishi UFJ Financial Group, Inc. are intended to qualify as TLAC debt due in part to their structural subordination upon the implementation of regulations under legislation enacted to introduce the TLAC standard in Japan. However, specific requirements of such legislation and regulations have not yet been finalized, and the FSA's approach may be modified as a result of international regulatory discussions and other developments.

(21) Risks relating to the Bank's pension plans

If the fair value of the Bank's pension plan assets declines or its investment return decreases, if there is a change in the actuarial assumptions on which the calculations of the projected pension obligations are based, or if a revision is made to the accounting standards applicable to pension plans, the Bank may incur losses. In addition, unrecognized prior service costs may be incurred if the Bank's pension plans are amended. Changes in the interest rate environment and other factors may also adversely affect the amount of the Bank's unfunded pension obligations and annual funding costs. Any of the foregoing may adversely affect the Bank's financial condition and results of operations.

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

The Bank is required to appropriately handle customer information in accordance with the Banking Law and the Financial Instruments and Exchange Law of Japan. In addition, as an institution possessing personal information, the Bank is required to protect personal information in compliance with the Personal Information Protection Law and the Act on the Use of Personal Identification Numbers in the Administration of Government Affairs.

In the event that customer information or the Bank's confidential information is lost or leaked due to such causes as inappropriate management, cyber-attacks or other forms of unauthorized access, or computer viruses, the Bank may be subject to penalties, administrative sanctions and other direct losses such as compensation paid to customers who suffer economic losses and emotional distress. In addition, news coverage of such an incident will expose the Bank to reputational risk, resulting in loss of customer and market confidence. If the Bank's business environment deteriorates as a result of the foregoing, its business, financial condition and results of operations may suffer.

(23) Risks relating to the Bank's reputation

The Bank's reputation is critical in maintaining its relationships with customers, investors, regulators and the general public. The Bank's reputation may be damaged because of various causes, including compliance failures, misconduct or inappropriate act by a director, officer or employee, failure to properly address potential conflicts of interest, litigation, system problems, criminal activities and other misconduct committed by third parties fraudulently using the names of the Bank's group companies, the actions of customers and counterparties over which the Bank has limited or no control, and inappropriate customary practices, and abuses of the Bank's dominant bargaining position in its dealings with customers. If the Bank is unable to prevent or properly address these issues, it may lose existing or prospective customers and investors, and its business, financial condition and results of operations may be adversely affected.

(24) Risks relating to retaining qualified employees

The Bank sees a greater need to hire and retain highly skilled personnel and train them in line with globalization and increasing complexity of businesses, but its failure to hire, retain or train the necessary personnel may adversely affect its operations and operating results.

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

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

Consolidated gross operating income for the current fiscal year decreased by ¥161.5 billion from the previous fiscal year, primarily reflecting increases in interest expenses and other operating expenses. Meanwhile, general and administrative expenses increased by ¥0.2 billion from the previous fiscal year. As a result, consolidated net business profit (before provision for general allowance for credit losses) for the current fiscal year was ¥1,027.7 billion, with a decrease of ¥161.7 billion from the previous fiscal year.

Meanwhile, net income attributable to the shareholders of The Bank of Tokyo-Mitsubishi UFJ was ¥689.9 billion, with an increase of ¥4.0 billion from the previous fiscal year.

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

| (Billions of yen)  |      |                             |                            |                   |
|--|------|-----------------------------|----------------------------|-------------------|
|  |      | Previous fiscal year<br>(A) | Current fiscal year<br>(B) | Change<br>(B - A) |
| Interest income  | (1)  | 2,323.7                     | 2,435.2                    | 111.5             |
| Interest expenses (after deduction of expenses related to money held in trust)   | (2)  | 535.6                       | 722.4                      | 186.7             |
| Trust fees   | (3)  | 13.1                        | 13.8                       | 0.7               |
| Of which, credit costs for trust accounts  | (4)  | –                           | –                          | –                 |
| Fees and commissions income  | (5)  | 877.0                       | 892.7                      | 15.6              |
| Fees and commissions expenses  | (6)  | 159.2                       | 162.8                      | 3.6               |
| Trading income   | (7)  | 135.6                       | 109.5                      | (26.0)            |
| Trading expenses   | (8)  | –                           | 2.8                        | 2.8               |
| Other operating income   | (9)  | 427.6                       | 487.8                      | 60.1              |
| Other operating expenses   | (10) | 149.5                       | 279.8                      | 130.2             |
| Consolidated gross operating income<br>(= (1) - (2) + (3) + (5) - (6) + (7) - (8) + (9) - (10))                              | (11) | 2,932.8                     | 2,771.3                    | (161.5)           |
| General and administrative expenses<br>(after deduction of non-recurring expenses)   | (12) | 1,743.3                     | 1,743.5                    | 0.2               |
| Consolidated net business profit (loss)<br>(before provision for general allowance for credit losses<br>= (11) + (4) - (12)) |      | 1,189.5                     | 1,027.7                    | (161.7)           |
| Other ordinary expenses<br>(Provision for general allowance for credit losses)   | (13) | (169.6)                     | –                          | 169.6             |
| Consolidated net business profit (loss) (= (11) - (12) - (13))   |      | 1,359.1                     | 1,027.7                    | (331.4)           |
| Other ordinary income  | (14) | 256.5                       | 298.1                      | 41.5              |
| Of which, reversal of allowance for credit losses  |      | –                           | 11.0                       | 11.0              |
| Of which, gains on collection of bad debts   |      | 39.1                        | 44.1                       | 5.0               |
| Of which, gains on sales of equity securities and other securities   |      | 126.0                       | 142.9                      | 16.8              |
| Interest expenses<br>(expenses related to money held in trust)   | (15) | 0.0                         | 0.0                        | (0.0)             |
| General and administrative expenses<br>(non-recurring expenses)  | (16) | 20.1                        | 53.9                       | 33.8              |
| Other ordinary expenses (after deduction of provision for general allowance for credit losses)                               | (17) | 511.8                       | 279.8                      | (231.9)           |
| Of which, credit costs   |      | 413.3                       | 126.9                      | (286.4)           |
| Of which, losses on sales of equity securities and other securities  |      | 28.8                        | 44.7                       | 15.9              |
| Of which, losses on write-down of equity securities and other securities   |      | 23.2                        | 2.0                        | (21.1)            |
| Net non-recurring gains (losses) (= (14) - (15) - (16) - (17))   |      | (275.4)                     | (35.6)                     | 239.7             |
| Ordinary profit  |      | 1,083.7                     | 992.0                      | (91.6)            |
| Net extraordinary gains (losses)   |      | 15.7                        | (2.5)                      | (18.2)            |
| Of which, impairment loss of long-lived assets   |      | (11.0)                      | (5.7)                      | 5.2               |
| Income before income taxes   |      | 1,099.4                     | 989.5                      | (109.8)           |
| Total income taxes   |      | 350.2                       | 245.1                      | (105.0)           |
| Net income before attribution of noncontrolling  |      | 749.1                       | 744.4                      | (4.7)             |



|   | Previous fiscal year<br>(A) | Current fiscal year<br>(B) | Change<br>(B - A) |
|---|-----------------------------|----------------------------|-------------------|
| interests   |                             |                            |                   |
| Net income attributable to noncontrolling interests                             | 63.3                        | 54.4                       | (8.8)             |
| Net income attributable to the shareholders of The Bank of Tokyo-Mitsubishi UFJ | 685.8                       | 689.9                      | 4.0               |

## 1. Analysis of Results of Operations

### (1) Credit costs

Total credit costs for the current fiscal year decreased by ¥132.7 billion compared to the previous fiscal year to ¥71.7 billion, primarily reflecting a decrease of specific allowance for credit losses.

(Billions of yen)

|  | Previous fiscal year<br>(A) | Current fiscal year<br>(B) | Change<br>(B - A) |
|--|-----------------------------|----------------------------|-------------------|
| Of the trust fees, credit costs for trust accounts (1)   | –                           | –                          | –                 |
| Of other ordinary income, reversal of allowance for credit losses (2)  | –                           | 11.0                       | 11.0              |
| Of other ordinary income, reversal of reserve for contingent losses (3)  | –                           | –                          | –                 |
| Of other ordinary income, gains on collection of bad debts (4)   | 39.1                        | 44.1                       | 5.0               |
| Of other ordinary expenses, provision for general allowance for credit losses (5)  | (169.6)                     | –                          | 169.6             |
| Of other ordinary expenses, credit costs (6)   | 413.3                       | 126.9                      | (286.4)           |
| Write-offs of loans  | 82.6                        | 71.5                       | (11.1)            |
| Provision for specific allowance for credit losses   | 288.0                       | –                          | (288.0)           |
| Other credit costs   | 42.5                        | 55.4                       | 12.8              |
| Total credit costs (= (1) - (2) - (3) - (4) + (5) + (6))   | 204.4                       | 71.7                       | (132.7)           |
| Consolidated net business profit (loss) (before credit costs for trust accounts and provision for general allowance for credit losses) | 1,189.5                     | 1,027.7                    | (161.7)           |
| Consolidated net business profit (loss) (after deduction of total credit costs)  | 985.0                       | 956.0                      | (28.9)            |

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

The Bank posted ¥96.0 billion gains on equity securities and other securities for the current fiscal year with an increase of ¥22.1 billion from the previous fiscal year.

Gains on sales of equity securities and other securities increased by ¥16.8 billion compared to the previous fiscal year to ¥142.9 billion while losses on sales of equity securities and other securities increased by ¥15.9 billion compared to the previous fiscal year to ¥44.7 billion. Losses on write-down of equity securities and other securities decreased by ¥21.1 billion compared to the previous fiscal year to ¥2.0 billion.

(Billions of yen)

|  | Previous fiscal year<br>(A) | Current fiscal year<br>(B) | Change<br>(B - A) |
|--|-----------------------------|----------------------------|-------------------|
| Net gains (losses) on equity securities and other securities                               | 73.9                        | 96.0                       | 22.1              |
| Of other ordinary income, gains on sales of equity securities and other securities         | 126.0                       | 142.9                      | 16.8              |
| Of other ordinary expenses, losses on sales of equity securities and other securities      | 28.8                        | 44.7                       | 15.9              |
| Of other ordinary expenses, losses on write-down of equity securities and other securities | 23.2                        | 2.0                        | (21.1)            |

## 2. Analysis of Financial Position

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

Claims disclosed under the Financial Reconstruction Act decreased by ¥155.9 billion from the end of the previous fiscal year to ¥1,107.1 billion.

The percentage of disclosed claims to total claims decreased by 0.1 percentage points from the end of the previous fiscal year to 1.22%.

Claims by borrowers' classification show claims against bankrupt or de facto bankrupt borrowers rose by ¥0.8 billion, doubtful claims decreased by ¥397.1 billion, and claims in need of special attention increased by ¥240.3 billion.

With regard to the status of coverage at the end of the current fiscal year for these disclosed claims totaling ¥1,107.1 billion, the amount secured by allowance for credit losses was ¥325.4 billion and the amount secured by collaterals, guarantees and others was ¥570.8 billion, representing a percentage of covered claims to total disclosed claims (coverage ratio) of 80.95%.

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

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

(Billions of yen)

| Category   | Loan amount<br>(A)     | Allowance for<br>credit losses<br>(B) | Covered by<br>collateral and/or<br>guarantees<br>(C) | Allowance ratio for<br>unsecured portion<br>(B) / [(A) - (C)] | Coverage ratio<br>[(B) + (C)] / (A) |
|--|------------------------|---------------------------------------|--|---|-------------------------------------|
| Claims against<br>bankrupt or de facto<br>bankrupt borrowers | 117.7<br>(116.8)       | 10.6<br>(17.3)                        | 107.0<br>(99.5)                                      | 100.00%<br>(100.00%)  | 100.00%<br>(100.00%)                |
| Doubtful claims  | 418.0<br>(815.2)       | 104.5<br>(345.3)                      | 236.8<br>(331.4)                                     | 57.73%<br>(71.38%)  | 81.68%<br>(83.01%)                  |
| Claims in need of<br>special attention                       | 571.4<br>(331.0)       | 210.1<br>(84.3)                       | 226.9<br>(181.7)                                     | 61.01%<br>(56.51%)  | 76.49%<br>(80.39%)                  |
| Subtotal   | 1,107.1<br>(1,263.1)   | 325.4<br>(447.0)                      | 570.8<br>(612.7)                                     | 60.68%<br>(68.73%)  | 80.95%<br>(83.89%)                  |
| Normal claims  | 89,636.1<br>(94,370.4) | –                                     | –  | –   | –                                   |
| Total  | 90,743.2<br>(95,633.5) | –                                     | –  | –   | –                                   |
| Percentage of<br>disclosed claims to<br>total claims         | 1.22%<br>(1.32%)       | –                                     | –  | –   | –                                   |

(Note) The upper figures are as of March 31, 2017. The lower figures with parentheses are as of March 31, 2016.

## 3. Cash Flows

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

#### 4. Results of Operations by Business Unit

Results of operations for the current fiscal year posted by business units which are segmented based on the internal management classification.

[Principal business conducted by each business unit]

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

(Billions of yen)

|                               | Retail Banking Business Unit | Corporate Banking Business Unit | Global Business Unit | Customer business units subtotal (Note 3) |                          | Global Markets Unit | Other units (Note 4) | Total  |         |
|-------------------------------|------------------------------|---------------------------------|----------------------|---|--------------------------|---------------------|----------------------|--------|---------|
|                               |                              |                                 |                      | MUAH                                      | Bank of Ayudhya (Note 2) |                     |                      |        |         |
| Gross operating income        | 468.6                        | 797.8                           | 1,268.7              | 456.0                                     | 277.1                    | 2,357.5             | 346.9                | 16.2   | 2,720.7 |
| Non-consolidated              | 424.0                        | 705.5                           | 444.6                | –   | –                        | 1,467.2             | 303.1                | 31.5   | 1,801.9 |
| Net interest income           | 319.8                        | 299.6                           | 213.2                | –   | –                        | 785.3               | 162.9                | 108.4  | 1,056.6 |
| Net non-interest income       | 104.2                        | 405.8                           | 231.3                | –   | –                        | 681.9               | 140.2                | (76.9) | 745.2   |
| Subsidiaries                  | 44.6                         | 92.2                            | 824.1                | 456.0                                     | 277.1                    | 890.2               | 43.8                 | (15.3) | 918.7   |
| Expenses                      | 413.4                        | 471.6                           | 807.9                | 308.1                                     | 138.9                    | 1,536.3             | 86.9                 | 104.1  | 1,727.3 |
| Net operating income (Note 1) | 55.1                         | 326.2                           | 460.8                | 147.9                                     | 138.1                    | 821.2               | 260.0                | (87.9) | 993.3   |

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

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

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

3. “Corporate Banking Business Unit” and “Global Business Unit” record revenue and expenses related to Japanese corporate transactions in overseas countries, but the same amounts are deducted in “Customer business units subtotal.” Gross operating income, expenses and net operating income deducted in “Customer business units subtotal” are ¥177.7 billion, ¥156.7 billion and ¥21.0 billion, respectively.

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

##### (1) Retail Banking Business Unit

In addition to decrease in income from customer deposits in yen due to declining market rates, income from the sales of fund management products decreased, while income from housing loans and the consumer finance business continued to be strong and the unit continued its efforts to reduce expenses.

(2) Corporate Banking Business Unit

Income from customer deposits in yen and income from loans decreased due to the impact of declining market rates and continued declines in loan spreads, while income from the solutions business remained strong and the unit continued its efforts to reduce expenses.

(3) Global Business Unit

Though gross operating income in Asia fell below that of the previous fiscal year mainly due to decreases in income from loans and fees and commissions, income in the Americas, Europe and Bank of Ayudhya remained strong and the unit continued its efforts to curb expenses.

(4) Global Markets Unit

While income fell below that of the previous fiscal year mainly due to ongoing restrictive operations including the reduction of risk exposure and the regrouping of positions in the foreign bond portfolio, the unit strived for agile management in response to changes in the external environment.

### **III. Equipment and Facilities**

#### **Overview of Capital Investment**

With the purpose of improving our extensive customer services as well as rationalizing and streamlining back-office operations, the Bank made information system investment to enhance offering of our products and services, apart from the investment for refurbishment of head office building/center, and relocation, reconstruction and renovation of branches.

Due to the above measures, the total capital investment for the current fiscal year amounted to ¥223.4 billion, including investment for intangible fixed assets such as software.

There were no retirements or sales, etc. of equipment and facilities that are important and worth stating in the current fiscal year.

As the Group's assets have not been allocated to each segment, no asset-related statement has been made in the segment information.

## IV. Company Information

### 1. Information on the Company's Shares

(1) Total number of shares, etc.

1) Total number of shares

| Class                                  | Total number of shares authorized to be issued |
|--|--|
| Common stock                           | 33,000,000,000                                 |
| Class 2 preferred stock                | 100,000,000                                    |
| Class 4 preferred stock                | 79,700,000                                     |
| Class 6 preferred stock                | 1,000,000                                      |
| Class 7 preferred stock                | 177,000,000                                    |
| 1st series of Class 8 preferred stock  | 400,000,000 (Note 1)                           |
| 2nd series of Class 8 preferred stock  | 400,000,000 (Note 1)                           |
| 3rd series of Class 8 preferred stock  | 400,000,000 (Note 1)                           |
| 4th series of Class 8 preferred stock  | 400,000,000 (Note 1)                           |
| 1st series of Class 9 preferred stock  | 200,000,000 (Note 2)                           |
| 2nd series of Class 9 preferred stock  | 200,000,000 (Note 2)                           |
| 3rd series of Class 9 preferred stock  | 200,000,000 (Note 2)                           |
| 4th series of Class 9 preferred stock  | 200,000,000 (Note 2)                           |
| 1st series of Class 10 preferred stock | 200,000,000 (Note 3)                           |
| 2nd series of Class 10 preferred stock | 200,000,000 (Note 3)                           |
| 3rd series of Class 10 preferred stock | 200,000,000 (Note 3)                           |
| 4th series of Class 10 preferred stock | 200,000,000 (Note 3)                           |
| Total                                  | 34,157,700,000                                 |

- (Notes)
1. Total number of shares authorized to be issued in a class of the 1st to 4th series of Class 8 preferred stock shall not exceed 400,000,000.
  2. Total number of shares authorized to be issued in a class of the 1st to 4th series of Class 9 preferred stock shall not exceed 200,000,000.
  3. Total number of shares authorized to be issued in a class of the 1st to 4th series of Class 10 preferred stock shall not exceed 200,000,000.

2) Total number of shares issued

| Class                                 | Number of shares issued as of the end of the current fiscal year (March 31, 2017) | Number of shares issued as of the date of submission (June 29, 2017) | Financial instruments exchange on which the stock is listed or other market | Description     |
|---------------------------------------|---|--|---|-----------------|
| Common stock                          | 12,350,038,122  | Same as left   | –   | (Notes) 1, 2, 3 |
| 1st series of Class 2 preferred stock | 100,000,000   | Same as left   | –   | (Notes) 1, 2    |
| 1st series of Class 4 preferred stock | 79,700,000  | Same as left   | –   | (Notes) 1, 2    |
| 1st series of Class 6 preferred stock | 1,000,000   | Same as left   | –   | (Notes) 1, 2    |
| 1st series of Class 7 preferred stock | 177,000,000   | Same as left   | –   | (Notes) 1, 2    |
| Total                                 | 12,707,738,122  | Same as left   | –   | –               |

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

(2) Status of the total number of shares issued and the amount of capital stock and other

| Date                     | Change in total number of shares issued (Thousands of shares) | Total number of shares issued (Thousands of shares) | Change in capital stock (Millions of yen) | Balance of capital stock (Millions of yen) | Change in capital reserve (Millions of yen) | Balance of capital reserve (Millions of yen) |
|--------------------------|---|---|---|--|---|--|
| December 28, 2009 (Note) | 1,516,654   | 12,707,738  | 515,662                                   | 1,711,958                                  | 515,662                                     | 1,711,958                                    |

(Note) This was due to the private placement (1,516,654 thousand shares of common stock), in which offering price and paid-in capital per share were ¥680 and ¥340, respectively.

(3) Status of major shareholders

By number of shares held

As of March 31, 2017

| Company name   | Address                              | Number of shares held (Thousands of shares) | Ratio of number of shares held against total number of shares issued (%) |
|--|--------------------------------------|---|--|
| Mitsubishi UFJ Financial Group, Inc.                       | 2-7-1, Marunouchi, Chiyoda-ku, Tokyo | 12,350,038                                  | 97.18  |
| (Treasury stock)<br>The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 2-7-1, Marunouchi, Chiyoda-ku, Tokyo | 357,700                                     | 2.81   |
| Total  | –                                    | 12,707,738                                  | 100.00   |

By number of voting rights held

As of March 31, 2017

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

(4) Status of voting rights

1) Issued shares

As of March 31, 2017

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

2) Treasury stock, etc.

As of March 31, 2017

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

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

(5) Details of stock option plans

None applicable.



## 2. Policy on Dividends

The Bank makes it a principle to pay out constant dividend, with consideration to the strengthening of its financial position including the building up of adequate internal reserves, to ensure sound bank management necessitated by the public nature of banking business, along with consideration to the reinforcement of the capital base of its parent company Mitsubishi UFJ Financial Group, Inc.

According to the provisions in Article 454, Paragraph 5 of the Companies Act, the Bank, by its Articles of Incorporation, is allowed to offer dividends from surplus, with the record date set on September 30 each year, based on the resolution of the Board of Directors. The Bank may also offer dividends from surplus with the record date set on March 31 each year, in accordance with its Articles of Incorporation. Thus, the Bank makes it a principle to pay out dividend from surplus twice a year, namely interim dividend and year-end dividend. According to the provisions in each item of Article 459, Paragraph 1 of the Companies Act, the Bank provides in its Articles of Incorporation that the Bank may, by the resolution of the Board of Directors, purchase its treasury stock and offer dividends from surplus. The amounts of dividends are decided by the Board of Directors' meeting for an interim dividend and by the Ordinary General Meeting of Shareholders or Board of Directors' meeting for other dividends.

In respect of dividends for the current fiscal year, it was decided, in accordance with the dividend policy as described above, to pay an annual dividend of ¥15.79 per share for common stock (comprising an interim dividend of ¥8.13 and a year-end dividend of ¥7.66). In line with the capital policy of Mitsubishi UFJ Financial Group, Inc., the Bank distributed the special dividends of ¥13.05 per share for common stock and ¥6.82 per share for common stock as of August 1, 2016 and February 2, 2017, respectively. Furthermore, in accordance with the business investment strategies of the Bank and Mitsubishi UFJ Financial Group, Inc., the Bank distributed dividends in kind in respect of the common stock of Mitsubishi UFJ Investor Services & Banking (Luxembourg) S.A. as of May 31, 2017.

In the meantime, internal reserves shall be utilized for the continuous enhancement of corporate value and further reinforcement of the corporate structure.

(Note) Dividends from surplus whose record dates belong to the current fiscal year and dividends from surplus resolved in the current fiscal year were as follows:

| Date of resolution   | Aggregate amount of dividend | Dividend per share |       |
|--|------------------------------|--------------------|-------|
| November 14, 2016<br>Resolution by the Board of Directors' meeting | ¥100,405 million             | Common stock       | ¥8.13 |
| May 15, 2017<br>Resolution by the Board of Directors' meeting      | ¥94,601 million              | Common stock       | ¥7.66 |

| Date of resolution  | Aggregate amount of dividend | Dividend per share |        |
|---|------------------------------|--------------------|--------|
| July 29, 2016<br>Resolution by the Board of Directors' meeting    | ¥161,167 million             | Common stock       | ¥13.05 |
| January 31, 2017<br>Resolution by the Board of Directors' meeting | ¥84,227 million              | Common stock       | ¥6.82  |

| Date of resolution  | Aggregate amount of dividend | Property dividends  | Dividend per share |   |
|---|------------------------------|---|--------------------|---|
| January 31, 2017<br>Resolution by the Board of Directors' meeting | ¥3,689 million               | 285,900 shares of common stock of Mitsubishi UFJ Investor Services & Banking (Luxembourg) S.A. (*1) | Common stock       | All of the property dividends were distributed to Mitsubishi UFJ Financial Group, Inc., the sole shareholder of common stock of the Bank, and per share amount was not defined. |

(\*1) In line with this distribution of dividends in kind, the Bank has granted Mitsubishi UFJ Financial Group, Inc. the right to demand distribution of monies in accordance with the provisions of the Companies Act. However, such right has not been exercised.

### **3. Changes in Share Prices**

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

#### 4. Directors and Corporate Auditors

Men: 24 Women: 0 (Proportion of female Directors and Corporate Auditors is 0%)

| Title   | Position   | Name                | Date of birth      | Term                     | Number of shares of the Company held | Major concurrent positions  |
|---|--|---------------------|--------------------|--------------------------|--------------------------------------|---|
| Director Audit & Supervisory Committee Member           |  | Masahito Monguchi   | January 1, 1946    | Two years from June 2016 | -                                    | Of Counsel of Anderson Mori & Tomotsune LPC<br>Auditor of NEW KANSAI INTERNATIONAL AIRPORT COMPANY, LTD.<br>Board of trustees of Showa Women's University |
| Director Audit & Supervisory Committee Member           |  | Makoto Ebata        | February 23, 1947  | Two years from June 2016 | -                                    | Associate of Hitachi, Ltd.  |
| Director Audit & Supervisory Committee Member           |  | Kenji Matsuo        | June 22, 1949      | Two years from June 2016 | -                                    | Senior Advisor of Meiji Yasuda Life Insurance Company   |
| Director Audit & Supervisory Committee Member           |  | Tadayuki Matsushige | June 5, 1956       | Two years from June 2017 | -                                    | -   |
| Director Audit & Supervisory Committee Member           |  | Shuzo Sumi          | July 11, 1947      | Two years from June 2016 | -                                    | Counselor of Tokio Marine & Nichido Fire Insurance Co., Ltd.<br>Chairman of the Board of Tokio Marine Holdings, Inc.                                      |
| Director Full-time Audit & Supervisory Committee Member |  | Naoto Hirota        | June 4, 1958       | Two years from June 2017 | -                                    | -   |
| Director Full-time Audit & Supervisory Committee Member |  | Yukiyasu Nishio     | September 15, 1961 | Two years from June 2016 | -                                    | -   |
| Director Full-time Audit & Supervisory Committee Member |  | Nobuhiro Matsumoto  | July 5, 1963       | Two years from June 2017 | -                                    | -   |
| Director Full-time Audit & Supervisory Committee Member |  | Fumikazu Tatsumi    | July 16, 1964      | Two years from June 2016 | -                                    | -   |
| Chairman  | (Representative Director)  | Nobuyuki Hirano     | October 23, 1951   | One year from June 2017  | -                                    | Director & President & CEO of Mitsubishi UFJ Financial Group, Inc.  |
| Deputy Chairman   | (Representative Director) CAO<br>(In charge of Internal Audit & Credit Examination Division) | Kiyoshi Sono        | April 18, 1953     | One year from June 2017  | -                                    | Director & Chairman of Mitsubishi UFJ Financial Group, Inc.   |
| President & CEO   | (Representative Director)  | Kanetsugu Mike      | November 4, 1956   | One year from June 2017  | -                                    | Director & Deputy Chairman of Mitsubishi UFJ Financial Group, Inc.  |
| Deputy President (Director)                             | (Representative Director) In charge of Western Region of Japan                               | Hidekazu Fukumoto   | November 6, 1955   | One year from June 2017  | -                                    | -   |
| Deputy President (Director)                             | (Representative Director) Chief Executive, Corporate Banking Business Unit                   | Saburo Araki        | August 6, 1957     | One year from June 2017  | -                                    | Senior Managing Executive Officer & Group Head, Corporate Banking Business Group of Mitsubishi UFJ Financial Group, Inc.                                  |
| Deputy President (Director)                             | (Representative Director) In charge of Central Region of Japan                               | Takehiko Yamana     | January 26, 1956   | One year from June 2017  | -                                    | -   |

| Title                       | Position   | Name              | Date of birth     | Term                    | Number of shares of the Company held | Major concurrent positions   |
|-----------------------------|--|-------------------|-------------------|-------------------------|--------------------------------------|--|
| Deputy President (Director) | (Representative Director)<br>Co-Chief Executive, Global Business Unit (Mainly in charge of Headquarters for Asia & Oceania, Headquarters for East Asia, and Headquarters for Krungsri)                                   | Eiichi Yoshikawa  | July 14, 1956     | One year from June 2017 | -                                    | Senior Managing Executive Officer & Group Head, Global Business Group of Mitsubishi UFJ Financial Group, Inc.  |
| Senior Managing Director    | (Representative Director)<br>CSO<br>(In charge of Corporate Planning Division (excluding Budget & Resource Management Department)), in charge of Corporate Administration Division and Corporate Communications Division | Tadashi Kuroda    | June 7, 1958      | One year from June 2017 | -                                    | Director & Senior Managing Executive Officer of Mitsubishi UFJ Financial Group, Inc.                           |
| Senior Managing Director    | (Representative Director)<br>CFO<br>(In charge of Corporate Planning Division (Budget & Resource Management Department) and Financial Planning Division)   | Muneaki Tokunari  | March 6, 1960     | One year from June 2017 | -                                    | Director & Senior Managing Executive Officer of Mitsubishi UFJ Financial Group, Inc.                           |
| Senior Managing Director    | (Representative Director)<br>CCO<br>(In charge of Global Compliance Division and Americas Compliance Division) and<br>CLO<br>(In charge of Legal Division)   | Akira Hamamoto    | May 19, 1960      | One year from June 2017 | -                                    | Senior Managing Executive Officer of Mitsubishi UFJ Financial Group, Inc.                                      |
| Senior Managing Director    | (Representative Director)<br>CHRO<br>(In charge of Human Resources Division)   | Naoki Hori        | January 27, 1961  | One year from June 2017 | -                                    | Managing Officer of Mitsubishi UFJ Financial Group, Inc.   |
| Senior Managing Director    | (Representative Director)<br>CRO<br>(In charge of Corporate Risk Management Division and Credit Policy & Planning Division)  | Masamichi Yasuda  | August 22, 1960   | One year from June 2017 | -                                    | Director & Senior Managing Executive Officer of Mitsubishi UFJ Financial Group, Inc.                           |
| Managing Director           | (Representative Director)<br>Chief Executive, Corporate Services,<br>CIO<br>(In charge of Information Systems Group) and<br>CDTO<br>(In charge of Digital Transformation Division)                                       | Hironori Kamezawa | November 18, 1961 | One year from June 2017 | -                                    | Managing Executive Officer of Mitsubishi UFJ Financial Group, Inc.   |
| Managing Director           | (Representative Director)<br>Chief Executive,<br>Retail Banking Business Unit  | Atsushi Murakami  | May 9, 1961       | One year from June 2017 | -                                    | Managing Executive Officer & Group Head, Retail Banking Business Group of Mitsubishi UFJ Financial Group, Inc. |
| Managing Director           | (Representative Director)<br>Chief Executive, Global Markets Unit  | Kazuto Uchida     | July 12, 1960     | One year from June 2017 | -                                    | Managing Officer & Deputy Group Head, Global Markets Business Group of Mitsubishi UFJ Financial Group, Inc.    |
| Total                       |  | 24 members        |                   |                         |                                      |  |

- (Notes)
1. Directors Masahito Monguchi, Makoto Ebata, Kenji Matsuo, Tadayuki Matsushige and Shuzo Sumi are all Outside Directors stipulated under Article 2, Item 15 of the Companies Act.
  2. We have an executive officer system, and the Bank has 94 Executive Officers as of the submission date of the Annual Securities Report. All the Directors listed above, except for Chairman Nobuyuki Hirano, Directors Masahito Monguchi, Makoto Ebata, Kenji Matsuo, Tadayuki Matsushige, Shuzo Sumi, Naoto Hirota, Yukiyasu Nishio, Nobuhiro Matsumoto and Fumikazu Tatsumi serve concurrently as Executive Officers.
  3. The structure of the Audit & Supervisory Committee is as follows:  
Audit & Supervisory Committee: Masahito Monguchi (Chairperson), Makoto Ebata, Kenji Matsuo, Tadayuki Matsushige, Shuzo Sumi, Naoto Hirota, Yukiyasu Nishio, Nobuhiro Matsumoto and Fumikazu Tatsumi

## 5. Corporate Governance

### (1) Corporate governance

#### 1) Status of corporate governance of the Submitting Company

##### A) Basic concept on the corporate governance

The Bank is making efforts to enhance corporate governance as a member of the MUFG Group based on the concept described in the “Management Vision” and the “Principles of Ethics and Conduct.”

Mitsubishi UFJ Financial Group, Inc., the parent company of the Bank, made a transition to a company with three committees in June 2015 in order to give priority to an external perspective, to further promote the enhancement of its corporate governance structure such as the appointment of Outside Directors, which MUFG had implemented, and to establish a corporate structure to support the medium-to-long-term growth of the MUFG Group. The purpose of the transition to a company with three committees is to enhance a governance structure that is more visible and acceptable to its global stakeholders while strengthening the supervisory function of the Board of Directors through the separation of execution and oversight at the holding company as part of the effort to enhance Group management. MUFG has established the Nomination and Governance Committee (nomination committee under the Companies Act), the Compensation Committee and the Internal Audit and Compliance Committee as stipulated in the Companies Act, along with the Risk Committee and the U.S. Risk Committee under the Risk Committee.

In addition, the Bank has established and released BTMU Corporate Governance Policies that outlines the Bank’s principles of Corporate Governance and its framework.

The Bank made a transition from a Company with Corporate Auditors to a Company with an Audit & Supervisory Committee in June 2016. The Bank has established a system to ensure quick decision-making through the delegation of authority to make a large portion of important decisions on business executions from the Board of Directors to the Executive Committee, and to strengthen the supervisory function of the Board of Directors through the monitoring of the delegated matters. Furthermore, the Bank will develop a highly effective and efficient corporate governance structure through improvement of the transparency and objectivity of management by assigning the audit and supervisory functions to the Audit & Supervisory Committee, the majority of whose members are Outside Directors. The Bank also introduced the business unit structure where management authorities are accompanied by management responsibilities in each business unit, along with executive officer structure in order to enhance and strengthen business operation function in each line of business or business unit.

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

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

###### a) Board of Directors

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

The Bank has 24 Directors, including 9 Directors who are Members of the Audit & Supervisory Committee, as of the submission date of the Annual Securities Report. All of 5 Outside Directors are Directors who are Members of the Audit & Supervisory Committee.

###### b) Audit & Supervisory Committee

The Bank is a Company with an Audit & Supervisory Committee. The Audit & Supervisory Committee consists of 9 Members, including 5 Outside Members, as of the submission date of the Annual Securities Report.

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

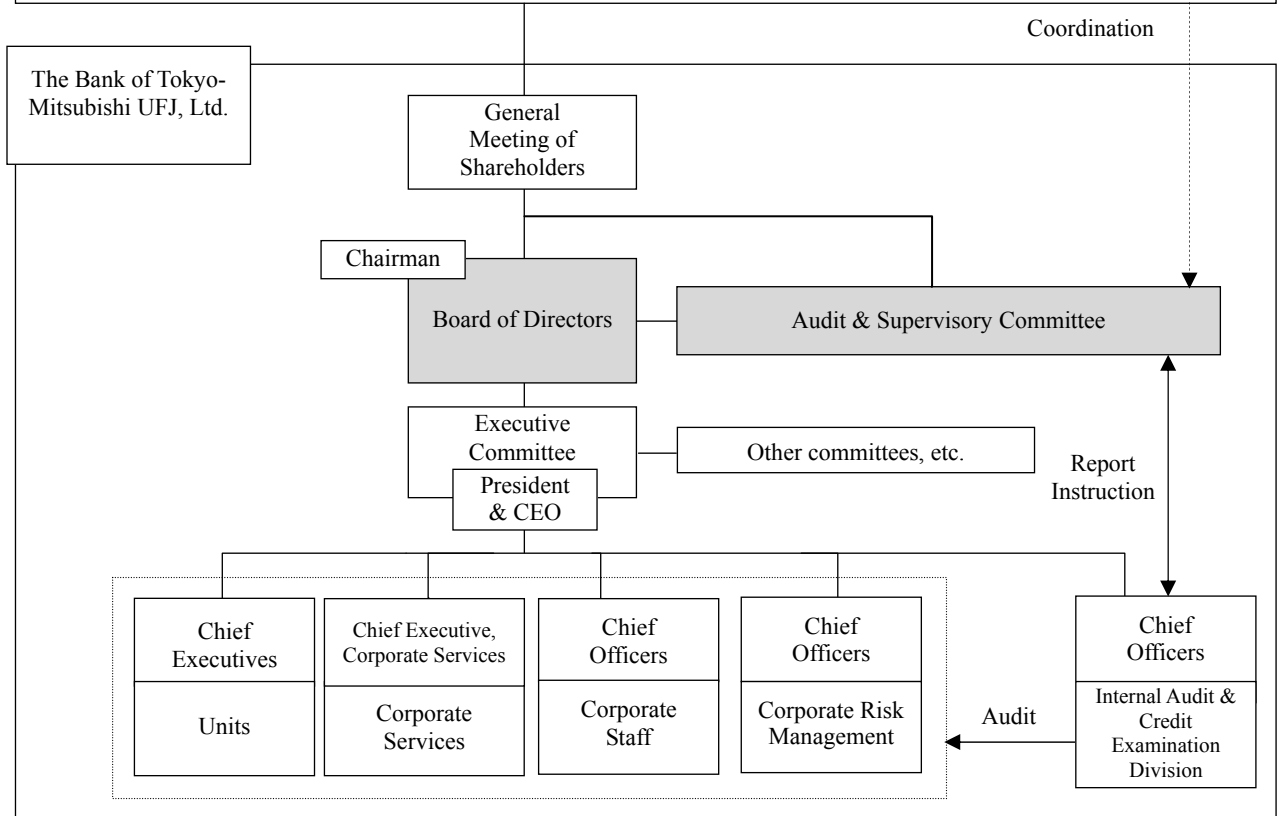
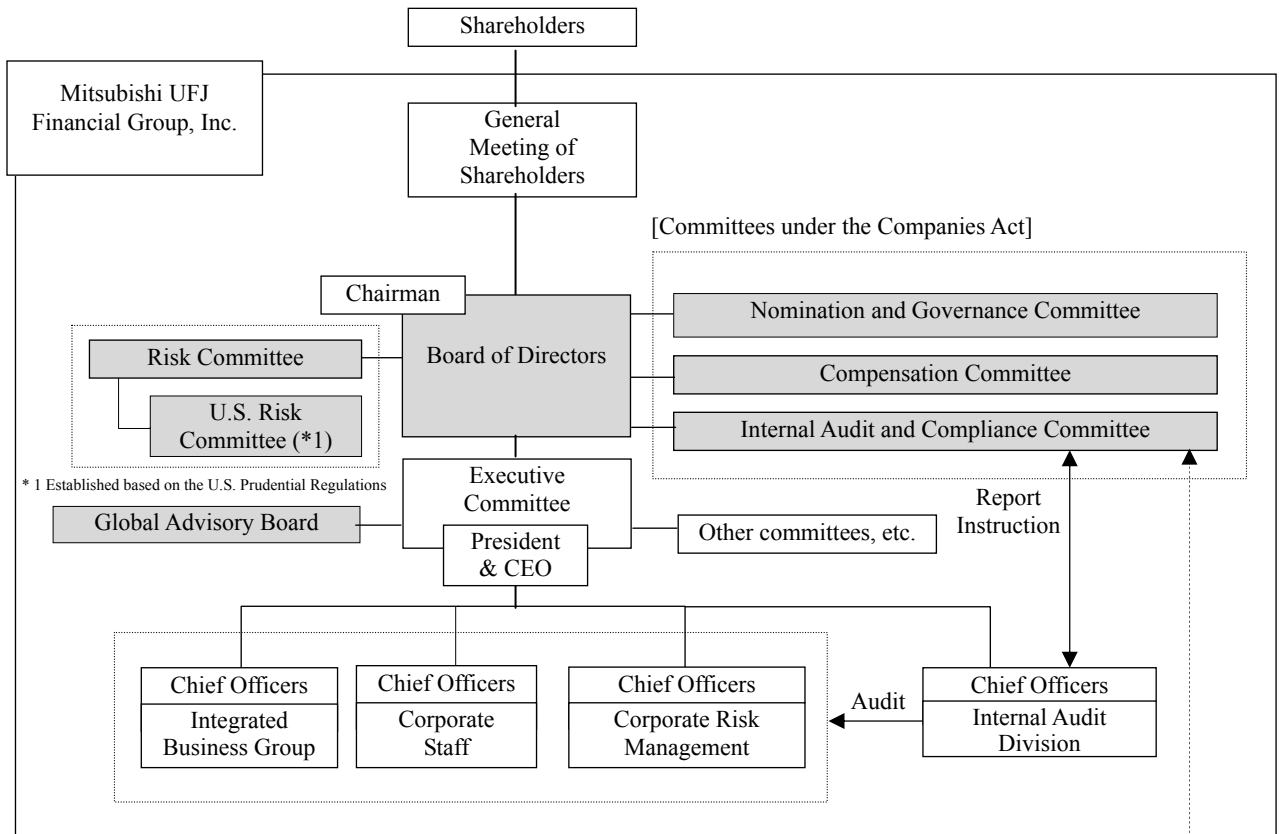
###### c) Executive Committee

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

d) Other Committees, etc. under the Executive Committee

To contribute to discussions at the Executive Committee, various committees under the Executive Committee have been established, and important matters relating to risk management, business operations, personnel/labor and other issues have been discussed regularly at such committees. For example, Risk Management Committee, Compliance Committee, Customer Protection Promotion Committee, Credit Committee, Asset-Liability Management (“ALM”) Committee, Disclosure Committee, and CSR Promotion Committee have been established. The Bank also has newly established the Fiduciary Duty Promotion Committee, for further strengthening existing customer-focused business operations, as well as for promoting Group-wide operations, including the sharing of best practices.

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



..... Organization with outside members

C) Status of implementation of initiatives to enhance the Bank's corporate governance and development of internal control system

Mitsubishi UFJ Financial Group, Inc. has established the Global Compliance Division as a division to administer matters related to compliance, and also established the Group Compliance Committee and the Group CCO (Chief Compliance Officer) Committee to promote sharing of compliance-related information among the Group companies and to strengthen the Group's incident prevention controls which realize the proactive response to problematic matters, while further enhancing compliance structure of the Group as a whole. Internal reporting system has been established, in addition to the ordinary reporting line within business organizations, and made available for officers and employees of the Group companies, in order to identify issues early and proactively rectify such issues through timely and proper reporting to the Group CCO Committee and other committees.

The Bank has also established the Global Compliance Division as a division to administer compliance as well as the Compliance Committee chaired by the CCO to deliberate important matters for the development and strengthening of compliance structure and thus ensures effectiveness of compliance. Furthermore, the Bank has established the departments responsible for planning and supervision regarding compliance matters within each business unit. To strengthen the management system to prevent money laundering, the Bank has also consolidated specialized organizations within the Global Compliance Division to centrally manage money laundering-related activities in an integrated manner globally.

The Bank has introduced the Balanced Score Card (BSC) as a common platform for all the branches to improve effectiveness of management control and internal control and makes efforts to disseminate it firmly in the Head Office as well as its branches. By utilizing BSC, the Bank aims at the target setting and performance evaluation where "short-term and long-term" as well as "offense and defense" are well-balanced.

In accordance with Article 362, Paragraph 4, Item 6 and Article 362, Paragraph 5 of the Companies Act (hereinafter, the "Act") and Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Act (hereinafter, the "Ordinance"), "systems to ensure the properness of operations of the Company (Internal Control System)" was resolved at the Board of Directors' meeting held in April 2006. In line with the transition to a Company with an Audit & Supervisory Committee in June 2016, the Bank resolved to review its Internal Control System in accordance with Article 399-13, Paragraph 1, Item 1, (b) and (c) and Article 399-13, Paragraph 2 of the Act and Article 110-4, Paragraphs 1 and 2 of the Ordinance.

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



## D) Compensation to Officers

|  | Total amount of compensation, etc. (Millions of yen) | Total amount of compensation by type (Millions of yen) |   |                    |         |                     | Number of recipients |
|--|--|--|---|--------------------|---------|---------------------|----------------------|
|  |  | Annual compensation                                    | Compensation in the form of subscription rights to share as stock options | Stock compensation | Bonuses | Retirement benefits |                      |
| Directors other than Audit & Supervisory Committee Members (excluding Outside Directors) | 1,086  | 517  | 24  | 213                | 139     | 192                 | 22                   |
| Directors who are Audit & Supervisory Committee Members (excluding Outside Directors)    | 218  | 218  | -   | -                  | -       | -                   | 4                    |
| Corporate Auditors (excluding Outside Directors)   | 46   | 46   | -   | -                  | -       | -                   | 4                    |
| Outside Officers   | 161  | 137  | -   | -                  | -       | 24                  | 11                   |

- (Notes)
1. The Bank transformed its governance structure from a Company with Board of Corporate Auditors to a Company with an Audit & Supervisory Committee on June 28, 2016. Directors who served before the transformation are counted as Directors other than Audit & Supervisory Committee Members. If a person received compensation for his/her posts as Director other than Audit & Supervisory Committee Member, Director who is an Audit & Supervisory Board Member or Corporate Auditor, such person is counted as one in the respective categories.
  2. In addition to the above, the Bank paid retirement pension of ¥177 million and ¥8 million to the Inside Directors and Inside Corporate Auditors, respectively, who retired prior to June 2007.
  3. On July 1, 2016, the Bank introduced a performance-based stock compensation plan using a structure called Board Incentive Plan. Total compensation in the table above represents expenses, etc. associated with the share issuance points granted under the plan during the fiscal year ended March 31, 2017.
  4. On December 1, 2016, the Bank changed the stock compensation system from compensation type stock options (stock acquisition rights) to the Board Incentive Plan, whereby officers of the Bank who owned unused stock options granted in the past and waived their rights associated therewith have been granted the share issuance points equivalent to the number of shares to be issued upon exercise of the stock options as transferred stock compensation. Since the share issuance points granted as transferred stock compensation will be changed to the shares of the MUFG, etc., only after the retirement as a general rule, in the same way as in the stock options before the transfer, and the amount of compensation granted in the form of stock options before the transfer has been disclosed, these share issuance points are not included in the amount of compensation, etc., stated above.

## E) Policies on determination of amount or calculation method of compensation for Officers

### 1. The Context of these Policies

- These policies have been determined by the Board of Directors of the Bank, based on the “Policy for the Decisions on the Contents of the Remunerations, etc. for Individual Officers, etc.” (hereinafter “MUFG Policy”) set out by the Compensation Committee of the Bank’s parent company, Mitsubishi UFJ Financial Group, Inc. (hereinafter “MUFG”).

### 2. Principles and Objectives

- The Bank, as the core bank of the MUFG Group, will provide the highest quality services properly and timely to satisfy the increasingly diversified and sophisticated financial needs of customers in the face of turbulent changes in the business environment, by demonstrating the Group’s integrated strength by capitalizing on its operational network both at home and abroad, which is the most extensive among the Japanese banks, and enhancing collaboration with other Group companies.

- Our policies on the compensation for Officers are designed to enhance the executive motivation for contributing to the improvement in the Bank’s performance, not only on a short-term basis but also from a medium-to-long-term perspective, while discouraging excessive risk-taking, with the aim of materializing the aforementioned management policies and supporting sustainable growth as well as medium-to-long-term enhancement of our corporate value. Furthermore, in determining the amount of compensation, the business performance and financial soundness at the Bank as well as regulatory constraints, etc. on executive remuneration both at home and abroad are also considered.

### 3. Compensation Level

- The Amount of compensation for Directors and Executive Officers (hereinafter, “Officers, etc.”) are determined at appropriate level for the Bank in consideration of various factors including the economic and social conditions, trends in the industry, business environment for and business performance at the Bank, and the local labor market condition in the countries where they are appointed or employed.

### 4. Decision-making Organizations

- Total amount of each category of compensation to be paid to Directors (excluding Directors who are Audit & Supervisory Committee Members) of the Bank is determined at the General Meeting of Shareholders. The amount of compensation for each individual Director is decided by the Board of Directors within such determined amount, reflecting the contents of deliberation made by the Compensation Committee of MUFG. Contents of compensation, etc. for each individual Executive Officer is decided by the Board of Directors.
- MUFG has established the Compensation Committee chaired by an independent Outside Director, comprising Directors concurrently serving as independent Outside Directors and Director & President & CEO as members, which determines, in accordance with the “MUFG Policy,” contents of compensation, etc. for individual Directors and Executive Officers, or the combined amount of compensation, etc. between those determined by MUFG and those determined by its subsidiaries (where, however, bonuses are subject to fixed standard) including the Bank, as officers and employees of such subsidiaries, in the case where they serve concurrently as officers and employees of such subsidiaries.
- Furthermore, the Compensation Committee of MUFG makes decisions on contents of the establishment, revision and abolition of systems related to the compensation, etc. for its own Officers, etc. and deliberates contents of the establishment, revision and abolition of systems related to the compensation, etc. for the Bank’s Officers, etc. as well as the compensation, etc. for chairman, deputy chairman and president at major subsidiaries, including the Bank, of MUFG and makes suggestions to its Board of Directors.
- Total amount of annual compensation to be paid to Directors who are Audit & Supervisory Committee Members of the Bank is determined at the General Meeting of Shareholders. The amount of compensation for each individual Director who is an Audit & Supervisory Committee Member is decided within such determined amount, through discussions of Directors who are Audit & Supervisory Committee Members.

### 5. Contents of Compensation, etc.

- Compensation, etc. for Officers, etc. of the Bank is paid, in principle, in three different forms of compensation: annual compensation, stock compensation and bonuses. The respective percentage of each compensation is determined appropriately in consideration of the aforementioned principles and objectives. Outside Directors and Directors who are Audit & Supervisory Committee Members are excluded from the recipients of stock compensation and bonuses, in light of the nature of their duties.
- Annual compensation is determined according to the rank, the location of workplace, etc. of individual Officers, etc. and is paid, in principle, every month in cash.
- Stock compensation was introduced in fiscal 2016 as a new medium-to-long-term incentive plan

in place of existing compensation in the form of subscription rights to share as stock options, aiming at further motivating Officers, etc. to contribute to the improvement of medium-to-long-term financial performance of the MUFG Group and to share an interest with MUFG's shareholders. For stock compensation, shares of MUFG, etc. are granted to individual Officers, etc. as follows, using a trust structure:

i) Performance-based portion

Shares of MUFG, etc. (see "Note") corresponding to the "base amount determined according to the rank × performance factor (within the range of 0 to 150% depending on achievement of performance targets) based on the degree of achievement of performance targets of the Medium-term Business Plan" are granted, in principle, upon the termination of the MUFG Medium-term Business Plan. Financial indicators used for evaluating the degree of achievement of performance targets are consolidated net business profit, net income attributable to the shareholders of MUFG, market capitalization, and EPS (earnings per share) of MUFG.

ii) Non-performance-based portion:

Shares of MUFG, etc. (see "Note") corresponding to the "base amount determined according to the rank" are granted, in principle, at the time of the termination of individual Officers, etc.

(Note) The number of shares is calculated based on the average per-share acquisition cost of share of MUFG incurred by the trust.

- Bonuses, as a performance-based compensation to further motivate Officers, etc. to contribute to the improvement of each fiscal year's financial performance, are determined based on the Bank's performance and performance of individual Officers, etc. in execution of duties for the previous fiscal year, and are paid, in principle, once a year in cash. The amount of bonuses varies between 0 and 150% of the base amount fixed by rank.
- Notwithstanding the aforementioned items, compensation, etc. for executives locally hired outside Japan is designed individually in order to prevent excessive risk-taking, in consideration of the factors including description and characteristics of job, local compensation regulations and practices, local market standard.

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

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

2) Organization, personnel and procedures of internal audit and audit by the Audit & Supervisory Committee, and cooperation between internal audit, audit by the Audit & Supervisory Committee and accounting audit

The Bank defines role of internal audit to "independently verify and evaluate internal management practices with focus on effectiveness and efficiency of business operation, reliability of reporting and compliance with the applicable laws and regulations, and when necessary, report the evaluation of internal management practices and propose measures to improve problem areas to the management of the Bank."

Basic matters regarding purposes, authorities and responsibilities, and implementation and reporting of internal audit are stipulated in the regulation established by the Board of Directors. The Bank has set up the Internal Audit & Credit Examination Division under Chief Officers who do not have responsibility for functions other than internal audit, as a division independent of operational divisions. The Internal Audit & Credit Examination Division has 297 staff members as of the end of March 2017. The division not only conducts business audits but also has established the Credit

Examination Office within the division to conduct credit audits. In addition, for overseas, the Bank established the Internal Audit Office and the Credit Examination Office in the Americas and Europe, and Internal Corporate Auditors have been appointed to major business sites in Asia.

Important matters including internal audit plan and result of internal audit implemented are reported to the Audit & Supervisory Committee and the Board of Directors from the Internal Audit & Credit Examination Division. For the implementation of internal audit, the risk-based audit method is adopted to allocate audit resources and to determine scope and degree of verification by type and degree of risks.

The Audit & Supervisory Committee, in effective cooperation with internal audit divisions, etc., audits the Directors' execution of duties in accordance with the audit policies and audit plans, as described in "B) Status of corporate management organizations regarding management decision making, execution and supervision, and other corporate governance systems" above.

In addition, the Audit & Supervisory Committee, the Accounting Auditor and the Internal Audit & Credit Examination Division hold meetings for mutual reporting and exchange of opinion among them and share information regarding audit measures and audit results, and strive to strengthen mutual cooperation.

- 3) Personal relationship, capital relationship, transactional relationship and other conflicts of interests between Outside Directors and the Submitting Company

The Outside Directors have no special conflict of interests with the Bank.

- 4) Names of certified public accountants who have conducted audit, name of auditing firm to which they belong, and structure of assistant regarding audit

The certified public accountants who have conducted accounting audit of the Bank are Mr. Hidehito Goda, Mr. Hiroyuki Sono, Mr. Yukihiro Otani and Mr. Hiroyuki Hamahara, who belong to Deloitte Touche Tohmatsu LLC. In addition, 83 certified public accountants, 59 assistant certified public accountants, etc. and 82 other staff members have assisted the accounting audit of the Bank.

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

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

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

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

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

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

The Articles of Incorporation of the Bank set forth that unless otherwise provided for by laws or regulations, the Bank may determine by a resolution of the Board of Directors to acquire its own shares and offer dividends from surplus by obtaining consent of the shareholders as provided for in

each item of Article 459, Paragraph 1 of the Companies Act, in order to secure flexibility in the implementation of the Bank's capital policy.

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

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

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

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

## (2) Details of Compensation for Audits

### 1) Details of Compensation for Certified Public Accountants

(Millions of yen)

| Classification            | Previous fiscal year            |                                     | Current fiscal year             |                                     |
|---------------------------|---------------------------------|-------------------------------------|---------------------------------|-------------------------------------|
|                           | Compensation for audit services | Compensation for non-audit services | Compensation for audit services | Compensation for non-audit services |
| The Bank                  | 1,996                           | 100                                 | 2,310                           | 51                                  |
| Consolidated subsidiaries | 126                             | 5                                   | 128                             | 5                                   |
| Total                     | 2,122                           | 105                                 | 2,439                           | 57                                  |

### 2) Other important details concerning compensation

The Bank and some of its consolidated subsidiaries including MUFG Americas Holdings pay compensation for audit and non-audit services to audit firms which belong to the same network as the Accounting Auditor of the Bank. The total amount paid for the previous fiscal year was ¥2,765 million, and that for the current fiscal year was ¥3,294 million.

### 3) Details of non-audit services for the Submitting Company by certified public accountants

The non-audit services for which the Bank paid compensation to the certified public accountants in the previous fiscal year and the current fiscal year include research on internal management with respect to calculation of capital adequacy ratio.

### 4) Policies concerning compensation for auditors

The compensation for audit is determined by verifying adequacy of audit plan, including audit system, processes and schedules, and estimated hours for audit, etc. submitted by the Accounting Auditors, and with the approval of the Audit & Supervisory Committee.

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated balance sheets of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (the "Bank") and its subsidiaries as of March 31, 2017 and 2016, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for each of the three years in the period ended March 31, 2017, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

### Management's Responsibility for the Consolidated Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Bank and its subsidiaries as of March 31, 2017 and 2016, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2017, in accordance with accounting principles generally accepted in Japan.

### Convenience Translation

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.



June 27, 2017

## Consolidated Financial Statements

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

#### Consolidated Balance Sheets

As of March 31, 2017 and 2016

|   | Millions of Yen      |                      | Millions of<br>U.S. Dollars<br>(Note 1) |
|---|----------------------|----------------------|---|
|   | 2017                 | 2016                 | 2017                                    |
| <b>ASSETS:</b>  |                      |                      |   |
| Cash and due from banks (Notes 3, 4, 11 and 26)                 | ¥ 49,105,070         | ¥ 37,163,259         | \$ 437,696                              |
| Call loans and bills bought (Note 26)                           | 554,313              | 519,784              | 4,941                                   |
| Receivables under resale agreements (Note 26)                   | 2,473,291            | 655,956              | 22,045                                  |
| Receivables under securities borrowing transactions (Note 26)   | 6,225,799            | 446,292              | 55,493                                  |
| Monetary claims bought (Notes 4, 11 and 26)                     | 4,612,670            | 4,722,160            | 41,115                                  |
| Trading assets (Notes 4, 11 and 26)                             | 6,697,587            | 6,611,558            | 59,699                                  |
| Money held in trust (Notes 5 and 26)                            | 27,640               | 57,656               | 246                                     |
| Securities (Notes 4, 6, 10, 11 and 26)                          | 43,287,183           | 50,234,169           | 385,838                                 |
| Loans and bills discounted (Notes 7, 11, 12, 26 and 29)         | 95,121,265           | 101,007,681          | 847,859                                 |
| Foreign exchange assets (Note 26)                               | 2,006,259            | 1,756,170            | 17,883                                  |
| Tangible fixed assets (Notes 8 and 11):                         | 1,076,740            | 1,082,499            | 9,597                                   |
| Buildings   | 264,903              | 272,670              | 2,361                                   |
| Land (Note 9)   | 592,497              | 601,993              | 5,281                                   |
| Lease assets (Note 23)  | 7,592                | 7,932                | 68                                      |
| Construction in progress  | 46,226               | 36,602               | 412                                     |
| Other tangible fixed assets                                     | 165,519              | 163,301              | 1,475                                   |
| Intangible fixed assets:  | 876,781              | 909,625              | 7,815                                   |
| Software  | 349,673              | 363,942              | 3,117                                   |
| Goodwill  | 244,348              | 258,760              | 2,178                                   |
| Lease assets (Note 23)  | 130                  | 198                  | 1                                       |
| Other intangible fixed assets                                   | 282,628              | 286,723              | 2,519                                   |
| Asset for retirement benefits (Note 15)                         | 337,225              | 161,850              | 3,006                                   |
| Deferred tax assets (Note 22)                                   | 25,213               | 39,951               | 225                                     |
| Customers' liabilities for acceptances and guarantees (Note 10) | 8,492,151            | 8,416,209            | 75,694                                  |
| Other assets (Notes 11 and 29)                                  | 8,985,185            | 9,934,479            | 80,089                                  |
| Allowance for credit losses (Note 26)                           | (796,010)            | (921,917)            | (7,095)                                 |
| <b>Total assets</b>   | <b>¥ 229,108,371</b> | <b>¥ 222,797,387</b> | <b>\$ 2,042,146</b>                     |



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

### Consolidated Balance Sheets As of March 31, 2017 and 2016

|   | Millions of Yen      |                      | Millions of<br>U.S. Dollars<br>(Note 1) |
|---|----------------------|----------------------|---|
|   | 2017                 | 2016                 | 2017                                    |
| <b>LIABILITIES:</b>   |                      |                      |   |
| Deposits (Notes 11 and 26)  | ¥ 154,710,129        | ¥ 147,784,345        | \$ 1,379,001                            |
| Negotiable certificates of deposit (Note 26)  | 6,640,060            | 7,030,355            | 59,186                                  |
| Call money and bills sold (Notes 11 and 26)   | 394,119              | 336,305              | 3,513                                   |
| Payables under repurchase agreements (Note 26)  | 7,382,733            | 10,571,873           | 65,806                                  |
| Payables under securities lending transactions (Note 26)  | 3,119,310            | 1,892,928            | 27,804                                  |
| Commercial paper (Notes 13 and 26)  | 1,692,088            | 1,565,614            | 15,082                                  |
| Trading liabilities (Notes 11 and 26)   | 4,276,059            | 5,207,822            | 38,115                                  |
| Borrowed money (Notes 11, 13 and 26)  | 16,352,022           | 10,635,990           | 145,753                                 |
| Foreign exchange liabilities (Note 26)  | 2,159,004            | 2,148,680            | 19,244                                  |
| Bonds payable (Notes 11, 14 and 26)   | 4,310,796            | 5,545,296            | 38,424                                  |
| Reserve for employee bonuses  | 39,297               | 39,522               | 350                                     |
| Reserve for bonuses to directors  | 114                  | 110                  | 1                                       |
| Reserve for stocks payment  | 5,003                | —                    | 45                                      |
| Liability for retirement benefits (Note 15)   | 49,023               | 55,843               | 437                                     |
| Reserve for retirement benefits to directors  | 463                  | 480                  | 4                                       |
| Reserve for loyalty award credits   | 9,911                | 9,532                | 88                                      |
| Reserve for contingent losses (Note 16)   | 167,316              | 59,983               | 1,491                                   |
| Acceptances and guarantees (Note 10)  | 8,492,151            | 8,416,209            | 75,694                                  |
| Deferred tax liabilities (Note 22)  | 454,032              | 607,891              | 4,047                                   |
| Deferred tax liabilities for land revaluation (Note 9)  | 120,147              | 122,901              | 1,071                                   |
| Other liabilities (Notes 11, 13 and 29)   | 6,307,505            | 7,647,412            | 56,222                                  |
| <b>Total liabilities</b>  | <b>¥ 216,681,292</b> | <b>¥ 209,679,099</b> | <b>\$ 1,931,378</b>                     |
| <b>EQUITY (Notes 17, 18 and 25):</b>  |                      |                      |   |
| Common stock:   |                      |                      |   |
| Authorized, 33,000,000 thousand shares;<br>issued, 12,350,038 thousand shares in 2017 and 2016, with no stated<br>value | ¥ 1,586,958          | ¥ 1,586,958          | \$ 14,145                               |
| Preferred stock:  |                      |                      |   |
| Authorized, 1,157,700 thousand shares;<br>issued, 357,700 thousand shares in 2017 and 2016, with no stated value        | 125,000              | 125,000              | 1,114                                   |
| Capital surplus   | 3,668,009            | 3,657,605            | 32,695                                  |
| Retained earnings   | 4,578,772            | 4,334,142            | 40,812                                  |
| Treasury stock—at cost, 357,700 thousand shares in 2017 and 2016  | (645,700)            | (645,700)            | (5,755)                                 |
| <b>Total shareholders' equity</b>   | <b>9,313,039</b>     | <b>9,058,006</b>     | <b>83,011</b>                           |
| Accumulated other comprehensive income:   |                      |                      |   |
| Unrealized gain on available-for-sale securities (Notes 4 and 6)  | 1,610,220            | 1,811,614            | 14,353                                  |
| Deferred gain on derivatives under hedge accounting   | 142,155              | 421,257              | 1,267                                   |
| Land revaluation surplus (Note 9)   | 228,160              | 234,399              | 2,034                                   |
| Foreign currency translation adjustments  | 283,319              | 392,298              | 2,525                                   |
| Defined retirement benefit plans (Note 15)  | (53,525)             | (158,343)            | (477)                                   |
| <b>Total accumulated other comprehensive income</b>   | <b>2,210,330</b>     | <b>2,701,226</b>     | <b>19,702</b>                           |
| Noncontrolling interests  | 903,707              | 1,359,055            | 8,055                                   |
| <b>Total equity</b>   | <b>12,427,078</b>    | <b>13,118,288</b>    | <b>110,768</b>                          |
| <b>Total liabilities and equity</b>   | <b>¥ 229,108,371</b> | <b>¥ 222,797,387</b> | <b>\$ 2,042,146</b>                     |

See the accompanying notes to consolidated financial statements.

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

**Consolidated Statements of Income**  
**For the Fiscal Years Ended March 31, 2017, 2016 and 2015**

|  | Millions of Yen  |                  |                  | Millions of<br>U.S. Dollars<br>(Note 1) |
|--|------------------|------------------|------------------|---|
|  | 2017             | 2016             | 2015             | 2017                                    |
| <b>INCOME:</b>   |                  |                  |                  |   |
| Interest income:   |                  |                  |                  |   |
| Interest on loans and bills discounted   | ¥ 1,584,323      | ¥ 1,534,360      | ¥ 1,566,856      | \$ 14,122                               |
| Interest and dividends on securities   | 529,106          | 494,065          | 504,416          | 4,716                                   |
| Interest on call loans and bills bought  | 10,332           | 9,553            | 11,482           | 92                                      |
| Interest on receivables under resale agreements  | 38,821           | 27,351           | 39,215           | 346                                     |
| Interest on receivables under securities borrowing transactions                        | 1,842            | 68               | 3,340            | 16                                      |
| Interest on due from banks   | 71,879           | 71,776           | 57,924           | 641                                     |
| Other interest income  | 198,984          | 186,598          | 201,693          | 1,774                                   |
| Trust fees   | 13,865           | 13,150           | 12,562           | 124                                     |
| Fees and commissions   | 892,707          | 877,046          | 884,823          | 7,957                                   |
| Trading income   | 109,585          | 135,629          | 149,311          | 977                                     |
| Other operating income   | 487,831          | 427,679          | 353,706          | 4,348                                   |
| Other income (Note 20)   | 314,967          | 293,466          | 247,703          | 2,807                                   |
| <b>Total income</b>  | <b>4,254,248</b> | <b>4,070,746</b> | <b>4,033,036</b> | <b>37,920</b>                           |
| <b>EXPENSES:</b>   |                  |                  |                  |   |
| Interest expenses:   |                  |                  |                  |   |
| Interest on deposits   | 271,116          | 265,514          | 269,794          | 2,417                                   |
| Interest on negotiable certificates of deposit   | 49,299           | 36,783           | 35,020           | 439                                     |
| Interest on call money and bills sold  | 3,002            | 5,713            | 4,891            | 27                                      |
| Interest on payables under repurchase agreements                                       | 74,338           | 41,303           | 21,846           | 663                                     |
| Interest on payables under securities lending transactions                             | 395              | 1,007            | 2,323            | 4                                       |
| Interest on commercial paper   | 11,144           | 4,121            | 2,439            | 99                                      |
| Interest on borrowed money   | 70,811           | 44,163           | 37,384           | 631                                     |
| Interest on bonds payable  | 99,677           | 108,883          | 103,582          | 888                                     |
| Other interest expenses  | 142,641          | 28,152           | 34,903           | 1,272                                   |
| Fees and commissions   | 162,899          | 159,249          | 152,019          | 1,452                                   |
| Trading expenses   | 2,834            | —                | —                | 25                                      |
| Other operating expenses   | 279,825          | 149,591          | 111,774          | 2,494                                   |
| General and administrative expenses  | 1,797,515        | 1,763,459        | 1,807,710        | 16,022                                  |
| Provision of allowance for credit losses   | —                | 121,665          | 49,333           | —                                       |
| Other expenses (Note 21)   | 299,205          | 241,733          | 247,111          | 2,667                                   |
| <b>Total expenses</b>  | <b>3,264,708</b> | <b>2,971,342</b> | <b>2,880,136</b> | <b>29,100</b>                           |
| <b>Income before income taxes</b>  | <b>989,540</b>   | <b>1,099,404</b> | <b>1,152,900</b> | <b>8,820</b>                            |
| Income taxes (Note 22):  |                  |                  |                  |   |
| Current  | 234,738          | 322,969          | 327,545          | 2,092                                   |
| Deferred   | 10,391           | 27,237           | 19,690           | 93                                      |
| <b>Total income taxes</b>  | <b>245,130</b>   | <b>350,207</b>   | <b>347,236</b>   | <b>2,185</b>                            |
| <b>Net income before attribution of noncontrolling interests</b>                       | <b>744,409</b>   | <b>749,196</b>   | <b>805,663</b>   | <b>6,635</b>                            |
| <b>Net income attributable to noncontrolling interests</b>                             | <b>54,480</b>    | <b>63,360</b>    | <b>74,041</b>    | <b>485</b>                              |
| <b>Net income attributable to the shareholders of The Bank of Tokyo-Mitsubishi UFJ</b> | <b>¥ 689,929</b> | <b>¥ 685,835</b> | <b>¥ 731,622</b> | <b>\$ 6,150</b>                         |
|  |                  | Yen              |                  | U.S. Dollars                            |
|  | 2017             | 2016             | 2015             | 2017                                    |
| Per share of common stock (Note 25):   |                  |                  |                  |   |
| Basic net income per common share  | ¥ 55.86          | ¥ 55.53          | ¥ 59.24          | \$ 0.50                                 |
| Diluted net income per common share  | 55.86            | 55.53            | 59.23            | 0.50                                    |
| Cash dividends applicable to the year per common share                                 | 35.66            | 30.00            | 32.57            | 0.32                                    |

See the accompanying notes to consolidated financial statements.

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

**Consolidated Statements of Comprehensive Income  
For the Fiscal Years Ended March 31, 2017, 2016 and 2015**

|  | Millions of Yen  |                  |                    | Millions of<br>U.S. Dollars<br>(Note 1) |
|--|------------------|------------------|--------------------|---|
|  | 2017             | 2016             | 2015               | 2017                                    |
| Net income before attribution of noncontrolling interests                                  | ¥ 744,409        | ¥ 749,196        | ¥ 805,663          | \$ 6,635                                |
| Other comprehensive (loss) income (Note 24):   |                  |                  |                    |   |
| Unrealized (loss) gain on available-for-sale securities                                    | (194,316)        | (289,857)        | 1,239,556          | (1,732)                                 |
| Deferred (loss) gain on derivatives under hedge accounting                                 | (280,843)        | 259,582          | 122,159            | (2,503)                                 |
| Land revaluation surplus   | (21)             | 6,811            | 13,667             | (0)                                     |
| Foreign currency translation adjustments   | (96,209)         | (199,099)        | 403,482            | (858)                                   |
| Defined retirement benefit plans   | 111,233          | (69,794)         | 11,647             | 992                                     |
| Share of other comprehensive income in affiliates accounted for using<br>the equity method | (18,165)         | (3,280)          | 26,617             | (162)                                   |
| Total other comprehensive (loss) income  | (478,322)        | (295,638)        | 1,817,129          | (4,263)                                 |
| Comprehensive income   | <u>¥ 266,086</u> | <u>¥ 453,557</u> | <u>¥ 2,622,793</u> | <u>\$ 2,372</u>                         |
| Total comprehensive income attributable to:  |                  |                  |                    |   |
| The shareholders of The Bank of Tokyo-Mitsubishi UFJ                                       | ¥ 211,562        | ¥ 408,180        | ¥ 2,525,449        | \$ 1,886                                |
| Noncontrolling interests   | 54,524           | 45,377           | 97,344             | 486                                     |

See the accompanying notes to consolidated financial statements.

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

Consolidated Statements of Changes in Equity  
For the Fiscal Years Ended March 31, 2017, 2016 and 2015

|   | Millions of Yen |                 |                   |                |                            |  |   |                          |  |                                  |  |             |                          |              |
|---|-----------------|-----------------|-------------------|----------------|----------------------------|--|---|--------------------------|--|----------------------------------|--|-------------|--------------------------|--------------|
|   | Capital stock   | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity | Accumulated other comprehensive income           |   |                          |  |                                  |  |             | Noncontrolling interests | Total equity |
|   |                 |                 |                   |                |                            | Unrealized gain on available-for-sale securities | Deferred gain on derivatives under hedge accounting | Land revaluation surplus | Foreign currency translation adjustments | Defined retirement benefit plans | Total accumulated other comprehensive income |             |                          |              |
| BALANCE, APRIL 1, 2014 (as previously reported)                                 | ¥ 1,711,958     | ¥ 3,878,275     | ¥ 3,728,642       | ¥ (255,700)    | ¥ 9,063,175                | ¥ 851,931  | ¥ 38,866  | ¥ 224,619                | ¥ 180,691                                | ¥ (100,200)                      | ¥ 1,195,908                                  | ¥ 1,482,369 | ¥ 11,741,453             |              |
| Cumulative effects of changes in accounting policies                            | —               | (209,273)       | (12,613)          | —              | (221,886)                  | —  | —   | —                        | —  | —                                | —  | 159         | (221,727)                |              |
| BALANCE, APRIL 1, 2014 (as restated)  | 1,711,958       | 3,669,001       | 3,716,029         | (255,700)      | 8,841,288                  | 851,931  | 38,866  | 224,619                  | 180,691                                  | (100,200)                        | 1,195,908                                    | 1,482,529   | 11,519,726               |              |
| Dividends paid  | —               | —               | (378,853)         | —              | (378,853)                  | —  | —   | —                        | —  | —                                | —  | —           | (378,853)                |              |
| Net income attributable to the shareholders of The Bank of Tokyo-Mitsubishi UFJ | —               | —               | 731,622           | —              | 731,622                    | —  | —   | —                        | —  | —                                | —  | —           | 731,622                  |              |
| Purchase of treasury stock  | —               | —               | —                 | (390,000)      | (390,000)                  | —  | —   | —                        | —  | —                                | —  | —           | (390,000)                |              |
| Reversal of land revaluation surplus  | —               | —               | 2,264             | —              | 2,264                      | —  | —   | —                        | —  | —                                | —  | —           | 2,264                    |              |
| Changes in equity of consolidated subsidiaries                                  | —               | (11,369)        | —                 | —              | (11,369)                   | —  | —   | —                        | —  | —                                | —  | —           | (11,369)                 |              |
| Other changes in the year   | —               | —               | —                 | —              | —                          | 1,247,241  | 122,579   | 11,403                   | 397,832                                  | 12,505                           | 1,791,562                                    | (63,108)    | 1,728,454                |              |
| BALANCE, APRIL 1, 2015  | 1,711,958       | 3,657,632       | 4,071,062         | (645,700)      | 8,794,952                  | 2,099,172  | 161,446   | 236,022                  | 578,523                                  | (87,694)                         | 2,987,470                                    | 1,419,421   | 13,201,844               |              |
| Dividends paid  | —               | —               | (429,043)         | —              | (429,043)                  | —  | —   | —                        | —  | —                                | —  | —           | (429,043)                |              |
| Net income attributable to the shareholders of The Bank of Tokyo-Mitsubishi UFJ | —               | —               | 685,835           | —              | 685,835                    | —  | —   | —                        | —  | —                                | —  | —           | 685,835                  |              |
| Reversal of land revaluation surplus  | —               | —               | 8,434             | —              | 8,434                      | —  | —   | —                        | —  | —                                | —  | —           | 8,434                    |              |
| Change in scope of consolidation  | —               | —               | (170)             | —              | (170)                      | —  | —   | —                        | —  | —                                | —  | —           | (170)                    |              |
| Changes in equity of consolidated subsidiaries                                  | —               | (26)            | —                 | —              | (26)                       | —  | —   | —                        | —  | —                                | —  | —           | (26)                     |              |
| Adjustment on loss due to disposal of shares of equity method investee          | —               | —               | (1,976)           | —              | (1,976)                    | —  | —   | —                        | —  | —                                | —  | —           | (1,976)                  |              |
| Other changes in the year   | —               | —               | —                 | —              | —                          | (287,558)  | 259,811   | (1,622)                  | (186,225)                                | (70,648)                         | (286,244)                                    | (60,365)    | (346,609)                |              |
| BALANCE, APRIL 1, 2016  | 1,711,958       | 3,657,605       | 4,334,142         | (645,700)      | 9,058,006                  | 1,811,614  | 421,257   | 234,399                  | 392,298                                  | (158,343)                        | 2,701,226                                    | 1,359,055   | 13,118,288               |              |
| Dividends paid  | —               | —               | (451,517)         | —              | (451,517)                  | —  | —   | —                        | —  | —                                | —  | —           | (451,517)                |              |
| Net income attributable to the shareholders of The Bank of Tokyo-Mitsubishi UFJ | —               | —               | 689,929           | —              | 689,929                    | —  | —   | —                        | —  | —                                | —  | —           | 689,929                  |              |
| Reversal of land revaluation surplus  | —               | —               | 6,217             | —              | 6,217                      | —  | —   | —                        | —  | —                                | —  | —           | 6,217                    |              |
| Changes in equity of consolidated subsidiaries                                  | —               | 10,403          | —                 | —              | 10,403                     | —  | —   | —                        | —  | —                                | —  | —           | 10,403                   |              |
| Other changes in the year   | —               | —               | —                 | —              | —                          | (201,393)  | (279,102)   | (6,238)                  | (108,979)                                | 104,818                          | (490,895)                                    | (455,347)   | (946,242)                |              |
| BALANCE, MARCH 31, 2017   | ¥ 1,711,958     | ¥ 3,668,009     | ¥ 4,578,772       | ¥ (645,700)    | ¥ 9,313,039                | ¥ 1,610,220                                      | ¥ 142,155   | ¥ 228,160                | ¥ 283,319                                | ¥ (53,525)                       | ¥ 2,210,330                                  | ¥ 903,707   | ¥ 12,427,078             |              |

Millions of U.S. Dollars (Note 1)

|   | Accumulated<br>other comprehensive income |                    |                      |                   |                                  |  |   |                             |   |  |  |                             |    |            | Total equity |
|---|---|--------------------|----------------------|-------------------|----------------------------------|--|---|-----------------------------|---|--|--|-----------------------------|----|------------|--------------|
|   | Capital<br>stock                          | Capital<br>surplus | Retained<br>earnings | Treasury<br>stock | Total<br>shareholders'<br>equity | Unrealized<br>gain on<br>available-for-<br>sale securities | Deferred gain on<br>derivatives under<br>hedge accounting | Land revaluation<br>surplus | Foreign<br>currency<br>translation<br>adjustments | Defined<br>retirement<br>benefit plans | Total<br>accumulated<br>other<br>comprehensive<br>income | Noncontrolling<br>interests |    |            |              |
| BALANCE, APRIL 1, 2016  | \$ 15,259                                 | \$ 32,602          | \$ 38,632            | \$ (5,755)        | \$ 80,738                        | \$ 16,148  | \$ 3,755  | \$ 2,089                    | \$ 3,496  | \$ (1,411)                             | \$ 24,077  | \$ 12,114                   | \$ | \$ 116,929 |              |
| Dividends paid  | —   | —                  | (4,025)              | —                 | (4,025)                          | —  | —   | —                           | —   | —                                      | —  | —                           | —  | (4,025)    |              |
| Net income attributable to the<br>shareholders of The Bank of<br>Tokyo-Mitsubishi UFJ | —   | —                  | 6,150                | —                 | 6,150                            | —  | —   | —                           | —   | —                                      | —  | —                           | —  | 6,150      |              |
| Reversal of land revaluation surplus  | —   | —                  | 55                   | —                 | 55                               | —  | —   | —                           | —   | —                                      | —  | —                           | —  | 55         |              |
| Changes in equity of consolidated<br>subsidiaries                                     | —   | 93                 | —                    | —                 | 93                               | —  | —   | —                           | —   | —                                      | —  | —                           | —  | 93         |              |
| Other changes in the year   | —   | —                  | —                    | —                 | —                                | (1,795)  | (2,488)   | (55)                        | (971)   | 934                                    | (4,375)  | (4,059)                     | —  | (8,434)    |              |
| BALANCE, MARCH 31, 2017   | \$ 15,259                                 | \$ 32,695          | \$ 40,812            | \$ (5,755)        | \$ 83,011                        | \$ 14,353  | \$ 1,267  | \$ 2,034                    | \$ 2,525  | \$ (477)                               | \$ 19,702  | \$ 8,055                    | \$ | \$ 110,768 |              |

See the accompanying notes to consolidated financial statements.

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

**Consolidated Statements of Cash Flows  
For the Fiscal Years Ended March 31, 2017, 2016 and 2015**

|   | Millions of Yen |             |               | Millions of<br>U.S. Dollars<br>(Note 1) |
|---|-----------------|-------------|---------------|---|
|   | 2017            | 2016        | 2015          | 2017                                    |
| OPERATING ACTIVITIES:   |                 |             |               |   |
| Income before income taxes  | ¥ 989,540       | ¥ 1,099,404 | ¥ 1,152,900   | \$ 8,820                                |
| Adjustments for:  |                 |             |               |   |
| Income taxes paid   | (336,852)       | (382,454)   | (374,217)     | (3,003)                                 |
| Income taxes refunds  | 15,018          | 27,945      | 11,741        | 134                                     |
| Depreciation and amortization   | 221,352         | 212,656     | 224,836       | 1,973                                   |
| Impairment loss on long-lived assets  | 5,778           | 11,011      | 4,249         | 52                                      |
| Amortization of goodwill  | 15,498          | 15,943      | 16,920        | 138                                     |
| Equity in earnings of the equity method investees   | (21,891)        | (25,000)    | (24,691)      | (195)                                   |
| (Decrease) increase in allowance for credit losses  | (118,455)       | 72,924      | 43,031        | (1,056)                                 |
| (Decrease) increase in reserve for bonuses  | (287)           | 1,106       | 11,283        | (3)                                     |
| Increase (decrease) in reserve for bonuses to directors                                     | 4               | (33)        | (3)           | 0                                       |
| Increase in reserve for stocks payment  | 5,003           | —           | —             | 45                                      |
| Increase in asset for retirement benefits   | (71,463)        | (62,310)    | (38,341)      | (637)                                   |
| Decrease in liability for retirement benefits   | (1,390)         | (1,038)     | (904)         | (12)                                    |
| (Decrease) increase in reserve for retirement benefits to directors                         | (17)            | 56          | (36)          | (0)                                     |
| Increase in reserve for loyalty award credits   | 621             | 946         | 1,334         | 6                                       |
| Increase in reserve for contingent losses   | 108,259         | 6,726       | 522           | 965                                     |
| Interest income (accrual basis)   | (2,435,290)     | (2,323,774) | (2,384,928)   | (21,707)                                |
| Interest expenses (accrual basis)   | 722,428         | 535,643     | 512,186       | 6,439                                   |
| Gains on securities   | (140,734)       | (205,579)   | (156,193)     | (1,254)                                 |
| Losses (gains) on money held in trust   | 9,079           | (10,361)    | 1,286         | 81                                      |
| Foreign exchange losses (gains)   | 204,957         | 972,403     | (647,188)     | 1,827                                   |
| (Gains) losses on disposition of fixed assets   | (10,734)        | (11,006)    | 1,276         | (96)                                    |
| Decrease (increase) in trading assets   | 688,224         | (501,055)   | (1,035,400)   | 6,134                                   |
| (Decrease) increase in trading liabilities  | (1,201,866)     | 616,234     | 1,085,635     | (10,713)                                |
| Adjustment of unsettled trading accounts  | 31,359          | 63,757      | 9,471         | 279                                     |
| Net decrease (increase) in loans and bills discounted                                       | 5,186,201       | (4,202,947) | (5,068,071)   | 46,227                                  |
| Net increase in deposits  | 7,564,819       | 7,388,315   | 6,448,338     | 67,429                                  |
| Net (decrease) increase in negotiable certificates of deposit                               | (382,300)       | (4,225,550) | 452,576       | (3,408)                                 |
| Net increase (decrease) in borrowed money (excluding subordinated borrowings)               | 4,967,205       | (956,435)   | 2,573,806     | 44,275                                  |
| Net decrease (increase) in due from banks (excluding cash equivalents)                      | 615,979         | 272,560     | (12,942,662)  | 5,490                                   |
| Net decrease (increase) in call loans, bills bought and receivables under resale agreements | 64,210          | (123,246)   | (275,933)     | 572                                     |
| Net (increase) decrease in receivables under securities borrowing transactions              | (5,271,053)     | (105,091)   | 2,351,129     | (46,983)                                |
| Net (decrease) increase in call money, bills sold and payables under repurchase agreements  | (5,712,409)     | 703,927     | (2,026,924)   | (50,917)                                |
| Net increase (decrease) in commercial paper   | 130,570         | (12,679)    | 333,075       | 1,164                                   |
| Net increase (decrease) in payables under securities lending transactions                   | 1,144,793       | (476,449)   | 342,781       | 10,204                                  |
| Net (increase) decrease in foreign exchange assets  | (261,835)       | 392,549     | (120,794)     | (2,334)                                 |
| Net increase in foreign exchange liabilities  | 12,640          | 578,595     | 415,578       | 113                                     |
| (Decrease) increase in straight bonds issuance and redemption                               | (758,333)       | (171,238)   | 781,348       | (6,759)                                 |
| Interest and dividends received (cash basis)  | 2,497,647       | 2,386,627   | 2,428,479     | 22,263                                  |
| Interest paid (cash basis)  | (708,610)       | (529,531)   | (520,161)     | (6,316)                                 |
| Other-net   | (967,633)       | 348,722     | (218,376)     | (8,625)                                 |
| Total adjustments   | 5,810,491       | 282,871     | (7,783,944)   | 51,792                                  |
| Net cash provided by (used in) operating activities   | ¥ 6,800,032     | ¥ 1,382,275 | ¥ (6,631,043) | \$ 60,612                               |

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

**Consolidated Statements of Cash Flows  
For the Fiscal Years Ended March 31, 2017, 2016 and 2015**

|  | Millions of Yen     |                    |                    | Millions of<br>U.S. Dollars<br>(Note 1) |
|--|---------------------|--------------------|--------------------|---|
|  | 2017                | 2016               | 2015               | 2017                                    |
| INVESTING ACTIVITIES:  |                     |                    |                    |   |
| Purchases of securities  | ¥ (47,273,289)      | ¥ (77,155,763)     | ¥ (128,549,278)    | \$ (421,368)                            |
| Proceeds from sales of securities  | 31,627,922          | 54,055,807         | 104,023,934        | 281,914                                 |
| Proceeds from redemption of securities   | 22,345,088          | 25,840,658         | 31,862,333         | 199,172                                 |
| Increase in money held in trust  | (16,310)            | (21,206)           | (76,875)           | (145)                                   |
| Decrease in money held in trust  | 28,977              | 5,000              | 193,339            | 258                                     |
| Purchases of tangible fixed assets   | (87,688)            | (78,894)           | (150,099)          | (782)                                   |
| Purchases of intangible fixed assets   | (146,011)           | (134,956)          | (144,208)          | (1,301)                                 |
| Proceeds from sales of tangible fixed assets   | 29,431              | 35,288             | 10,404             | 262                                     |
| Proceeds from sales of intangible fixed assets   | 2,890               | 166                | 19                 | 26                                      |
| Proceeds from purchases of stocks of subsidiaries resulting in change in the scope of consolidation      | —                   | 774                | —                  | —                                       |
| Payments for purchases of stocks of subsidiaries resulting in change in the scope of consolidation       | (625)               | —                  | —                  | (6)                                     |
| Proceeds from sales of stocks of subsidiaries resulting in change in the scope of consolidation (Note 3) | 2,761               | 34,341             | 67,952             | 25                                      |
| Other-net  | (328)               | (367)              | (195)              | (3)                                     |
| Net cash provided by investing activities  | <u>6,512,818</u>    | <u>2,580,849</u>   | <u>7,237,326</u>   | <u>58,052</u>                           |
| FINANCING ACTIVITIES:  |                     |                    |                    |   |
| Increase in subordinated borrowings  | 694,000             | 697,000            | 150,000            | 6,186                                   |
| Decrease in subordinated borrowings  | (20,000)            | (26,500)           | (10,000)           | (178)                                   |
| Proceeds from issuance of subordinated bonds and bonds with subscription rights to shares                | 32,416              | 377                | —                  | 289                                     |
| Payments for redemption of subordinated bonds and bonds with subscription rights to shares               | (459,643)           | (270,960)          | (229,324)          | (4,097)                                 |
| Proceeds from issuance of common stock to noncontrolling interests                                       | 4,283               | 3,442              | 4,411              | 38                                      |
| Repayments to noncontrolling interests   | —                   | —                  | (40)               | —                                       |
| Payments for redemption of preferred stocks and others   | (468,956)           | —                  | (137,400)          | (4,180)                                 |
| Cash dividends paid  | (451,517)           | (426,817)          | (378,853)          | (4,025)                                 |
| Cash dividends paid to noncontrolling interests  | (51,683)            | (59,539)           | (69,399)           | (461)                                   |
| Purchase of treasury stock   | —                   | —                  | (390,000)          | —                                       |
| Payments for purchases of stocks of subsidiaries not resulting in change in the scope of consolidation   | —                   | —                  | (884)              | —                                       |
| Net cash used in financing activities  | <u>(721,099)</u>    | <u>(82,996)</u>    | <u>(1,061,490)</u> | <u>(6,428)</u>                          |
| Effect of foreign exchange rate changes on cash and cash equivalents                                     | <u>(27,386)</u>     | <u>(79,277)</u>    | <u>168,982</u>     | <u>(244)</u>                            |
| Net increase (decrease) in cash and cash equivalents   | 12,564,365          | 3,800,851          | (286,225)          | 111,992                                 |
| Cash and cash equivalents, beginning of year   | 7,513,181           | 3,712,330          | 3,998,556          | 66,968                                  |
| Increase in cash and cash equivalents due to new consolidation (Note 3)                                  | <u>8,698</u>        | <u>—</u>           | <u>—</u>           | <u>78</u>                               |
| Cash and cash equivalents, end of year (Note 3)  | <u>¥ 20,086,245</u> | <u>¥ 7,513,181</u> | <u>¥ 3,712,330</u> | <u>\$ 179,038</u>                       |

See the accompanying notes to consolidated financial statements.

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

### Notes to Consolidated Financial Statements For the Fiscal Years Ended March 31, 2017, 2016 and 2015

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#### 1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (the “Bank”), which is a wholly owned subsidiary of Mitsubishi UFJ Financial Group, Inc. (“MUFJ”), have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations concerning preparation of consolidated financial statements, Ordinance for Enforcement of the Banking Law and in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards (“IFRSs”).

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications and rearrangements have been made in the 2016 and 2015 consolidated financial statements to conform to the classifications used in 2017.

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

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Bank is incorporated and mainly operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥112.19 to U.S. \$1, the approximate rate of exchange as of March 31, 2017. Such translations should not be construed as representations that the Japanese yen amounts can be converted into U.S. dollars at that or any other rate.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### (1) Consolidation

The consolidated financial statements include the accounts of the Bank and its subsidiaries (together, the “Group”). There were 127 and 128 subsidiaries as of March 31, 2017 and 2016, respectively.

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

Investments in 50 and 58 affiliates were accounted for using the equity method as of March 31, 2017 and 2016, respectively.

“Goodwill” is amortized using the straight-line method over a period of 20 years. Insignificant amounts of goodwill are fully charged to income in the fiscal year when it is incurred.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profits and losses resulting from intercompany transactions were eliminated.

##### 1) Scope of consolidation

##### A) Major subsidiaries as of March 31, 2017 and 2016 were as follows:

As of March 31, 2017 and 2016:

MUFJ Americas Holdings Corporation (“MUAH”)

Bank of Ayudhya Public Company Limited (“Bank of Ayudhya”)



Changes in the subsidiaries in the fiscal year ended March 31, 2017 were as follows:  
MUFG Securities America Inc. and other eight companies were newly included in the scope of consolidation due to reasons such as contribution in kind of shares of these companies to MUAH by MUFG on July 1, 2016.

Changes in the subsidiaries in the fiscal year ended March 31, 2016 were as follows:  
In addition, PT. BTMU-BRI Finance and other nine companies were excluded from the scope of consolidation because these companies ceased to be subsidiaries due to sales of shares and other reasons.

- B) There were no unconsolidated subsidiaries as of March 31, 2017 and 2016.
  - C) There were no companies which were not regarded as subsidiaries, although the majority of voting rights were owned by the Bank as of March 31, 2017 and 2016.
  - D) There were no special purpose entities which were excluded from the scope of consolidation pursuant to Article 8-7 of the “Financial Statements Regulations for Terminology, Forms and Preparation of Financial Statements,” which does not regard a special purpose entity as a subsidiary of an investor irrespective of indicators of control if the entity was established and operated for the purpose of asset securitization and satisfied certain eligible criteria as of March 31, 2017 and 2016.
- 2) Application of the equity method
- A) Major affiliates accounted for using the equity method as of March 31, 2017 and 2016 were as follows:

As of March 31, 2017:  
Dah Sing Financial Holdings Limited  
Vietnam Joint Stock Commercial Bank for Industry and Trade

As of March 31, 2016:  
The Chukyo Bank, Ltd.  
Jibun Bank Corporation

Changes in the affiliates accounted for using the equity method in the fiscal year ended March 31, 2017 were as follows:

Security Bank Corporation (“Security Bank”) was newly included in affiliates accounted for using the equity method due to acquisition of shares in the fiscal year ended March 31, 2017. In addition, THE TAISHO BANK, LTD. and other eight companies were excluded from affiliates accounted for using the equity method since these companies have not met the definition of affiliates due to the decrease in ownerships resulting from the share exchange.

(Additional information)

1. Overview of acquisition of shares in Security Bank  
The Bank concluded a share subscription agreement with Security Bank on January 14, 2016 and Security Bank became an affiliate accounted for using the equity method as the Bank acquired 20% of shares on April 1, 2016 and appointed two directors of Security Bank’s Board of Directors.  
The overview of Security Bank as an investee is as follows:  
Name: Security Bank Corporation  
Type of business: Commercial bank  
Starting date of applying the equity method: April 1, 2016  
Legal form of making an affiliate: Capital increase through a private placement of newly issued shares  
Ratio of voting rights after acquisition of shares: 20%
2. Period of operating results of the investee included in the consolidated financial statements  
The fiscal year ending date of the investee, Security Bank, is December 31 and there is a three month discrepancy from the consolidated fiscal year ending date. As the starting date of applying the equity method to Security Bank is April 1, 2016, the operating results from April 1, 2016 through December 31, 2016 are included in the accompanying consolidated financial statements.

3. Outline of accounting treatment applied

(1) Acquisition cost of the investee and its breakdown

|  |                         | Millions of<br>Yen | Millions of<br>U.S. Dollars |
|--|-------------------------|--------------------|-----------------------------|
| Consideration for acquisition            | Cash and due from banks | ¥ 88,404           | \$ 788                      |
| Direct costs required for<br>acquisition | Advisory fees, etc.     | 741                | 7                           |
| Acquisition costs                        |                         | <u>¥ 89,146</u>    | <u>\$ 795</u>               |

(2) Amount of goodwill incurred, reason for the goodwill incurred and the method and period of amortization

- a. Amount of goodwill: ¥27,148 million (\$242 million)
- b. Reason for the goodwill incurred: Due to excess earning power expected from the future business development
- c. Method and period of amortization: Straight-line method over a period of 20 years

Changes in the affiliates accounted for using the equity method in the fiscal year ended March 31, 2016 were as follows:

GOLDEN ASIA FUND II, L.P. and another company were newly included in affiliates accounted for using the equity method due to new establishment. In addition, MU Credit Guarantee Co., Ltd. and another company were excluded from affiliates accounted for using the equity method since these companies have not met the definition of affiliates due to the decrease in ownerships resulting from the sales of shares.

- B) There were no unconsolidated subsidiaries which were accounted for using the equity method as of March 31, 2017 and 2016.
- C) There were no affiliates not accounted for using the equity method as of March 31, 2017 and 2016.
- D) The following companies of which the Group owned the voting rights between 20% and 50% were not recognized as affiliates accounted for using the equity method, since the Bank's subsidiaries held such ownerships as venture capital for the purpose of incubating their investees or earning capital gains through business revitalization, not for the purpose of controlling those entities:

As of March 31, 2017:

EDP Corporation  
Eil Inc.

As of March 31, 2016:

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

3) The fiscal year ending dates of subsidiaries

A) The fiscal year ending dates of subsidiaries are as follows:

|             | Number of subsidiaries |      |
|-------------|------------------------|------|
|             | 2017                   | 2016 |
| October 31  | 1                      | 1    |
| December 31 | 86                     | 87   |
| January 24  | 6                      | 8    |
| March 31    | 34                     | 32   |

(Change in the fiscal year ending date of a consolidated subsidiary)

In the fiscal year ended March 31, 2017, The Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad changed its fiscal year ending date from December 31 to March 31, which is same as the consolidated fiscal year ending date.

The subsidiary's fiscal period corresponding to the fiscal year ended March 31, 2017 is fifteen months from January 1, 2016 through March 31, 2017.

- B) The subsidiary with the fiscal year ending October 31 is consolidated based on the preliminary financial statements as of January 31.

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

Adjustments were made in the consolidated financial statements to reflect significant transactions occurring in the period between the fiscal year ending dates of subsidiaries and March 31, 2017 and 2016.

**(2) *Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements***

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

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

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

For the purpose of the consolidated statements of cash flows, "Cash and cash equivalents" represent "Cash and due from banks" excluding time deposits and negotiable certificates of deposit included in "Due from banks."

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

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

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

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

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

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

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

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

**(5) *Tangible Fixed Assets***

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

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

Depreciation of "Lease assets" included in "Tangible fixed assets" is computed using the straight-line method over respective lease periods. The residual value of "Lease assets" is determined using the guaranteed residual value provided by the lease contracts or otherwise no value.

**(6) *Intangible Fixed Assets***

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

Amortization of "Lease assets" included in "Intangible fixed assets" is computed using the straight-line method over respective lease periods.

**(7) *Deferred Charges***

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

**(8) *Allowance for Credit Losses***

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

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

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

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

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

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

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

For collateralized or guaranteed claims of bankrupt borrowers or virtually bankrupt borrowers, the amount of claims less estimated value of collateral or guarantees is deemed to be uncollectible and written off against the outstanding amount of claims. The amount of write-offs was ¥344,163 million (\$3,068 million), ¥353,042 million and ¥390,549 million as of March 31, 2017, 2016 and 2015, respectively.

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

**(9) *Reserve for Employee Bonuses***

“Reserve for employee bonuses” is provided for estimated payment of bonuses to employees attributable to the respective fiscal year.

**(10) *Reserve for Bonuses to Directors***

“Reserve for bonuses to directors” is provided for estimated payment of bonuses to directors attributable to the respective fiscal year.

**(11) *Reserve for Stocks Payment***

“Reserve for stocks payment,” which is provided for estimated compensation under a performance-based stock compensation plan for directors and other executives, is recorded in the amount deemed accrued at the consolidated balance sheet date based on the estimated amount of compensation.

**(12) *Retirement Benefits and Pension Plans***

The Bank accounts for the liability for retirement benefits based on the projected benefit obligations and plan assets at the consolidated balance sheet date. The projected benefit obligations are attributed to periods on a benefit formula basis.

Past service costs are amortized on a straight-line basis for a period within the employees’ average remaining

service period primarily over 10 years, commencing in the fiscal year in which the cost is incurred.

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

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

**(13) Reserve for Retirement Benefits to Directors**

“Reserve for retirement benefits to directors,” which is provided for payments of retirement benefits to directors of certain subsidiaries, is recorded in the amount deemed accrued at the consolidated balance sheet date based on the estimated amount of benefits.

**(14) Reserve for Loyalty Award Credits**

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

**(15) Reserve for Contingent Losses**

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

**(16) Assets and Liabilities Denominated in Foreign Currencies**

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

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

**(17) Leases**

(As lessee)

The Bank's and its domestic subsidiaries' finance leases, other than those that are deemed to transfer the ownership of leased property to the lessees, are accounted for in a similar way to purchases, and depreciation of “Lease assets” is computed using the straight-line method over the lease term with zero residual value unless residual value is guaranteed in the corresponding lease contracts.

(As lessor)

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

**(18) Income Taxes**

The provision for “Income taxes” is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

**(19) Derivatives and Hedging Activities**

Derivatives are stated at fair value.

1) Hedge accounting for interest rate risks

The Bank has adopted the deferred hedge accounting method for hedging transactions for interest rate risks arising from monetary assets and liabilities. Portfolio hedging or individual hedging, as described in the Japanese Institute of Certified Public Accountants (“JICPA”) Industry Audit Committee Report No. 24 “Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry” (February 13, 2002) and JICPA Accounting Committee Report No. 14 “Practical Guidelines for Accounting for Financial Instruments” (January 31, 2000), are primarily applied to determine hedged items.

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

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

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

2) Hedge accounting for foreign currency risks

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

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

3) Hedge accounting for share price fluctuation risks

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

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

4) Transactions among consolidated companies

Derivative transactions, including interest rate swaps and currency swaps which are designated as hedging instruments, among consolidated companies or between trading accounts and other accounts (or among internal sections) are not eliminated from the consolidated statements of income and related gains and losses are recognized or deferred under hedge accounting because these derivative transactions are executed,

meeting certain criteria under JICPA Industry Audit Committee Reports No. 24 and No. 25 to be regarded as equivalent to external third-party transactions.

**(20) Consumption Taxes**

National and local consumption taxes are excluded from transaction amounts. Non-deductible portions of consumption taxes on the purchases of “Tangible fixed assets” are expensed when incurred.

**(21) Application of Consolidated Taxation System**

The Bank and certain domestic subsidiaries applied the consolidated taxation system with MUFG as the parent company for tax consolidation purposes.

**(22) Per Share Information**

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

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

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

**(23) Additional Information**

The Bank applied ASBJ Guidance No. 26, “Implementation Guidance on Recoverability of Deferred Tax Assets” (issued on March 28, 2016) from the fiscal year ended March 31, 2017.



### 3. CASH AND CASH EQUIVALENTS

The reconciliation of “Cash and cash equivalents” at the end of the fiscal year and “Cash and due from banks” in the consolidated balance sheets as of March 31, 2017 and 2016 was as follows:

|   | Millions of Yen |                | Millions of  |
|---|-----------------|----------------|--------------|
|   | March 31, 2017  | March 31, 2016 | U.S. Dollars |
| Cash and due from banks   | ¥ 49,105,070    | ¥ 37,163,259   | \$ 437,696   |
| Less: Time deposits and negotiable certificates of deposit included in due from banks | (29,018,825)    | (29,650,078)   | (258,658)    |
| Cash and cash equivalents at the end of year  | ¥ 20,086,245    | ¥ 7,513,181    | \$ 179,038   |

#### ***Significant Non-cash Transaction for the Fiscal Year ended March 31, 2017***

As the two subsidiaries of Mitsubishi UFJ Trust Bank and Mitsubishi UFJ Securities Holdings in the United States were newly consolidated after being transferred to MUFG Americas Holdings Corporation, a U.S. subsidiary of the Bank, the following assets and liabilities increased:

|  | Millions of Yen | Millions of  |
|--|-----------------|--------------|
|  |                 | U.S. Dollars |
| Assets (excluding cash and cash equivalents)                       | ¥ 2,878,191     | \$ 25,655    |
| Liabilities  | (2,820,309)     | (25,139)     |
| Net assets   | (66,580)        | (594)        |
| Net increase in cash and cash equivalents due to new consolidation | ¥ 8,698         | \$ 78        |

#### ***Supplemental Information about Cash Flows for the Fiscal Year ended March 31, 2016***

Major components of assets and liabilities of a company excluded from the scope of consolidation due to sales of shares:

The major components of assets and liabilities, the reconciliation between sales value of shares and the net proceeds from sales of shares of kabu.com which were excluded from the scope of consolidation due to partial sales of shares were as follows:

|   | Millions of Yen |
|---|-----------------|
| Assets  | ¥ 881,419       |
| Goodwill  | 2,316           |
| Liabilities   | (829,538)       |
| Noncontrolling interests                            | (28,623)        |
| Carrying amount of investment after sales of shares | (2,986)         |
| Others  | (664)           |
| Gain on sales of shares                             | 15,595          |
| Sales value of shares of kabu.com                   | 37,518          |
| Cash and cash equivalents of kabu.com               | (3,176)         |
| Net proceeds from sales of shares of kabu.com       | ¥ 34,341        |

#### 4. TRADING ASSETS OR LIABILITIES AND SECURITIES

Securities as of March 31, 2017 and 2016 include equity securities in affiliates of ¥389,295 million (\$3,470 million) and ¥303,738 million, respectively and capital subscriptions to entities such as limited liability companies of ¥3,629 million (\$32 million) and ¥1,460 million, respectively.

Securities loaned under unsecured securities lending transactions amounted to ¥341,352 million (\$3,043 million) and ¥370,645 million as of March 31, 2017 and 2016, respectively.

For securities borrowed and purchased under resale agreements where the secured parties are permitted to sell or re-pledge the securities without restrictions, ¥7,698,491 million (\$68,620 million) and ¥2,494,747 million of such securities were re-pledged as of March 31, 2017 and 2016, respectively.

The remaining ¥5,692,199 million (\$50,737 million) and ¥1,356,077 million of these securities were held without disposition as of March 31, 2017 and 2016, respectively.

The following tables include trading securities, short-term bonds, and other accounts in “Trading assets,” negotiable certificates of deposit in “Cash and due from banks” and beneficial interests in trusts in “Monetary claims bought” in addition to “Securities.”

##### (1) Trading securities:

Net unrealized losses on trading securities were ¥609 million (\$5 million) for the fiscal year ended March 31, 2017 and net unrealized gains on trading securities were ¥228 million for the fiscal year ended March 31, 2016.

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

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

|                           | Millions of Yen |             |                            |                 |                 |
|---------------------------|-----------------|-------------|----------------------------|-----------------|-----------------|
|                           | March 31, 2016  |             |                            |                 |                 |
|                           | Carrying amount | Fair value  | Net unrealized gain (loss) | Unrealized gain | Unrealized loss |
| Japanese government bonds | ¥ 1,101,082     | ¥ 1,159,090 | ¥ 58,007                   | ¥ 58,007        | ¥ –             |
| Foreign bonds             | 1,228,966       | 1,235,775   | 6,809                      | 12,794          | (5,985)         |
| Other                     | 1,551,961       | 1,551,725   | (236)                      | 8,771           | (9,007)         |
| Total                     | ¥ 3,882,009     | ¥ 3,946,590 | ¥ 64,581                   | ¥ 79,573        | ¥ (14,992)      |

|                           | Millions of U.S. Dollars |            |                            |                 |                 |
|---------------------------|--------------------------|------------|----------------------------|-----------------|-----------------|
|                           | March 31, 2017           |            |                            |                 |                 |
|                           | Carrying amount          | Fair value | Net unrealized gain (loss) | Unrealized gain | Unrealized loss |
| Japanese government bonds | \$ 9,813                 | \$ 10,197  | \$ 384                     | \$ 384          | \$ –            |
| Foreign bonds             | 10,767                   | 10,751     | (16)                       | 91              | (107)           |
| Other                     | 11,120                   | 11,200     | 80                         | 81              | (1)             |
| Total                     | \$ 31,700                | \$ 32,148  | \$ 448                     | \$ 556          | \$ (108)        |

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

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

Note:

Net unrealized gain (loss) in the table above includes a gain of ¥38,886 million which was recognized in profit or loss by applying the fair value hedge accounting.

|                            | Millions of Yen |                  |                            |                 |                 |
|----------------------------|-----------------|------------------|----------------------------|-----------------|-----------------|
|                            | March 31, 2016  |                  |                            |                 |                 |
|                            | Carrying amount | Acquisition cost | Net unrealized gain (loss) | Unrealized gain | Unrealized loss |
| Domestic equity securities | ¥ 3,945,084     | ¥ 2,282,621      | ¥ 1,662,463                | ¥ 1,752,426     | ¥ (89,962)      |
| Domestic bonds             | 23,355,657      | 22,735,542       | 620,115                    | 621,139         | (1,024)         |
| Japanese government bonds  | 20,884,914      | 20,346,823       | 538,090                    | 538,451         | (360)           |
| Municipal bonds            | 409,516         | 398,351          | 11,164                     | 11,192          | (27)            |
| Corporate bonds            | 2,061,227       | 1,990,367        | 70,859                     | 71,495          | (635)           |
| Foreign equity securities  | 148,944         | 127,096          | 21,848                     | 34,182          | (12,333)        |
| Foreign bonds              | 17,861,692      | 17,577,073       | 284,619                    | 308,552         | (23,933)        |
| Other                      | 2,736,292       | 2,789,644        | (53,351)                   | 25,896          | (79,248)        |
| Total                      | ¥ 48,047,672    | ¥ 45,511,977     | ¥ 2,535,694                | ¥ 2,742,198     | ¥ (206,503)     |

Note:

Net unrealized gain (loss) in the table above includes a loss of ¥3,624 million which was recognized in profit or loss by applying the fair value hedge accounting.

|                            | Millions of U.S. Dollars |                  |                            |                 |                 |
|----------------------------|--------------------------|------------------|----------------------------|-----------------|-----------------|
|                            | March 31, 2017           |                  |                            |                 |                 |
|                            | Carrying amount          | Acquisition cost | Net unrealized gain (loss) | Unrealized gain | Unrealized loss |
| Domestic equity securities | \$ 37,217                | \$ 19,236        | \$ 17,981                  | \$ 18,465       | \$ (484)        |
| Domestic bonds             | 208,513                  | 205,351          | 3,162                      | 3,245           | (83)            |
| Japanese government bonds  | 177,756                  | 175,016          | 2,740                      | 2,748           | (8)             |
| Municipal bonds            | 9,001                    | 8,970            | 31                         | 70              | (39)            |
| Corporate bonds            | 21,756                   | 21,365           | 391                        | 427             | (36)            |
| Foreign equity securities  | 1,638                    | 1,203            | 435                        | 527             | (92)            |
| Foreign bonds              | 96,002                   | 96,640           | (638)                      | 435             | (1,073)         |
| Other                      | 21,999                   | 22,293           | (294)                      | 80              | (374)           |
| Total                      | \$ 365,369               | \$ 344,723       | \$ 20,646                  | \$ 22,752       | \$ (2,106)      |

Note:

Net unrealized gain (loss) in the table above includes a gain of \$347 million which was recognized in profit or loss by applying the fair value hedge accounting.

## (4) Proceeds from sales of available-for-sale securities and related realized gains and losses for the fiscal years ended March 31, 2017 and 2016 were as follows:

|                 | Millions of Yen |                | Millions of U.S. Dollars |
|-----------------|-----------------|----------------|--------------------------|
|                 | March 31, 2017  | March 31, 2016 | March 31, 2017           |
|                 | Sales proceeds  | ¥ 31,076,137   | ¥ 53,416,979             |
| Realized gains  | 428,660         | 354,786        | 3,821                    |
| Realized losses | 273,915         | 133,402        | 2,442                    |

## (5) Reclassified securities

In the fiscal year ended March 31, 2017, certain securitized instruments amounting to ¥14,142 million (\$126 million) which had been previously classified as “Held-to-maturity debt securities” were reclassified to “Available-for-sale securities” on February 1, 2017. These debt securities did not conform to the “Financial Regulatory Reform” of the U.S., although regulatory compliance is required by July 2017. This reclassification was implemented since management deemed it difficult to hold these debt securities by conforming to the said act by the above deadline. Subsequent to the reclassification, these securities were sold. The impact of the sales on the consolidated financial statements was immaterial.

(6) Impairment loss on securities

Securities other than trading securities and investments in affiliates (excluding those securities whose fair value cannot be reliably determined), whose fair value significantly declined compared with the acquisition cost, and is considered to be other than recoverable decline, were written down to the respective fair value which is recorded as the carrying amount on the consolidated balance sheets.

Impairment losses for the fiscal years ended March 31, 2017 and 2016 were ¥667 million (\$6 million) consisting of ¥551 million (\$5 million) on equity securities and ¥116 million (\$1 million) on debt securities and others and ¥8,557 million consisting of ¥8,282 million on equity securities and ¥275 million on debt securities and others, respectively.

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

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

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

## 5. MONEY HELD IN TRUST

“Money held in trust” classified as trading as of March 31, 2017 and 2016 was as follows:

|                            | Millions of Yen |                | Millions of  |
|----------------------------|-----------------|----------------|--------------|
|                            | March 31, 2017  | March 31, 2016 | U.S. Dollars |
| Carrying amount            | ¥ 23,645        | ¥ 57,156       | \$ 211       |
| Net unrealized gain (loss) | 632             | (222)          | 6            |

There was no “Money held in trust” classified as held-to-maturity as of March 31, 2017 and 2016.

“Money held in trust” classified as other than trading and held-to-maturity as of March 31, 2017 and 2016 was as follows:

|   | Millions of Yen |                  |                            |                 |                 |
|---|-----------------|------------------|----------------------------|-----------------|-----------------|
|   | March 31, 2017  |                  |                            |                 |                 |
|   | Carrying amount | Acquisition cost | Net unrealized gain (loss) | Unrealized gain | Unrealized loss |
| Money held in trust classified as other than trading and held-to-maturity | ¥ 3,994         | ¥ 3,994          | ¥ –                        | ¥ –             | ¥ –             |

|   | Millions of Yen |                  |                            |                 |                 |
|---|-----------------|------------------|----------------------------|-----------------|-----------------|
|   | March 31, 2016  |                  |                            |                 |                 |
|   | 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 | ¥ 500           | ¥ 500            | ¥ –                        | ¥ –             | ¥ –             |

|   | Millions of U.S. Dollars |                  |                            |                 |                 |
|---|--------------------------|------------------|----------------------------|-----------------|-----------------|
|   | March 31, 2017           |                  |                            |                 |                 |
|   | Carrying amount          | Acquisition cost | Net unrealized gain (loss) | Unrealized gain | Unrealized loss |
| Money held in trust classified as other than trading and held-to-maturity | \$ 36                    | \$ 36            | \$ –                       | \$ –            | \$ –            |

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

Unrealized gain on available-for-sale securities as of March 31, 2017 and 2016 consisted of the following:

|  | Millions of Yen |                | Millions of  |
|--|-----------------|----------------|--------------|
|  | March 31, 2017  | March 31, 2016 | U.S. Dollars |
| Unrealized gain:   | ¥ 2,266,708     | ¥ 2,531,011    | \$ 20,204    |
| Available-for-sale securities  | 2,280,021       | 2,558,503      | 20,323       |
| Money held in trust except for trading and held-to-maturity purpose  | –               | –              | –            |
| Securities reclassified from available-for-sale securities into held-to-maturity debt securities   | (13,313)        | (27,492)       | (119)        |
| Deferred tax liabilities   | (652,280)       | (738,497)      | (5,814)      |
| Unrealized gain on available-for-sale securities before adjustments  | 1,614,428       | 1,792,513      | 14,390       |
| by ownership share   | 1,614,428       | 1,792,513      | 14,390       |
| Noncontrolling interests   | (1,916)         | 13,407         | (17)         |
| Bank’s ownership share in unrealized (loss) gain on available-for-sale securities held by affiliates accounted for using the equity method | (2,290)         | 5,693          | (20)         |
| Unrealized gain on available-for-sale securities   | ¥ 1,610,220     | ¥ 1,811,614    | \$ 14,353    |

Notes:

1. Unrealized gain in the table above excludes ¥38,886 million (\$347 million) of gains as of March 31, 2017 and ¥3,624 million of losses as of March 31, 2016 which were recognized in profit or loss by the fair value hedge accounting respectively.
2. Unrealized gain in the table above includes ¥2,642 million (\$24 million) and ¥19,184 million of unrealized gain on available-for-sale securities invested in limited partnerships as of March 31, 2017 and 2016, respectively.

## 7. LOANS AND BILLS DISCOUNTED

Bills discounted and rediscounted are accounted for as financial transactions in accordance with “Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry” (JICPA Industry Audit Committee Report No. 24). The Bank has rights to sell or pledge these bills discounted. The total face value of bills discounted was ¥1,367,577 million (\$12,190 million) and ¥1,087,578 million as of March 31, 2017 and 2016 respectively. Of these, the total face value of foreign exchange bills bought which were transferred due to rediscounts of bills amounted to ¥3,936 million (\$35 million) and ¥8,860 million as of March 31, 2017 and 2016, respectively.

“Loans and bills discounted” as of March 31, 2017 and 2016 included the following loans:

|   | Millions of Yen    |                    | Millions of<br>U.S. Dollars |
|---|--------------------|--------------------|-----------------------------|
|   | March 31, 2017     | March 31, 2016     | March 31, 2017              |
| Loans to bankrupt borrowers             | ¥ 40,177           | ¥ 49,639           | \$ 358                      |
| Non-accrual delinquent loans            | 637,459            | 992,716            | 5,682                       |
| Loans past due for three months or more | 41,934             | 47,156             | 374                         |
| Restructured loans                      | 577,766            | 350,666            | 5,150                       |
| Total                                   | <u>¥ 1,297,338</u> | <u>¥ 1,440,177</u> | <u>\$ 11,564</u>            |

Note:

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

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

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

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

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

## 8. TANGIBLE FIXED ASSETS

The accumulated depreciation of “Tangible fixed assets” as of March 31, 2017 and 2016 amounted to ¥958,932 million (\$8,547 million) and ¥957,094 million, respectively.

Deferred gains on “Tangible fixed assets” not recognized for tax purposes as of March 31, 2017 and 2016 amounted to ¥73,213 million (\$653 million) and ¥75,059 million, respectively.

## 9. LAND REVALUATION SURPLUS

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

Date of revaluation: March 31, 1998

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

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

## 10. CUSTOMERS’ LIABILITIES FOR ACCEPTANCES AND GUARANTEES

All contingent liabilities arising from acceptances and guarantees are reflected in “Acceptances and guarantees.” “Customers’ liabilities for acceptances and guarantees” are shown as contra assets, representing the Bank’s right to receive indemnity from the applicants.

Guarantee obligations for private placement bonds included in “Securities” (provided in accordance with the Article 2-3 of the “Financial Instruments and Exchange Act”) as of March 31, 2017 and 2016 were ¥543,661 million (\$4,846 million) and ¥563,956 million, respectively.

## 11. ASSETS PLEDGED AS COLLATERAL

Assets pledged as collateral and their relevant liabilities as of March 31, 2017 and 2016 were as follows:

|                                       | Millions of Yen     |                    | Millions of<br>U.S. Dollars |
|---------------------------------------|---------------------|--------------------|-----------------------------|
|                                       | March 31, 2017      | March 31, 2016     | March 31, 2017              |
| Assets pledged as collateral:         |                     |                    |                             |
| Securities                            | ¥ 3,431,812         | ¥ 919,736          | \$ 30,589                   |
| Loans and bills discounted            | 8,718,526           | 7,587,495          | 77,712                      |
| Total                                 | <u>¥ 12,150,339</u> | <u>¥ 8,507,231</u> | <u>\$ 108,301</u>           |
| Relevant liabilities to above assets: |                     |                    |                             |
| Deposits                              | ¥ 756,477           | ¥ 720,683          | \$ 6,743                    |
| Trading liabilities                   | 17,224              | 24,681             | 153                         |
| Borrowed money                        | 11,450,352          | 7,562,283          | 102,062                     |
| Total                                 | <u>¥ 12,224,054</u> | <u>¥ 8,307,647</u> | <u>\$ 108,958</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<br>U.S. Dollars |
|-------------------------------|---------------------|---------------------|-----------------------------|
|                               | March 31, 2017      | March 31, 2016      | March 31, 2017              |
| Assets pledged as collateral: |                     |                     |                             |
| Cash and due from banks       | ¥ 4,319             | ¥ 3,425             | \$ 39                       |
| Monetary claims bought        | 252,692             | 792,042             | 2,252                       |
| Trading assets                | –                   | 808                 | –                           |
| Securities                    | 6,157,416           | 4,353,740           | 54,884                      |
| Loans and bills discounted    | 6,049,750           | 10,356,475          | 53,924                      |
| Total                         | <u>¥ 12,464,178</u> | <u>¥ 15,506,493</u> | <u>\$ 111,099</u>           |

Furthermore, trading assets and securities sold under repurchase agreements or loaned under securities lending with cash collateral were ¥1,093,455 million (\$9,746 million) and ¥11,052,042 million (\$98,512 million), respectively, as of March 31, 2017 and ¥130,544 million and ¥10,301,891 million, respectively, as of March 31, 2016.

Relevant payables under repurchase agreements were ¥3,171,049 million (\$28,265 million) and ¥8,194,345 million as of March 31, 2017 and 2016, respectively.

Relevant payables under securities lending transactions were ¥3,044,039 million (\$27,133 million) and ¥1,885,302 million as of March 31, 2017 and 2016, respectively.

## 12. LOAN COMMITMENTS

Overdraft facilities and commitment lines of credit are binding contracts under which the Group has obligations to disburse funds up to predetermined limits upon the borrower's request as long as there has been no breach of contract. The total amount of the unused portion of these facilities was ¥76,920,178 million (\$685,624 million) and ¥76,220,271 million as of March 31, 2017 and 2016, respectively.

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



### 13. BORROWED MONEY, LEASE LIABILITIES AND COMMERCIAL PAPER

“Borrowed money,” “Lease liabilities” and “Commercial paper” as of March 31, 2017 and 2016 were as follows:

|  | Millions of Yen |                | Millions of<br>U.S. Dollars |
|--|-----------------|----------------|-----------------------------|
|  | March 31, 2017  | March 31, 2016 | March 31, 2017              |
| Borrowings from banks and other, due 2016-2031, 0.55% on the average | ¥ 16,352,022    | ¥ 10,635,990   | \$ 145,753                  |
| Bills rediscounted   | —               | —              | —                           |
| Total borrowed money   | ¥ 16,352,022    | ¥ 10,635,990   | \$ 145,753                  |
| Lease liabilities, due 2016-2038                                     | 8,374           | 8,593          | 75                          |
| Commercial paper, 1.12% on the average                               | 1,692,088       | 1,565,614      | 15,082                      |

Notes:

1. The interest rates above are calculated using the weighted-average method based on the interest rate and balance as of March 31. The average interest rate of lease liabilities is not presented above because lease liabilities are recorded on the consolidated balance sheets at the total amount of lease payments including interest.
2. The borrowings above include subordinated borrowings in the amounts of ¥1,895,550 million (\$16,896 million) and ¥1,200,000 million as of March 31, 2017 and 2016, respectively.
3. The borrowings above include perpetual subordinated borrowings without the repayment term.
4. Lease liabilities are included in “Other liabilities” in the consolidated balance sheets.
5. “Commercial paper” is issued in the form of promissory notes as a fund raising activity.

Annual maturities of borrowings as of March 31, 2017 were as follows:

| Year ending March 31 | Millions of Yen | Millions of<br>U.S. Dollars |
|----------------------|-----------------|-----------------------------|
| 2018                 | ¥ 2,073,287     | \$ 18,480                   |
| 2019                 | 1,350,615       | 12,039                      |
| 2020                 | 1,056,660       | 9,418                       |
| 2021                 | 8,609,997       | 76,745                      |
| 2022                 | 427,350         | 3,809                       |
| 2023 and thereafter  | 2,834,111       | 25,262                      |
| Total                | ¥ 16,352,022    | \$ 145,753                  |

Annual maturities of lease liabilities as of March 31, 2017 were as follows:

| Year ending March 31 | Millions of Yen | Millions of<br>U.S. Dollars |
|----------------------|-----------------|-----------------------------|
| 2018                 | ¥ 2,026         | \$ 18                       |
| 2019                 | 1,376           | 12                          |
| 2020                 | 799             | 7                           |
| 2021                 | 594             | 5                           |
| 2022                 | 402             | 4                           |
| 2023 and thereafter  | 3,174           | 29                          |
| Total                | ¥ 8,374         | \$ 75                       |

## 14. BONDS PAYABLE

Bonds payable as of March 31, 2017 and 2016 consisted of the following:

| Description   | Issued                  | Millions of Yen   |   | Millions of         | Coupon rate (%) | Secured or unsecured | Due                     |
|---|-------------------------|---|---|---------------------|-----------------|----------------------|-------------------------|
|   |                         | 2017  | 2016  | U.S. Dollars        |                 |                      |                         |
| <b>The Bank:</b>                                      |                         |   |   |                     |                 |                      |                         |
| 9th-160th series of Straight bonds payable in yen     | Feb. 2000-<br>Jul. 2014 | ¥ 479,200<br>[130,100]  | ¥ 741,900<br>[262,700]  | \$ 4,271<br>[1,160] | 0.14-2.69       | Unsecured            | Apr. 2016-<br>Apr. 2027 |
| Senior bonds payable in US\$                          | Feb. 2012-<br>Sep. 2015 | 1,615,539<br>(USD14,400 million)<br>[420,638]   | 2,112,360<br>(USD18,746 million)<br>[490,096]   | 14,400<br>[3,749]   | 1.20-4.70       | Unsecured            | Sep. 2016-<br>Mar. 2044 |
| Euro senior bonds payable in US\$                     | Jul. 2011-<br>Jan. 2017 | 291,495<br>(USD2,598 million)<br>[16,828]   | 204,195<br>(USD1,812 million)<br>[47,325]   | 2,598<br>[150]      | 0.00-2.13       | Unsecured            | Jul. 2016-<br>Jan. 2047 |
| Senior bonds payable in Euro                          | Mar. 11. 2015           | 89,556<br>(EUR747 million)  | 95,409<br>(EUR747 million)  | 798                 | 0.87            | Unsecured            | Mar. 11. 2022           |
| Euro senior bonds payable in Euro                     | Dec. 15, 2016           | 3,593<br>(EUR30 million)  | —<br>(—)  | 32                  | 0.11            | Unsecured            | Dec. 15, 2036           |
| Senior bonds payable in A\$                           | Sep. 19, 2013           | 55,796<br>(AUD650 million)<br>[55,796]  | 56,062<br>(AUD650 million)<br>[—]   | 497<br>[497]        | 2.89            | Unsecured            | Sep. 19, 2017           |
| Euro senior bonds payable in A\$                      | Jul. 2012-<br>Mar. 2017 | 18,029<br>(AUD210 million)<br>[15,451]  | 15,525<br>(AUD180 million)<br>[—]   | 161<br>[138]        | 0.00-4.05       | Unsecured            | Jul. 2017-<br>Mar. 2047 |
| Euro senior bonds payable in RMB                      | Jun. 24, 2015           | 5,701<br>(CNH350 million)<br>[5,701]  | 6,086<br>(CNH350 million)<br>[—]  | 51<br>[51]          | 3.64            | Unsecured            | Jun. 26, 2017           |
| 7th -38th series of Subordinated bonds payable in yen | Dec. 2004-<br>Sep. 2012 | 711,000<br>[50,000]   | 1,073,000<br>[50,000]   | 6,338<br>[446]      | 0.93-2.91       | Unsecured            | Oct. 2016-<br>Jan. 2031 |
| <b>Subsidiaries*1:</b>                                |                         |   |   |                     |                 |                      |                         |
| Straight bonds payable                                | Dec. 1997-<br>Dec. 2016 | 890,820<br>(USD5,014 million)<br>(THB89,275 million)<br>(CNY1,000 million)<br>[304,899] | 1,023,478<br>(USD6,546 million)<br>(THB55,843 million)<br>(CNY1,000 million)<br>[303,069] | 7,940<br>[2,718]    | 1.28-4.50       | Unsecured            | Apr. 2016-<br>Feb. 2025 |
| Subordinated bonds payable                            | Aug. 1997-<br>Aug. 2016 | 139,978<br>(USD60 million)<br>(THB24,864 million)<br>[1,000]                            | 207,279<br>(USD739 million)<br>(THB14,843 million)<br>[84,836]                            | 1,248<br>[9]        | 0.14-10.85      | Unsecured            | May 2016-<br>Sep. 2036  |
| Undated subordinated bonds payable                    | Dec. 2000-<br>Dec. 2008 | 10,084<br>(USD0 million)  | 10,000<br>(—)   | 90                  | 0.00-7.00       | Unsecured            | —                       |
| <b>Total</b>  |                         | <b>¥ 4,310,796</b>  | <b>¥ 5,545,296</b>  | <b>\$ 38,424</b>    |                 |                      |                         |

Notes:

- \*1 Subsidiaries include MUFG Americas Holdings Corporation (“MUAH”), BTMU (Curacao) Holdings N.V., Bank of Ayudhya Public Company Limited and Bank of Tokyo-Mitsubishi UFJ (China), Ltd.
- ( ) denotes the amounts of foreign currency denominated bonds payable.
- [ ] denotes the amounts expected to be redeemed within one year.
- The following is a summary of maturities of bonds payable subsequent to March 31, 2017:

| Year ending March 31 | Millions of Yen    | Millions of U.S. Dollars |
|----------------------|--------------------|--------------------------|
| 2018                 | ¥ 1,000,414        | \$ 8,917                 |
| 2019                 | 698,750            | 6,228                    |
| 2020                 | 661,707            | 5,898                    |
| 2021                 | 275,916            | 2,459                    |
| 2022                 | 342,588            | 3,054                    |
| 2023 and thereafter  | 1,331,419          | 11,868                   |
| <b>Total</b>         | <b>¥ 4,310,796</b> | <b>\$ 38,424</b>         |

## 15. LIABILITY FOR RETIREMENT BENEFITS

The Bank and its domestic subsidiaries have retirement benefit plans with defined benefits, such as defined benefit corporate pension plans and lump-sum severance payment plans. In certain cases of severance of employees, additional severance benefits may be paid which are not included in retirement benefit obligations calculated actuarially pursuant to applicable accounting standard for retirement benefits.

Certain overseas branches of the Bank and certain overseas subsidiaries also have benefit plans with defined benefits.

**Defined Benefit Plans:**

- (1) The changes in defined benefit obligation for the fiscal years ended March 31, 2017 and 2016 were as follows:

|  | Millions of Yen |                | Millions of U.S. Dollars |
|--|-----------------|----------------|--------------------------|
|  | March 31, 2017  | March 31, 2016 | March 31, 2017           |
| Balance at beginning of year                               | ¥ 1,898,266     | ¥ 1,907,348    | \$ 16,920                |
| <i>[of which foreign exchange translation adjustments]</i> | <i>[17,951]</i> | <i>[7,717]</i> | <i>[160]</i>             |
| Service cost   | 49,652          | 50,297         | 443                      |
| Interest cost  | 26,306          | 31,465         | 234                      |
| Actuarial (gains) losses                                   | (11,555)        | 13,893         | (103)                    |
| Benefits paid  | (85,240)        | (82,866)       | (760)                    |
| Past service cost  | (14,352)        | (175)          | (128)                    |
| Others   | 1,561           | (3,745)        | 14                       |
| Balance at end of year                                     | ¥ 1,864,638     | ¥ 1,916,218    | \$ 16,620                |

Note:

Some overseas branches of the Bank and some overseas subsidiaries have adopted the simplified method in calculating the projected benefit obligation.

- (2) The changes in plan assets for the fiscal years ended March 31, 2017 and 2016 were as follows:

|  | Millions of Yen |                | Millions of U.S. Dollars |
|--|-----------------|----------------|--------------------------|
|  | March 31, 2017  | March 31, 2016 | March 31, 2017           |
| Balance at beginning of year                               | ¥ 2,004,011     | ¥ 2,073,222    | \$ 17,862                |
| <i>[of which foreign exchange translation adjustments]</i> | <i>[18,213]</i> | <i>[5,992]</i> | <i>[162]</i>             |
| Expected return on plan assets                             | 70,269          | 64,187         | 626                      |
| Actuarial gains (losses)                                   | 83,677          | (111,088)      | 746                      |
| Contributions from the employer                            | 64,391          | 67,030         | 574                      |
| Benefits paid  | (70,610)        | (68,775)       | (629)                    |
| Others   | 1,101           | (2,351)        | 10                       |
| Balance at end of year                                     | ¥ 2,152,841     | ¥ 2,022,225    | \$ 19,189                |

- (3) A reconciliation between liability for retirement benefits and asset for retirement benefits recorded in the consolidated balance sheets and the balances of defined benefit obligation and plan assets at March 31, 2017 and 2016 was as follows:

|   | Millions of Yen |                | Millions of U.S. Dollars |
|---|-----------------|----------------|--------------------------|
|   | March 31, 2017  | March 31, 2016 | March 31, 2017           |
| Funded defined benefit obligation                             | ¥ 1,820,438     | ¥ 1,873,232    | \$ 16,226                |
| Plan assets   | (2,152,841)     | (2,022,225)    | (19,189)                 |
|   | (332,403)       | (148,992)      | (2,963)                  |
| Unfunded defined benefit obligation                           | 44,200          | 42,985         | 394                      |
| Net liability (asset) arising from defined benefit obligation | ¥ (288,202)     | ¥ (106,006)    | \$ (2,569)               |

|   | Millions of Yen |                | Millions of U.S. Dollars |
|---|-----------------|----------------|--------------------------|
|   | March 31, 2017  | March 31, 2016 | March 31, 2017           |
| Liability for retirement benefits                             | ¥ 49,023        | ¥ 55,843       | \$ 437                   |
| Asset for retirement benefits                                 | (337,225)       | (161,850)      | (3,006)                  |
| Net liability (asset) arising from defined benefit obligation | ¥ (288,202)     | ¥ (106,006)    | \$ (2,569)               |

- (4) The components of net periodic retirement benefit costs for the fiscal years ended March 31, 2017 and 2016 were as follows:

|  | Millions of Yen |                 | Millions of<br>U.S. Dollars |
|--|-----------------|-----------------|-----------------------------|
|  | March 31, 2017  | March 31, 2016  | March 31, 2017              |
| Service cost                                     | ¥ 49,652        | ¥ 50,297        | \$ 443                      |
| Interest cost                                    | 26,306          | 31,465          | 234                         |
| Expected return on plan assets                   | (70,269)        | (64,187)        | (626)                       |
| Amortization of past service cost                | (5,320)         | (6,878)         | (48)                        |
| Recognized actuarial losses                      | 51,798          | 30,673          | 462                         |
| Others (additional temporary severance benefits) | 7,112           | 6,514           | 63                          |
| Net periodic retirement benefit costs            | <u>¥ 59,280</u> | <u>¥ 47,886</u> | <u>\$ 528</u>               |

Note:

Retirement benefit costs of some overseas branches of the Bank and some overseas subsidiaries which have adopted the simplified method are included in "Service cost."

- (5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2017 and 2016:

|                          | Millions of Yen  |                    | Millions of<br>U.S. Dollars |
|--------------------------|------------------|--------------------|-----------------------------|
|                          | March 31, 2017   | March 31, 2016     | March 31, 2017              |
| Past service cost        | ¥ 8,243          | ¥ (6,740)          | \$ 73                       |
| Actuarial gains (losses) | 153,019          | (93,504)           | 1,364                       |
| Total                    | <u>¥ 161,263</u> | <u>¥ (100,245)</u> | <u>\$ 1,437</u>             |

- (6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2017 and 2016:

|                                | Millions of Yen   |                    | Millions of<br>U.S. Dollars |
|--------------------------------|-------------------|--------------------|-----------------------------|
|                                | March 31, 2017    | March 31, 2016     | March 31, 2017              |
| Unrecognized past service cost | ¥ 35,296          | ¥ 27,052           | \$ 315                      |
| Unrecognized actuarial losses  | (126,961)         | (279,981)          | (1,132)                     |
| Total                          | <u>¥ (91,665)</u> | <u>¥ (252,929)</u> | <u>\$ (817)</u>             |

- (7) Plan assets

*a. Components of plan assets*

Plan assets consisted of the following:

|                                   | March 31, 2017 | March 31, 2016 |
|-----------------------------------|----------------|----------------|
| Domestic equity investments       | 30.39%         | 28.19%         |
| Domestic debt investments         | 17.63          | 18.78          |
| Foreign equity investments        | 23.88          | 23.80          |
| Foreign debt investments          | 11.09          | 9.82           |
| General account of life insurance | 9.51           | 10.15          |
| Others                            | 7.50           | 9.26           |
| Total                             | <u>100.00</u>  | <u>100.00</u>  |

Note:

Total plan assets include retirement benefit trust of 16.95% and 15.49% which was set up on corporate pension plans as of March 31, 2017 and 2016, respectively.

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

The expected rate of return on plan assets is determined considering allocation of the plan assets expected currently and in the future and the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(8) Assumptions used for the fiscal years ended March 31, 2017 and 2016 were set forth as follows:

|   | 2017          | 2016         |
|---|---------------|--------------|
| Discount rate:                          |               |              |
| Domestic                                | 0.00%-0.90%   | 0.00%-0.74%  |
| Overseas                                | 1.80%-11.39%  | 2.40%-13.10% |
| Expected salary increase rate:          |               |              |
| Domestic                                | 2.90%-4.00%   | 2.90%-6.20%  |
| Overseas                                | 2.25%-9.30%   | 2.25%-9.00%  |
| Expected rate of return on plan assets: |               |              |
| Domestic                                | (0.05)%-3.00% | 0.34%-2.74%  |
| Overseas                                | 2.40%-11.39%  | 2.40%-13.10% |

#### ***Defined Contribution Plans:***

The amounts of the required contribution to the defined contribution plans, including defined benefit corporate pension plans of the multiemployer plans of the Bank and subsidiaries, were ¥12,464 million (\$111 million) and ¥12,373 million for the fiscal years ended March 31, 2017 and 2016, respectively.

## **16. CONTINGENT LIABILITIES**

In the ordinary course of business, the Bank is subject to various litigation and regulatory matters. In accordance with applicable accounting guidance, the Bank establishes a Reserve for Contingent Losses 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 Bank's financial position, results of operations or cash flows.

As part of this conclusion, we have considered the regulatory investigations regarding the Bank's foreign operations, where the loss was probable but the probable loss amount could not be reasonably estimated earlier during the fiscal year ended March 31, 2017, the Bank either resolved the matter or recorded a reserve based on a reasonably estimable probable loss amount during the fiscal year ended March 31, 2017.

Management believes the amount of loss that is reasonably possible, but not probable, from various litigation and regulatory matters is not material to the Bank's financial position, results of operations or cash flows.

## **17. CAPITAL REQUIREMENT**

Japanese banks are subject to the Banking Law and to the Companies Act of Japan (the "Companies Act").

The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

### **(1) Dividends**

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria such as: (1) having the Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. With respect to the third condition above, the Board of Directors of companies with (a) board committees (namely, appointment committee, compensation committee and audit committee), or (b) an audit and supervisory committee (as implemented under the Companies Act effective May 1, 2015) may also declare dividends at any time because such companies, by their nature, meet the criteria under the Companies Act. The Bank is organized as a company with an audit and supervisory committee, effective June 28, 2016. However, the Bank cannot do so because it does not meet all of the above criteria. The Companies Act permits companies to distribute dividends in kind (non-cash assets) to shareholders subject to certain limitations and additional requirements. Interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Bank can do so because it stipulates this in its articles of incorporation. The Companies Act provides certain limitations on the amounts available for dividends or the purchases of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of

equity after dividends must be maintained at no less than ¥3 million.

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

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

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

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

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

## 18. CAPITAL STOCK AND DIVIDENDS PAID

Capital stock consists of common stock and preferred stock. The changes in the number of issued shares of common stock and preferred stock during the fiscal years ended March 31, 2017 and 2016 were as follows:

|   | Number of shares in thousands |          |          |                |
|---|-------------------------------|----------|----------|----------------|
|   | April 1, 2016                 | Increase | Decrease | March 31, 2017 |
| Outstanding shares issued:              |                               |          |          |                |
| Common stock                            | 12,350,038                    | -        | -        | 12,350,038     |
| Preferred stock—first series of Class 2 | 100,000                       | -        | -        | 100,000        |
| Preferred stock—first series of Class 4 | 79,700                        | -        | -        | 79,700         |
| Preferred stock—first series of Class 6 | 1,000                         | -        | -        | 1,000          |
| Preferred stock—first series of Class 7 | 177,000                       | -        | -        | 177,000        |
| Total                                   | 12,707,738                    | -        | -        | 12,707,738     |
| Treasury stock:                         |                               |          |          |                |
| Preferred stock—first series of Class 2 | 100,000                       | -        | -        | 100,000        |
| Preferred stock—first series of Class 4 | 79,700                        | -        | -        | 79,700         |
| Preferred stock—first series of Class 6 | 1,000                         | -        | -        | 1,000          |
| Preferred stock—first series of Class 7 | 177,000                       | -        | -        | 177,000        |
| Total                                   | 357,700                       | -        | -        | 357,700        |

|   | Number of shares in thousands |          |          |                |
|---|-------------------------------|----------|----------|----------------|
|   | April 1, 2015                 | Increase | Decrease | March 31, 2016 |
| Outstanding shares issued:              |                               |          |          |                |
| Common stock                            | 12,350,038                    | -        | -        | 12,350,038     |
| Preferred stock—first series of Class 2 | 100,000                       | -        | -        | 100,000        |
| Preferred stock—first series of Class 4 | 79,700                        | -        | -        | 79,700         |
| Preferred stock—first series of Class 6 | 1,000                         | -        | -        | 1,000          |
| Preferred stock—first series of Class 7 | 177,000                       | -        | -        | 177,000        |
| Total                                   | 12,707,738                    | -        | -        | 12,707,738     |
| Treasury stock:                         |                               |          |          |                |
| Preferred stock—first series of Class 2 | 100,000                       | -        | -        | 100,000        |
| Preferred stock—first series of Class 4 | 79,700                        | -        | -        | 79,700         |
| Preferred stock—first series of Class 6 | 1,000                         | -        | -        | 1,000          |
| Preferred stock—first series of Class 7 | 177,000                       | -        | -        | 177,000        |
| Total                                   | 357,700                       | -        | -        | 357,700        |

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

The Bank paid the following cash dividends and distributed dividends in kind (securities) during the fiscal years ended March 31, 2017 and 2016:

Fiscal year ended March 31, 2017:

1. Cash dividends

|   |   |                                      |                         |                |  |
|---|---|--------------------------------------|-------------------------|----------------|--|
| Cash dividends approved at the Board of Directors' meeting held on May 16, 2016:      |   |                                      |                         |                |  |
|   | Total amount<br>(Millions of Yen)             | Per share<br>amount (Yen)            | Dividend record<br>date | Effective date |  |
| Common stock  | ¥ 105,716                                     | ¥ 8.56                               | Mar. 31, 2016           | May 17, 2016   |  |
| Cash dividends approved at the Board of Directors' meeting held on May 16, 2016:      |   |                                      |                         |                |  |
|   | Total amount<br>(Millions of<br>U.S. Dollars) | Per share<br>amount<br>(U.S. Dollar) | Dividend record<br>date | Effective date |  |
| Common stock  | \$ 942  | \$ 0.08                              | Mar. 31, 2016           | May 17, 2016   |  |
| Cash dividends approved at the Board of Directors' meeting held on July 29, 2016:     |   |                                      |                         |                |  |
|   | Total amount<br>(Millions of Yen)             | Per share<br>amount (Yen)            | Dividend record<br>date | Effective date |  |
| Common stock  | ¥ 161,167                                     | ¥ 13.05                              | —                       | Aug. 1, 2016   |  |
| Cash dividends approved at the Board of Directors' meeting held on July 29, 2016:     |   |                                      |                         |                |  |
|   | Total amount<br>(Millions of<br>U.S. Dollars) | Per share<br>amount<br>(U.S. Dollar) | Dividend record<br>date | Effective date |  |
| Common stock  | \$ 1,437                                      | \$ 0.12                              | —                       | Aug. 1, 2016   |  |
| Cash dividends approved at the Board of Directors' meeting held on November 14, 2016: |   |                                      |                         |                |  |
|   | Total amount<br>(Millions of Yen)             | Per share<br>amount (Yen)            | Dividend record<br>date | Effective date |  |
| Common stock  | ¥ 100,405                                     | ¥ 8.13                               | Sep. 30, 2016           | Nov. 15, 2016  |  |
| Cash dividends approved at the Board of Directors' meeting held on November 14, 2016: |   |                                      |                         |                |  |
|   | Total amount<br>(Millions of<br>U.S. Dollars) | Per share<br>amount<br>(U.S. Dollar) | Dividend record<br>date | Effective date |  |
| Common stock  | \$ 895  | \$ 0.07                              | Sep. 30, 2016           | Nov. 15, 2016  |  |
| Cash dividends approved at the Board of Directors' meeting held on January 31, 2017:  |   |                                      |                         |                |  |
|   | Total amount<br>(Millions of Yen)             | Per share<br>amount (Yen)            | Dividend record<br>date | Effective date |  |
| Common stock  | ¥ 84,227                                      | ¥ 6.82                               | —                       | Feb. 2, 2017   |  |
| Cash dividends approved at the Board of Directors' meeting held on January 31, 2017:  |   |                                      |                         |                |  |
|   | Total amount<br>(Millions of<br>U.S. Dollars) | Per share<br>amount<br>(U.S. Dollar) | Dividend record<br>date | Effective date |  |
| Common stock  | \$ 751  | \$ 0.06                              | —                       | Feb. 2, 2017   |  |



Fiscal year ended March 31, 2016:

1. Cash dividends

| Cash dividends approved at the shareholders' meeting held on June 24, 2015: | Total amount<br>(Millions of Yen) | Per share<br>amount (Yen) | Dividend record<br>date | Effective date |
|---|-----------------------------------|---------------------------|-------------------------|----------------|
| Common stock  | ¥ 162,032                         | ¥ 13.12                   | Mar. 31, 2015           | Jun. 24, 2015  |

| Cash dividends approved at the Board of Directors' meeting held on July 30, 2015: | Total amount<br>(Millions of Yen) | Per share<br>amount (Yen) | Dividend record<br>date | Effective date |
|---|-----------------------------------|---------------------------|-------------------------|----------------|
| Common stock  | ¥ 77,434                          | ¥ 6.27                    | —                       | Aug. 3, 2015   |

| Cash dividends approved at the Board of Directors' meeting held on November 12, 2015: | Total amount<br>(Millions of Yen) | Per share<br>amount (Yen) | Dividend record<br>date | Effective date |
|---|-----------------------------------|---------------------------|-------------------------|----------------|
| Common stock  | ¥ 96,330                          | ¥ 7.80                    | Sep. 30, 2015           | Nov. 13, 2015  |

| Cash dividends approved at the Board of Directors' meeting held on January 28, 2016: | Total amount<br>(Millions of Yen) | Per share<br>amount (Yen) | Dividend record<br>date | Effective date |
|--|-----------------------------------|---------------------------|-------------------------|----------------|
| Common stock   | ¥ 91,019                          | ¥ 7.37                    | —                       | Feb. 2, 2016   |

2. Dividends in kind

| Dividends in kind approved at the shareholders' meeting held on June 24, 2015: | Property<br>dividends | Total carrying<br>amount of property<br>dividends<br>(Millions of Yen) | Per share<br>amount<br>(Yen) | Dividend<br>record<br>date | Effective date |
|--|-----------------------|--|------------------------------|----------------------------|----------------|
| Common stock   | Securities            | ¥ 2,226  | ¥ —                          | —                          | Jun. 24, 2015  |

Note:

All of the property dividends were distributed to Mitsubishi UFJ Financial Group, the sole shareholder of common stock (12,350,038 thousand shares) of the Bank, and per share amount was not defined.

Subject to approval at the Board of Directors' meeting, the Bank paid the following cash dividends on May 16, 2017, to shareholders of record as of March 31, 2017:

| Cash dividends approved at the Board of Directors' meeting held on May 15, 2017: | Total amount<br>(Millions of Yen) | Dividend<br>resource | Per share<br>amount (Yen) | Dividend<br>record date | Effective<br>date |
|--|-----------------------------------|----------------------|---------------------------|-------------------------|-------------------|
| Common stock   | ¥ 94,601                          | Retained earnings    | ¥ 7.66                    | Mar. 31, 2017           | May 16, 2017      |

| Cash dividends approved at the Board of Directors' meeting held on May 15, 2017: | Total amount<br>(Millions of U.S. Dollars) | Dividend<br>resource | Per share<br>amount<br>(U.S. Dollar) | Dividend<br>record date | Effective<br>date |
|--|--|----------------------|--------------------------------------|-------------------------|-------------------|
| Common stock   | \$ 843                                     | Retained earnings    | \$ 0.07                              | Mar. 31, 2017           | May 16, 2017      |

## 19. STOCK OPTIONS

There were no stock options outstanding as of March 31, 2017 and 2016.

## 20. OTHER INCOME

Other income for the fiscal years ended March 31, 2017, 2016 and 2015 consisted of the following:

| Fiscal years ended March 31  | Millions of Yen |           |           | Millions of  |
|--|-----------------|-----------|-----------|--------------|
|  | 2017            | 2016      | 2015      | U.S. Dollars |
| Gains on sales of equity securities and other securities             | ¥ 142,947       | ¥ 126,056 | ¥ 77,253  | \$ 1,274     |
| Equity in earnings of the equity method investees                    | 21,891          | 25,000    | 24,691    | 195          |
| Lease income of consolidated subsidiaries operating leasing business | 8,930           | 6,105     | 37,038    | 80           |
| Gain on disposal of fixed assets                                     | 16,853          | 21,243    | 4,091     | 150          |
| Gain on sales of shares of a subsidiary                              | —               | 15,595    | —         | —            |
| Gain on change in equity   | —               | 112       | —         | —            |
| Gain on reversal of allowance for credit losses                      | 11,034          | —         | —         | 98           |
| Gains on collection of bad debts                                     | 44,186          | 39,170    | 43,900    | 394          |
| Other  | 69,124          | 60,183    | 60,726    | 616          |
| Total  | ¥ 314,967       | ¥ 293,466 | ¥ 247,703 | \$ 2,807     |

## 21. OTHER EXPENSES

Other expenses for the fiscal years ended March 31, 2017, 2016 and 2015 consisted of the following:

| Fiscal years ended March 31  | Millions of Yen |           |           | Millions of  |
|--|-----------------|-----------|-----------|--------------|
|  | 2017            | 2016      | 2015      | U.S. Dollars |
| Losses on write-down or sales of equity securities and other securities          | ¥ 46,852        | ¥ 52,083  | ¥ 15,183  | \$ 418       |
| Settlement package   | —               | —         | 37,097    | —            |
| Loss on liquidation of subsidiaries  | 3,236           | —         | —         | 29           |
| Loss on sales of shares of subsidiaries  | 226             | —         | 25,151    | 2            |
| Loss on exchange of shares of affiliates   | 4,007           | —         | —         | 36           |
| Outsourcing expenses of consolidated subsidiaries operating information services | 13,330          | 22,030    | 24,710    | 119          |
| Write-offs of loans  | 71,520          | 82,670    | 90,946    | 637          |
| Provision for contingent losses  | 114,717         | 12,850    | 11,119    | 1,022        |
| Provision for reserve under the special laws                                     | —               | —         | 525       | —            |
| Losses on forgiveness of loans and others  | 11,566          | 42,371    | 17,129    | 103          |
| Loss on disposal of fixed assets   | 6,118           | 10,236    | 5,368     | 55           |
| Impairment loss on long-lived assets   | 5,778           | 11,011    | 4,249     | 51           |
| Other  | 21,849          | 8,479     | 15,629    | 195          |
| Total  | ¥ 299,205       | ¥ 241,733 | ¥ 247,111 | \$ 2,667     |

Note:

“Settlement package” refers to payments based on a consent agreement entered into with the New York State Department of Financial Services (“DFS”) regarding settlement transactions for countries under U.S. economic sanctions and a payment for which an agreement was reached with DFS in relation to the Bank’s voluntary investigation, reporting and other compliance procedures regarding settlement transactions for countries under U.S. economic sanctions in the fiscal year ended March 31, 2015.

## 22. INCOME TAXES

The Bank and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 30.86%, 33.06% and 35.64% for the fiscal years ended March 31, 2017, 2016 and 2015, respectively.

The tax effects of significant temporary differences which resulted in “Deferred tax assets and liabilities” as of March 31, 2017, 2016 and 2015 were as follows:

|  | Millions of Yen |               |               | Millions of  |
|--|-----------------|---------------|---------------|--------------|
|  | 2017            | 2016          | 2015          | U.S. Dollars |
| <b>Deferred tax assets:</b>  |                 |               |               |              |
| Excess over deductible limit of provision of allowance for credit losses and write-offs of loans | ¥ 313,313       | ¥ 366,832     | ¥ 367,286     | \$ 2,793     |
| Liability for retirement benefits  | 133,717         | 185,707       | 165,865       | 1,192        |
| Revaluation loss on securities   | 86,735          | 103,545       | 77,645        | 773          |
| Unrealized losses on available-for-sale securities   | 28,610          | 30,648        | 24,651        | 255          |
| Tax loss carryforwards   | 2,881           | 7,482         | 11,473        | 26           |
| Other  | 302,022         | 281,953       | 294,742       | 2,692        |
| Subtotal   | 867,280         | 976,168       | 941,665       | 7,731        |
| Less valuation allowances  | (127,205)       | (174,711)     | (147,818)     | (1,134)      |
| Total  | ¥ 740,074       | ¥ 801,456     | ¥ 793,847     | \$ 6,597     |
| <b>Deferred tax liabilities:</b>   |                 |               |               |              |
| Unrealized gains on available-for-sale securities  | ¥ (673,197)     | ¥ (758,670)   | ¥ (928,473)   | \$ (6,001)   |
| Unrealized gain on lease transactions  | (98,427)        | (87,757)      | (80,235)      | (877)        |
| Retained earnings of affiliates  | (64,203)        | (40,585)      | (33,603)      | (572)        |
| Deferred gains on derivatives under hedge accounting   | (63,542)        | (187,713)     | (74,866)      | (567)        |
| Revaluation gain on securities at merger   | (62,247)        | (62,040)      | (69,628)      | (555)        |
| Gain on establishment of retirement benefit trust  | (48,955)        | (49,862)      | (52,651)      | (436)        |
| Other  | (158,318)       | (182,766)     | (188,111)     | (1,411)      |
| Total  | ¥ (1,168,892)   | ¥ (1,369,396) | ¥ (1,427,570) | \$ (10,419)  |
| Net deferred tax liabilities   | ¥ (428,818)     | ¥ (567,939)   | ¥ (633,723)   | \$ (3,822)   |

The reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the consolidated statements of income for the fiscal years ended March 31, 2017, 2016 and 2015 was as follows:

|   | 2017    | 2016    | 2015    |
|---|---------|---------|---------|
| Normal effective statutory tax rate                                   | 30.86 % | 33.06 % | 35.64 % |
| Change in valuation allowances  | (3.95)  | 1.25    | (1.04)  |
| Permanent non-taxable differences (e.g., non-taxable dividend income) | (1.96)  | (2.56)  | (2.46)  |
| Tax rate difference of overseas subsidiaries                          | (1.55)  | (2.43)  | (2.40)  |
| Equity in earnings of the equity method investees                     | (0.68)  | (0.75)  | (0.74)  |
| Addition of deferred tax liabilities resulting from tax rate changes  | -       | 1.42    | 2.87    |
| Elimination of dividends received from subsidiaries                   | 0.92    | 1.71    | 1.32    |
| Retained earnings of affiliates                                       | 2.38    | 0.63    | -       |
| Foreign taxes   | -       | -       | (0.60)  |
| Other   | (1.25)  | (0.48)  | (2.48)  |
| Actual effective tax rate   | 24.77 % | 31.85 % | 30.11 % |

As of March 31, 2016

“Partial amendments to Income Tax Act, etc.” (Act No. 15, 2016) and “Partial amendments to Local Tax Act, etc.” (Act No.13, 2016) were enacted at the National Diet on March 29, 2016, and the corporate income tax rates were reduced from the fiscal year beginning on or after April 1, 2016. As a result, the effective statutory tax rate to be used in computing deferred tax assets and liabilities was reduced from approximately 32.34% to 30.86% for the temporary differences estimated to be reversed in the fiscal years beginning on April 1, 2016 and 2017 and 30.62% for the temporary differences estimated to be reversed from the fiscal year beginning on April 1, 2018. The effect of this change was a decrease in deferred tax liabilities (net of deferred tax assets) by ¥12,992 million and unrealized

gain on available-for-sale securities and deferred gain on derivatives under hedge accounting increased by ¥20,522 million and ¥10,417 million, respectively. Accumulated other comprehensive income on defined retirement benefit plans decreased by ¥2,045 million and income taxes – deferred increased by ¥15,697 million. Deferred tax liabilities for land revaluation decreased by ¥6,903 million and land revaluation surplus increased by the same amount.

As of March 31, 2015

“Partial amendments to Income Tax Act, etc.” (Act No. 9, 2015) and “Partial amendments to Local Tax Act, etc.” (Act No.2, 2015) were proclaimed on March 31, 2015, and the corporate income tax rates were reduced from the fiscal year beginning on or after April 1, 2015. As a result, the effective statutory tax rate to be used in computing deferred tax assets and liabilities was reduced from approximately 35.64% to 33.1% for the temporary differences estimated to be reversed in the fiscal year beginning on April 1, 2015 and 32.34% for the temporary differences estimated to be reversed from the fiscal year beginning on April 1, 2016. The effect of this change was a decrease in deferred tax assets by ¥68,619 million and unrealized gain on available-for-sale securities, deferred gain on derivatives under hedge accounting, accumulated other comprehensive income on defined retirement benefit plans and income taxes – deferred increased by ¥93,505 million, ¥7,664 million, ¥645 million and ¥33,195 million, respectively. Deferred tax liabilities for land revaluation decreased by ¥13,667 million and land revaluation surplus increased by the same amount.

## 23. LEASES

### Operating Leases

#### (1) Lessee

Future lease payments including interest payables under noncancelable operating leases as of March 31, 2017 and 2016 were as follows:

|                     | Millions of Yen |                | Millions of<br>U.S. Dollars |
|---------------------|-----------------|----------------|-----------------------------|
|                     | March 31, 2017  | March 31, 2016 | March 31, 2017              |
| Due within one year | ¥ 48,720        | ¥ 48,905       | \$ 434                      |
| Due after one year  | 223,676         | 245,588        | 1,994                       |
| Total               | ¥ 272,397       | ¥ 294,493      | \$ 2,428                    |

#### (2) Lessor

Future lease receivables including interest receivables under noncancelable operating leases as of March 31, 2017 and 2016 were as follows:

|                     | Millions of Yen |                | Millions of<br>U.S. Dollars |
|---------------------|-----------------|----------------|-----------------------------|
|                     | March 31, 2017  | March 31, 2016 | March 31, 2017              |
| Due within one year | ¥ 4,203         | ¥ 12,831       | \$ 37                       |
| Due after one year  | 63,458          | 75,552         | 566                         |
| Total               | ¥ 67,661        | ¥ 88,383       | \$ 603                      |

## 24. COMPREHENSIVE INCOME

The components of other comprehensive income for the fiscal years ended March 31, 2017, 2016 and 2015 were as follows:

|  | Millions of Yen    |                    |                    | Millions of<br>U.S. Dollars |
|--|--------------------|--------------------|--------------------|-----------------------------|
|  | 2017               | 2016               | 2015               | 2017                        |
| Unrealized (loss) gain on available-for-sale securities:                                 |                    |                    |                    |                             |
| (Loss) gain arising during the year  | ¥ (87,953)         | ¥ (217,579)        | ¥ 1,938,811        | \$ (784)                    |
| Reclassification adjustments to loss   | (192,570)          | (242,320)          | (216,947)          | (1,716)                     |
| Amount before income tax effect  | (280,523)          | (459,900)          | 1,721,863          | (2,500)                     |
| Income tax effect  | 86,207             | 170,042            | (482,307)          | 768                         |
| Total  | <u>(194,316)</u>   | <u>(289,857)</u>   | <u>1,239,556</u>   | <u>(1,732)</u>              |
| Deferred (loss) gain on derivatives under hedge accounting:                              |                    |                    |                    |                             |
| (Loss) gain arising during the year  | (499,136)          | 363,629            | 157,615            | (4,449)                     |
| Reclassification adjustments to profit   | 92,771             | 5,436              | 18,910             | 827                         |
| Adjustments to acquisition costs of assets   | (2,798)            | —                  | —                  | (25)                        |
| Amount before income tax effect  | (409,162)          | 369,065            | 176,525            | (3,647)                     |
| Income tax effect  | 128,319            | (109,483)          | (54,366)           | 1,144                       |
| Total  | <u>(280,843)</u>   | <u>259,582</u>     | <u>122,159</u>     | <u>(2,503)</u>              |
| Land revaluation surplus:  |                    |                    |                    |                             |
| Gain arising during the year   | —                  | —                  | —                  | —                           |
| Reclassification adjustments to profit or loss   | —                  | —                  | —                  | —                           |
| Amount before income tax effect  | —                  | —                  | —                  | —                           |
| Income tax effect  | (21)               | 6,811              | 13,667             | (0)                         |
| Total  | <u>(21)</u>        | <u>6,811</u>       | <u>13,667</u>      | <u>(0)</u>                  |
| Foreign currency translation adjustments:  |                    |                    |                    |                             |
| (Loss) gain arising during the year  | (101,876)          | (204,500)          | 403,175            | (908)                       |
| Reclassification adjustments to profit   | 10,369             | —                  | 307                | 92                          |
| Amount before income tax effect  | (91,507)           | (204,500)          | 403,482            | (816)                       |
| Income tax effect  | (4,701)            | 5,400              | —                  | (42)                        |
| Total  | <u>(96,209)</u>    | <u>(199,099)</u>   | <u>403,482</u>     | <u>(858)</u>                |
| Defined retirement benefit plans:  |                    |                    |                    |                             |
| Gain (loss) arising during the year  | 114,786            | (124,040)          | (8,569)            | 1,023                       |
| Reclassification adjustments to profit   | 46,477             | 23,795             | 24,664             | 415                         |
| Amount before income tax effect  | 161,263            | (100,245)          | 16,095             | 1,438                       |
| Income tax effect  | (50,030)           | 30,450             | (4,448)            | (446)                       |
| Total  | <u>111,233</u>     | <u>(69,794)</u>    | <u>11,647</u>      | <u>992</u>                  |
| Share of other comprehensive income in affiliates accounted for using the equity method: |                    |                    |                    |                             |
| (Loss) gain arising during the year  | (17,264)           | (2,679)            | 25,643             | (154)                       |
| Reclassification adjustments to profit or loss   | (900)              | (600)              | 974                | (8)                         |
| Total  | <u>(18,165)</u>    | <u>(3,280)</u>     | <u>26,617</u>      | <u>(162)</u>                |
| Total other comprehensive (loss) income  | ¥ <u>(478,322)</u> | ¥ <u>(295,638)</u> | ¥ <u>1,817,129</u> | \$ <u>(4,263)</u>           |

## 25. PER SHARE INFORMATION

| Fiscal years ended March 31         | Yen     |         |         | U.S. Dollars |
|-------------------------------------|---------|---------|---------|--------------|
|                                     | 2017    | 2016    | 2015    | 2017         |
| Basic net income per common share   | ¥ 55.86 | ¥ 55.53 | ¥ 59.24 | \$ 0.50      |
| Diluted net income per common share | 55.86   | 55.53   | 59.23   | 0.50         |

|                               | Yen            |                |                | U.S. Dollars   |
|-------------------------------|----------------|----------------|----------------|----------------|
|                               | March 31, 2017 | March 31, 2016 | March 31, 2015 | March 31, 2017 |
| Total equity per common share | ¥ 933.06       | ¥ 952.16       | ¥ 954.03       | \$ 8.32        |

Notes:

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

| Fiscal years ended March 31  | Millions of Yen |           |           | Millions of U.S. Dollars |
|--|-----------------|-----------|-----------|--------------------------|
|  | 2017            | 2016      | 2015      | 2017                     |
| Net income attributable to the shareholders of The Bank of Tokyo-Mitsubishi UFJ                          | ¥ 689,929       | ¥ 685,835 | ¥ 731,622 | \$ 6,150                 |
| Net income attributable to the shareholders of The Bank of Tokyo-Mitsubishi UFJ related to common shares | 689,929         | 685,835   | 731,622   | 6,150                    |

| Fiscal years ended March 31                     | Number of shares in thousands |            |            |
|---|-------------------------------|------------|------------|
|   | 2017                          | 2016       | 2015       |
| Average number of common shares during the year | 12,350,038                    | 12,350,038 | 12,350,038 |

| Fiscal years ended March 31   | Millions of Yen |        |       | Millions of U.S. Dollars |
|---|-----------------|--------|-------|--------------------------|
|   | 2017            | 2016   | 2015  | 2017                     |
| Diluted net income per common share   |                 |        |       |                          |
| Adjustment to net income attributable to the shareholders of The Bank of Tokyo-Mitsubishi UFJ | ¥ (16)          | ¥ (12) | ¥ (7) | \$ (0.14)                |

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

|  | Millions of Yen |                |                | Millions of U.S. Dollars |
|--|-----------------|----------------|----------------|--------------------------|
|  | March 31, 2017  | March 31, 2016 | March 31, 2015 | March 31, 2017           |
| Total equity                               | ¥ 12,427,078    | ¥ 13,118,288   | ¥ 13,201,844   | \$ 110,768               |
| Deductions from total equity:              |                 |                |                |                          |
| Noncontrolling interests                   | 903,707         | 1,359,055      | 1,419,421      | 8,055                    |
| Total                                      | 903,707         | 1,359,055      | 1,419,421      | 8,055                    |
| Total equity attributable to common shares | ¥ 11,523,370    | ¥ 11,759,232   | ¥ 11,782,423   | \$ 102,713               |

|  | Number of shares in thousands |                |                |
|--|-------------------------------|----------------|----------------|
|  | March 31, 2017                | March 31, 2016 | March 31, 2015 |
| Number of common shares used in computing total equity per common share at the fiscal year end | 12,350,038                    | 12,350,038     | 12,350,038     |

## 26. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

### (1) Disclosures on Financial Instruments

#### 1) Policy for Financial Instruments

The Group provides comprehensive financial services such as deposit-taking and lending services, securities investment and other securities services and foreign exchange services. In order to prevent these businesses from being negatively affected by fluctuations in interest and foreign exchange rates, the Group conducts comprehensive asset and liability management (“ALM”) by adjusting market exposure and the balance between short-term and long-term assets and liabilities. To do so, among other things, the Group raises capital from the market and hedges risks through derivative transactions.

#### 2) Nature and Extent of Risks Arising from Financial Instruments

The Bank holds various types of financial instruments such as loans, securities and derivatives and is thus exposed to credit and market risks.

Credit risk is the risk of loss on receivables such as loans due to nonperformance of contractual obligations caused by factors such as deterioration in the financial condition of a borrower.

Market risk mainly arises from changes in domestic and overseas interest rates, foreign exchange rates and fluctuations in market prices of stocks and bonds. For example, an increase in domestic and overseas interest rates would reduce the value of the Bank’s bond portfolio consisting of government and other bonds, and a rise in Japanese yen would reduce the value of foreign currency denominated securities and other assets when converted into Japanese yen. The Bank also invests in marketable equity securities, and a fall in the market price would decrease the fair value of these securities. As part of trading and ALM activities, the Bank holds derivative products such as interest rate swaps. A significant change in foreign exchange or interest rates may cause a significant fluctuation in the fair value of these derivative products. In conducting transactions for purposes of hedging risks associated with derivative products, the Bank hedges against interest rate risks with items including forecasted transactions involving fixed and variable rate deposits, loans and bonds through designated hedging instruments including interest rate swaps. The Bank hedges against foreign exchange rate fluctuation risks associated with instruments such as foreign currency denominated monetary assets and liabilities through hedging instruments including currency swap transactions and forward exchange contracts. In lieu of effectiveness determination, the Bank designs hedging activities so that the material terms of the hedging instruments are almost identical to those of the hedged items. In limited circumstances, effectiveness of hedging activities is assessed by verification of the correlation between factors that cause changes in interest rates.

#### 3) Risk Management for Financial Instruments

##### *Credit Risk Management*

The Bank regularly monitors and assesses the credit portfolios and uses credit rating systems and asset self-assessment systems to ensure timely and proper evaluation of credit risk. Based on the credit risk control rules, the Bank has established a credit risk control system throughout the Bank. In addition, the Bank controls credit risks of the whole Group through guidance to the Group companies on each credit risk control system. In screening individual transactions and managing credit risk, the Bank has in place a check-and-balance system in which the credit administration section and the business promotion section are kept separate. The Bank holds regular management committee meetings to ensure full reporting and discussion on important credit risk management and administration matters. In addition to providing check and balance between different sections and conducting management level deliberations, the audit department also undertakes to verify credit operations to ensure appropriate credit administration.

##### *Market Risk Management*

#### A) Risk Management System

The Bank has established back offices (the operations administration section) and middle offices (the risk control section) which are independent from front offices (the market department), by which checks and balances are maintained. As part of risk control by management, the Board of Directors, etc. establishes the framework for the market risk management system and defines authorities relating to market operations. Furthermore, the Bank allocates economic capital corresponding to the volume of market risk within the scope of the Bank’s capital base and establishes quantitative limits on market risk based on the allocated economic capital as well as limits on losses to contain the Bank’s exposure to risks and losses within a certain range.

#### B) Market Risk Management

The Bank reports daily the status on the exposure to market risk and compliance with quantitative limits on market risk and losses to its risk management officer and also regularly reports to the ALM Committee and the Corporate Risk Management Committee, conducting comprehensive analyses on risk profiles including stress testing. The Bank administers risks at each business unit by hedging against interest rate and exchange rate fluctuation risks associated with marketable assets and liabilities with various hedging transactions using securities and derivatives as appropriate. With respect to trading account transactions and their administration, the Bank documents the process and periodically verifies through internal audits that the valuation methods and operation of such transactions are appropriate.

C) Market Risk Measurement Model

Since the daily variation in market risk is significantly greater than that in other types of risks, the Bank measures and manages market risk using the Value at Risk (the “VaR”), and Value at Idiosyncratic Risk (the “VaI”) on a daily basis. Market risk for both trading and banking activities (excluding strategic equity securities, MUAH and Bank of Ayudhya) is measured using a uniform market risk measurement model. The principal model used for these activities is historical simulation model (holding period — 10 business days; confidence interval — 99%; and observation period — 701 business days).

- \* Market risk can be classified into “general market risk” defined as the risk of suffering loss due to the volatility in the general market trend, and “specific market risk” defined as the risk of suffering loss due to the volatility of specific financial instruments such as debt securities or shares, independent of the general market trend. The amount of general market risk calculated by a market risk measurement model is called VaR, while the amount of specific market risk is called VaI.
- \* The historical simulation method calculates VaR and VaI amount by estimating the profit and loss on the current portfolio by applying actual fluctuations in market rates and prices that occurred over a fixed period in the past. The noted features of the historical simulation method include the ability to directly reflect the characteristics of the market fluctuations and the ability to rigorously measure the risk arising from options. However, because VaR and VaI measure market risk volume with a fixed event probability calculated statistically based on past market changes, they may not be able to ascertain risks when market volatility reaches abnormal levels.
- \* For banking activities of MUAH and Bank of Ayudhya, the market risk volume is identified using Earnings at Risk (“EaR”).
- \* EaR is an index presenting the volatility of net interest income (“NII”) associated with the changes in interest rates and is presented by the percent change (%) against NII of the standard scenario. MUAH sets two types of scenarios of +200 basis points (+2.00%) and -100 basis points (-1.00%) of interest rate changes in making a trial calculation of EaR and Bank of Ayudhya sets two types of scenarios of +100 basis points (+1.00%) and -100 basis points (-1.00%) .
- \* NII represents the difference between interest income and interest expenses, which is net income generated from total fund.

D) Quantitative Information in Respect of Market Risk

(i) Amount of Market Risk Associated with Trading Activities

The amount of consolidated market risk associated with trading activities across the Group was ¥5,129 million (\$46 million) and ¥11,266 million as of March 31, 2017 and 2016, respectively.

(ii) Amount of Market Risk Associated with Banking Activities

The amount of consolidated market risk associated with banking activities (excluding strategic equity securities, MUAH and Bank of Ayudhya) across the Group was ¥329,960 million (\$2,941 million) and ¥440,914 million as of March 31, 2017 and 2016, respectively. As an appropriate identification of interest rate risk is vital to banking activities (excluding strategic equity securities, MUAH and Bank of Ayudhya), the risk is managed based on the following assumptions for appropriate measurement of core deposit and prepayment in loans and deposits. For a certain part of the deposits without contractual maturities (so called core deposit), interest rate risk is recognized by allocating maturities of various terms (no longer than ten years), taking into account the results of the statistical analysis using the data on the transition of balance by product, prospective of deposit interest rate and other business judgments. The amount of core deposits and the method of allocating maturities are reviewed on a regular basis. Meanwhile, the deposits and loans with contractual maturities involve risks associated with premature repayment or cancellation. These risks are reflected in interest rate risks by estimating the ratio of cancellations through the statistical analysis based on the factors including interest rate change and actual repayments and cancellations.

EaR of banking activities of MUAH as of December 31, 2016 and 2015 was +0.61% and +1.92%, respectively, at the time of interest rate changes of +200 basis points (+2.00%) and -0.63%



and -1.37%, respectively, at the time of interest rate changes of -100 basis points (-1.00%).  
EaR of banking activities of Bank of Ayudhya as of December 31, 2016 and 2015 was -1.98% and -1.58%, respectively, at the time of interest rate changes of +100 basis points (+1.00%) and -3.58% and +1.55% , respectively, at the time interest changes of -100 basis points (-1.00%).

(iii) Risk of strategic equity portfolio

The market value of the strategically held stocks (publicly traded) of the Bank as of March 31, 2017 and 2016 was subject to a variation of approximately ¥2,759 million (\$25 million) and ¥2,927 million, respectively, when the TOPIX index moves one point in either direction.

E) Backtesting

The Bank conducts backtesting in which a one-day holding period of VaR computed by the model is compared with hypothetical profit or loss on a daily basis to verify the accuracy of the market risk measurement model. The Bank also endeavors to secure the accuracy by verifying the reasonableness of assumptions used by the market risk measurement model and identifying the characteristics of the market risk measurement model in use from diversified viewpoints.

The results of backtesting for the fiscal years ended March 31, 2017 and 2016 in the trading activities of the Bank showed that hypothetical loss never exceeded VaR. Since the frequency of the excess falls within four times, it is considered that the Bank's VaR model provided reasonably accurate measurements of market risk.

F) Stress Testing

The Bank's VaR measured using market risk measurement model measures the risk volume at a certain probability of incidence computed statistically based on the past market fluctuations and is not designed to capture the risk under certain abnormal market fluctuations. In order to provide for the risk, the Bank implements stress testing on potential losses using various scenarios. The Bank implements diversified stress testing considering the future prospects and endeavors to capture presence of the risk. In addition, daily stress testing at the Bank estimates maximum potential losses on the current trading portfolio based on the actual volatility in each market recorded during the ten-business-day VaR observation period.

*Management of Liquidity Risk Associated with Fund Raising Activities*

The Bank strives to secure appropriate liquidity in both Japanese yen and foreign currencies by managing the sources of capital and liquidity gap, liquidity-supplying products such as commitment lines, as well as buffer assets that help maintain liquidity level. Specifically, the Board of Directors, etc. provides the framework for liquidity risk management, operates businesses in various stages according to the urgency of funding needs and exercises management at each such stage. The liquidity risk management department independent from others is designed to perform checking functions. The department reports to the ALM Committee and the Board of Directors the results from its activities such as evaluation of funding urgency and monitoring of compliance with quantitative limits. The department responsible for funding management performs funding and management activities, and regularly reports the current funding status and forecast as well as the current liquidity risk status to the department responsible for liquidity risk management and other appropriate bodies such as the ALM Committee.

4) Supplementary Explanation on Fair Value and others of Financial Instruments

The fair value of financial instruments includes, in addition to the value determined based on the market price, a valuation calculated on a reasonable basis if no market price is available. Certain assumptions are used for the calculation of such amount. Accordingly, the result of such calculation may vary if different assumptions are used.

(2) Fair value of financial instruments

The following table summarizes the carrying amount and the fair value of financial instruments as of March 31, 2017 and 2016 together with their differences. Note that the following table does not include unlisted equity securities or certain other securities whose fair value cannot be reliably determined (see Note 2).

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

## Millions of Yen

March 31, 2016

|   | Carrying amount      | Fair value           | Difference         |
|---|----------------------|----------------------|--------------------|
| (1) Cash and due from banks                             | ¥ 37,163,259         | ¥ 37,163,259         | ¥ –                |
| (2) Call loans and bills bought                         | 519,784              | 519,784              | –                  |
| (3) Receivables under resale agreements                 | 655,956              | 655,956              | –                  |
| (4) Receivables under securities borrowing transactions | 446,292              | 446,292              | –                  |
| (5) Monetary claims bought (*1)                         | 4,722,160            | 4,721,924            | (236)              |
| (6) Trading assets                                      | 1,303,905            | 1,303,905            | –                  |
| (7) Money held in trust                                 | 57,656               | 57,656               | –                  |
| (8) Securities:   |                      |                      |                    |
| Held-to-maturity securities                             | 2,330,048            | 2,394,865            | 64,817             |
| Available-for-sale securities                           | 47,373,236           | 47,373,236           | –                  |
| (9) Loans and bills discounted                          | 101,007,681          |                      |                    |
| Allowance for credit losses (*1)                        | (820,053)            |                      |                    |
|   | <u>100,187,627</u>   | <u>101,299,905</u>   | <u>1,112,277</u>   |
| (10) Foreign exchange assets (*1)                       | 1,756,170            | 1,756,170            | –                  |
| Total assets  | <u>¥ 196,516,099</u> | <u>¥ 197,692,958</u> | <u>¥ 1,176,858</u> |
| (1) Deposits  | ¥ 147,784,345        | ¥ 147,810,065        | ¥ 25,719           |
| (2) Negotiable certificates of deposit                  | 7,030,355            | 7,034,823            | 4,468              |
| (3) Call money and bills sold                           | 336,305              | 336,305              | –                  |
| (4) Payables under repurchase agreements                | 10,571,873           | 10,571,873           | –                  |
| (5) Payables under securities lending transactions      | 1,892,928            | 1,892,928            | –                  |
| (6) Commercial paper                                    | 1,565,614            | 1,565,614            | –                  |
| (7) Trading liabilities                                 | 7,479                | 7,479                | –                  |
| (8) Borrowed money                                      | 10,635,990           | 10,707,306           | 71,316             |
| (9) Foreign exchange liabilities                        | 2,148,680            | 2,148,680            | –                  |
| (10) Bonds payable                                      | 5,545,296            | 5,665,101            | 119,805            |
| Total liabilities                                       | <u>¥ 187,518,869</u> | <u>¥ 187,740,179</u> | <u>¥ 221,310</u>   |
| Derivatives (*2):                                       |                      |                      |                    |
| To which hedge accounting is not applied                | ¥ 46,338             | ¥ 46,338             | ¥ –                |
| To which hedge accounting is applied                    | 584,748              | 584,748              | –                  |
| Total derivatives                                       | <u>¥ 631,087</u>     | <u>¥ 631,087</u>     | <u>¥ –</u>         |

Millions of U.S. Dollars

March 31, 2017

|   | Carrying amount     | Fair value          | Difference      |
|---|---------------------|---------------------|-----------------|
| (1) Cash and due from banks                             | \$ 437,696          | \$ 437,696          | \$ –            |
| (2) Call loans and bills bought                         | 4,941               | 4,941               | –               |
| (3) Receivables under resale agreements                 | 22,045              | 22,045              | –               |
| (4) Receivables under securities borrowing transactions | 55,493              | 55,493              | –               |
| (5) Monetary claims bought (*1)                         | 41,115              | 41,194              | 79              |
| (6) Trading assets                                      | 23,808              | 23,808              | –               |
| (7) Money held in trust                                 | 246                 | 246                 | –               |
| (8) Securities:   |                     |                     |                 |
| Held-to-maturity securities                             | 20,580              | 20,949              | 369             |
| Available-for-sale securities                           | 359,953             | 359,953             | –               |
| (9) Loans and bills discounted                          | 847,859             |                     |                 |
| Allowance for credit losses (*1)                        | (5,903)             |                     |                 |
|   | <u>841,956</u>      | <u>848,973</u>      | <u>7,017</u>    |
| (10) Foreign exchange assets (*1)                       | 17,883              | 17,883              | –               |
| Total assets  | <u>\$ 1,825,716</u> | <u>\$ 1,833,181</u> | <u>\$ 7,465</u> |
| (1) Deposits  | \$ 1,379,001        | \$ 1,379,088        | \$ 87           |
| (2) Negotiable certificates of deposit                  | 59,186              | 59,342              | 156             |
| (3) Call money and bills sold                           | 3,513               | 3,513               | –               |
| (4) Payables under repurchase agreements                | 65,806              | 65,806              | –               |
| (5) Payables under securities lending transactions      | 27,804              | 27,804              | –               |
| (6) Commercial paper                                    | 15,082              | 15,082              | –               |
| (7) Trading liabilities                                 | 2,423               | 2,423               | –               |
| (8) Borrowed money                                      | 145,753             | 146,442             | 689             |
| (9) Foreign exchange liabilities                        | 19,244              | 19,244              | –               |
| (10) Bonds payable                                      | 38,424              | 39,263              | 839             |
| Total liabilities                                       | <u>\$ 1,756,236</u> | <u>\$ 1,758,007</u> | <u>\$ 1,771</u> |
| Derivatives (*2):                                       |                     |                     |                 |
| To which hedge accounting is not applied                | \$ 969              | \$ 969              | \$ –            |
| To which hedge accounting is applied                    | 1,210               | 1,210               | –               |
| Total derivatives                                       | <u>\$ 2,179</u>     | <u>\$ 2,179</u>     | <u>\$ –</u>     |

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

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

Notes:

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

Assets

- (1) “Cash and due from banks”

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

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

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

- (5) “Monetary claims bought”

The fair value of “Monetary claims bought” is determined based on the price quoted by the financial institutions from which these claims were purchased or on the amount reasonably calculated based on the reasonable estimation.

For certain securitized products whose underlying assets are corporate loan receivables, the fair value is determined by taking into account an amount calculated by discounting the expected future cash flow, which is derived from such factors as default probability and prepayment rate derived from analyses of the underlying assets and discounted at a rate, which is the yield of such securitized products adjusted for the liquidity premium based on the actual historical market data, as well as the price obtained

from external parties (brokers or others). For other securitized products, the fair value is determined based on the price obtained from external parties after considering the result of periodic confirmation of the current status of these products, including price comparison with similar products, time series data comparison of the same product, and analysis of consistency with publicly available market indices.

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

(6) "Trading assets"

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

(7) "Money held in trust"

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

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

(8) "Securities"

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

See Note 4 "TRADING ASSETS OR LIABILITIES AND SECURITIES" for notes on securities by categories based on holding purposes.

(9) "Loans and bills discounted"

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

(10) "Foreign exchange assets"

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

### Liabilities

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

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

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

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

(7) "Trading liabilities"

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

(8) "Borrowed money"

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

(9) "Foreign exchange liabilities"

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

(10) "Bonds payable"

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

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

|   | Carrying amount |                          |
|---|-----------------|--------------------------|
|   | March 31, 2017  |                          |
|   | Millions of Yen | Millions of U.S. Dollars |
| Unlisted equity securities (*1) (*2)            | ¥ 154,832       | \$ 1,380                 |
| Investment in partnerships and others (*2) (*3) | 46,995          | 419                      |
| Other (*2)                                      | 396             | 4                        |
| Total   | ¥ 202,224       | \$ 1,803                 |

|   | Carrying amount |  |
|---|-----------------|--|
|   | March 31, 2016  |  |
|   | Millions of Yen |  |
| Unlisted equity securities (*1) (*2)            | ¥ 153,843       |  |
| Investment in partnerships and others (*2) (*3) | 71,438          |  |
| Other (*2)                                      | 403             |  |
| Total   | ¥ 225,685       |  |

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

(\*2) With respect to unlisted equity securities, an impairment loss of ¥1,510 million (\$13 million) and ¥14,930 million was recorded in the fiscal years ended March 31, 2017 and 2016, respectively.

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

### 3. Maturity analysis for financial assets and securities with contractual maturities

| Millions of Yen  |                         |  |  |  |   |                     |
|--|-------------------------|--|--|--|---|---------------------|
| March 31, 2017   |                         |  |  |  |   |                     |
|  | Due in one year or less | Due after one year through three years | Due after three years through five years | Due after five years through seven years | Due after seven years through ten years | Due after ten years |
| Securities (*1) (*2):                                      | ¥ 14,894,092            | ¥ 3,844,425                            | ¥ 3,948,745                              | ¥ 1,986,791                              | ¥ 5,284,006                             | ¥ 8,416,447         |
| Held-to-maturity securities:                               | 225                     | 82,295                                 | 49,797                                   | 411,908                                  | 1,691,363                               | 1,351,641           |
| Japanese government bonds                                  | —                       | —                                      | —  | 199,742                                  | 901,212                                 | —                   |
| Foreign bonds  | 225                     | 71,409                                 | 1,077                                    | 93,841                                   | 12,733                                  | 1,028,675           |
| Other  | —                       | 10,886                                 | 48,720                                   | 118,324                                  | 777,416                                 | 322,966             |
| Available-for-sale securities with contractual maturities: | 14,893,867              | 3,762,129                              | 3,898,948                                | 1,574,882                                | 3,592,642                               | 7,064,805           |
| Japanese government bonds                                  | 12,877,083              | 1,140,708                              | 2,364,630                                | 623,837                                  | 1,022,910                               | 1,913,228           |
| Municipal bonds  | 42,038                  | 53,310                                 | 62,400                                   | 20,816                                   | 830,961                                 | 260                 |
| Corporate bonds  | 108,833                 | 293,115                                | 339,690                                  | 204,872                                  | 516,297                                 | 978,210             |
| Foreign bonds  | 1,791,816               | 2,081,456                              | 1,110,150                                | 708,003                                  | 1,031,210                               | 4,037,030           |
| Other  | 74,096                  | 193,537                                | 22,076                                   | 17,353                                   | 191,262                                 | 136,075             |
| Loans (*1) (*3)  | 38,422,253              | 16,700,020                             | 13,456,618                               | 5,667,217                                | 5,625,227                               | 14,572,289          |
| Total  | ¥ 53,316,345            | ¥ 20,544,445                           | ¥ 17,405,364                             | ¥ 7,654,009                              | ¥ 10,909,233                            | ¥ 22,988,737        |

| Millions of U.S. Dollars                                   |                         |  |  |  |   |                     |
|--|-------------------------|--|--|--|---|---------------------|
| March 31, 2017   |                         |  |  |  |   |                     |
|  | Due in one year or less | Due after one year through three years | Due after three years through five years | Due after five years through seven years | Due after seven years through ten years | Due after ten years |
| Securities (*1) (*2):                                      | \$ 132,758              | \$ 34,267                              | \$ 35,197                                | \$ 17,709                                | \$ 47,099                               | \$ 75,020           |
| Held-to-maturity securities:                               | 2                       | 733                                    | 444                                      | 3,671                                    | 15,076                                  | 12,048              |
| Japanese government bonds                                  | —                       | —                                      | —  | 1,780                                    | 8,033                                   | —                   |
| Foreign bonds  | 2                       | 636                                    | 10                                       | 836                                      | 114                                     | 9,169               |
| Other  | —                       | 97                                     | 434                                      | 1,055                                    | 6,929                                   | 2,879               |
| Available-for-sale securities with contractual maturities: | 132,756                 | 33,534                                 | 34,753                                   | 14,038                                   | 32,023                                  | 62,972              |
| Japanese government bonds                                  | 114,779                 | 10,168                                 | 21,077                                   | 5,561                                    | 9,118                                   | 17,054              |
| Municipal bonds  | 375                     | 475                                    | 556                                      | 185                                      | 7,407                                   | 2                   |
| Corporate bonds  | 970                     | 2,613                                  | 3,028                                    | 1,826                                    | 4,602                                   | 8,719               |
| Foreign bonds  | 15,971                  | 18,553                                 | 9,895                                    | 6,311                                    | 9,191                                   | 35,984              |
| Other  | 661                     | 1,725                                  | 197                                      | 155                                      | 1,705                                   | 1,213               |
| Loans (*1) (*3)  | 342,475                 | 148,855                                | 119,945                                  | 50,515                                   | 50,140                                  | 129,889             |
| Total  | \$ 475,233              | \$ 183,122                             | \$ 155,142                               | \$ 68,224                                | \$ 97,239                               | \$ 204,909          |

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

(\*2) Securities include trust beneficiaries of “Monetary claims bought.”

(\*3) Loans do not include those amounts whose repayment schedules cannot be determined including due from “bankrupt” borrowers, “virtually bankrupt” borrowers and “likely to become bankrupt” borrowers amounting to ¥677,637 million (\$6,040 million).

4. Maturity analysis for “Time deposits,” “Negotiable certificates of deposit” and other interest bearing liabilities

| Millions of Yen  |                            |  |   |   |   |                        |
|--|----------------------------|--|---|---|---|------------------------|
| March 31, 2017   |                            |  |   |   |   |                        |
|  | Due in one<br>year or less | Due after<br>one year through<br>three years | Due after<br>three years<br>through five<br>years | Due after<br>five years<br>through seven<br>years | Due after<br>seven years<br>through ten years | Due after<br>ten years |
| Time deposits and negotiable<br>certificates of deposit (*1) | ¥ 42,037,513               | ¥ 5,833,141                                  | ¥ 787,641   | ¥ 53,539  | ¥ 75,846                                      | ¥ 5,078                |
| Borrowed money (*1) (*2) (*3)                                | 2,073,287                  | 2,407,275                                    | 9,037,348   | 529,108   | 1,320,544                                     | 984,457                |
| Bonds (*1) (*2)  | 1,000,414                  | 1,360,457                                    | 618,504   | 546,124   | 296,950                                       | 488,344                |
| Total  | <u>¥ 45,111,215</u>        | <u>¥ 9,600,875</u>                           | <u>¥ 10,443,494</u>                               | <u>¥ 1,128,772</u>                                | <u>¥ 1,693,342</u>                            | <u>¥ 1,477,881</u>     |

| Millions of U.S. Dollars                                     |                            |  |   |   |   |                        |
|--|----------------------------|--|---|---|---|------------------------|
| March 31, 2017   |                            |  |   |   |   |                        |
|  | Due in one<br>year or less | Due after<br>one year through<br>three years | Due after<br>three years<br>through five<br>years | Due after<br>five years<br>through seven<br>years | Due after<br>seven years<br>through ten years | Due after<br>ten years |
| Time deposits and negotiable<br>certificates of deposit (*1) | \$ 374,699                 | \$ 51,994                                    | \$ 7,021  | \$ 477  | \$ 676  | \$ 45                  |
| Borrowed money (*1) (*2) (*3)                                | 18,480                     | 21,457                                       | 80,554  | 4,716   | 11,771  | 8,775                  |
| Bonds (*1) (*2)  | 8,917                      | 12,126                                       | 5,513   | 4,868   | 2,647   | 4,353                  |
| Total  | <u>\$ 402,096</u>          | <u>\$ 85,577</u>                             | <u>\$ 93,088</u>                                  | <u>\$ 10,061</u>                                  | <u>\$ 15,094</u>                              | <u>\$ 13,173</u>       |

(\*1) The amounts above are stated at the carrying amount.

(\*2) “Borrowed money” and “Bonds” whose maturities are not defined are recorded under “Due after ten years.”

(\*3) There was no outstanding balance of rediscounted bills as of March 31, 2017.



## 27. DERIVATIVES

The Bank uses derivatives primarily for the purpose of reducing market risks associated with its assets and liabilities. The Bank also utilizes derivatives to meet the needs of its clients and enters into derivative contracts as a part of its trading activities.

The Group enters into futures contracts on interest rate, currency, equity and bonds, forward contracts on interest rate and foreign exchange and equity, swaps contracts on interest rate, currency, equity and commodity and option contracts on interest rate, currency, equity, bond futures, commodity and credit default options.

The Bank uses derivatives for the following purposes based on the internally defined risk management and operating policies.

- To provide clients with hedge instruments
- Trading based on the short-term prospect on foreign exchange, interest rate and others
- Adjustments or hedging of foreign exchange risk and interest rate risk associated with assets and liabilities

For hedging activities, the Bank classified instruments such as forecasted transactions involving fixed and variable rate deposits, loans, and bonds as hedged items, and instruments such as interest rate swaps as hedging instruments. Regarding effectiveness of hedging, since hedged items and hedging instruments may be almost identical, the Bank considers the hedges to be highly effective. In addition, the Bank may assess effectiveness based on the correlation of floating elements of interest rate.

Significant risk related to derivatives includes market risk and credit risk to be incurred in the course of transactions.

Market risk is the possibility that future changes in market indices make the financial instruments less valuable and credit risk is the possibility that a loss may result from a counterparty's failure to perform according to terms and conditions of the contract, which may exceed the value of underlying collateral. The Bank measures and manages its exposure on derivatives as well as other transactions using a uniform method as much as possible for market risk and credit risk.

As for market risk, the Management Committee grants an authority with VaR (risk index which estimates statistically maximum probable loss to be incurred in the portfolios within a holding period) to the Corporate Risk Management Division. The Corporate Risk Management Division measures and manages overall exposures across the Bank on a global and consolidation basis and reports directly to the Bank's management.

As for credit risk, the Bank identifies and manages credit balances considering the replacement cost and future changes in the replacement cost using a system based on the judgment of the credit risk management division independent from front office function.

Derivative transactions with the same counterparty are recorded in the financial statements on a gross basis without offsetting derivative assets and liabilities regardless of whether there is a legal valid master netting agreement between the two parties.

The Bank has the following derivative contracts outstanding as of March 31, 2017, 2016 and 2015:

**Derivatives to which hedge accounting is not applied:**

With respect to derivatives to which hedge accounting is not applied, contract amount, fair value and the related valuation gain (loss) at the fiscal year end date by transaction type and valuation method of fair value are as follows: Note that contract amounts do not represent the market risk exposure associated with derivatives.

(1) Interest rate-related derivatives

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

|   |  | Millions of Yen |               |             |                          |
|---|--|-----------------|---------------|-------------|--------------------------|
|   |  | March 31, 2016  |               |             |                          |
|   |  | Contract amount |               |             | Valuation gain<br>(loss) |
|   |  | Total           | Over one year | Fair value  |                          |
| <b>Transactions listed on exchange:</b> |  |                 |               |             |                          |
| Interest rate futures                   | Sold   | ¥ 856,927       | ¥ 534,186     | ¥ (1,091)   | ¥ (1,091)                |
|   | Bought   | 367,005         | 149,256       | 233         | 233                      |
| <b>OTC transactions:</b>                |  |                 |               |             |                          |
| Forward rate agreement                  | Sold   | 17,329,398      | —             | 579         | 579                      |
|   | Bought   | 18,356,986      | —             | (597)       | (597)                    |
| Interest rate swaps                     | Receivable fixed rate/<br>Payable floating rate    | 160,769,183     | 142,233,884   | 6,506,812   | 6,506,812                |
|   | Receivable floating rate/<br>Payable fixed rate    | 160,959,882     | 141,449,307   | (6,322,395) | (6,322,395)              |
|   | Receivable floating rate/<br>Payable floating rate | 48,002,292      | 40,666,565    | 47,794      | 47,794                   |
|   | Receivable fixed rate/<br>Payable fixed rate       | 174,359         | 154,359       | 3,057       | 3,057                    |
| Interest rate swaptions                 | Sold   | 4,753,714       | 2,969,366     | (148,435)   | (81,265)                 |
|   | Bought   | 4,951,435       | 2,317,736     | 52,946      | 27,769                   |
| Other                                   | Sold   | 1,587,207       | 1,027,309     | (1,948)     | 3,552                    |
|   | Bought   | 1,816,042       | 1,246,546     | 11,471      | 7,120                    |
| Total                                   |  | —               | —             | ¥ 148,427   | ¥ 191,570                |

|   |  | Millions of Yen |               |             |                          |
|---|--|-----------------|---------------|-------------|--------------------------|
|   |  | March 31, 2015  |               |             |                          |
|   |  | Contract amount |               |             | Valuation gain<br>(loss) |
|   |  | Total           | Over one year | Fair value  |                          |
| <b>Transactions listed on exchange:</b> |  |                 |               |             |                          |
| Interest rate futures                   | Sold   | ¥ 921,436       | ¥ 391,699     | ¥ (2,069)   | ¥ (2,069)                |
|   | Bought   | 1,010,313       | 653,899       | 2,574       | 2,574                    |
| Interest rate options                   | Sold   | 613,891         | –             | (122)       | 4                        |
|   | Bought   | 670,340         | –             | 69          | (108)                    |
| <b>OTC transactions:</b>                |  |                 |               |             |                          |
| Interest rate swaps                     | Receivable fixed rate/<br>Payable floating rate    | 156,452,154     | 133,438,080   | 3,864,342   | 3,864,342                |
|   | Receivable floating rate/<br>Payable fixed rate    | 156,591,537     | 131,728,890   | (3,651,643) | (3,651,643)              |
|   | Receivable floating rate/<br>Payable floating rate | 43,112,354      | 36,120,740    | 28,540      | 28,540                   |
|   | Receivable fixed rate/<br>Payable fixed rate       | 290,616         | 39,416        | (4,931)     | (4,931)                  |
| Interest rate swaptions                 | Sold   | 4,310,788       | 2,095,665     | (82,328)    | (59,654)                 |
|   | Bought   | 4,243,473       | 1,554,725     | 39,217      | 23,175                   |
| Other                                   | Sold   | 1,783,765       | 1,484,344     | (4,123)     | 1,310                    |
|   | Bought   | 2,064,074       | 1,789,331     | 11,894      | 7,030                    |
| Total                                   |  | –               | –             | ¥ 201,421   | ¥ 208,572                |

|   |  | Millions of U.S. Dollars |               |            |                          |
|---|--|--------------------------|---------------|------------|--------------------------|
|   |  | March 31, 2017           |               |            |                          |
|   |  | Contract amount          |               |            | Valuation gain<br>(loss) |
|   |  | Total                    | Over one year | Fair value |                          |
| <b>Transactions listed on exchange:</b> |  |                          |               |            |                          |
| Interest rate futures                   | Sold   | \$ 7,521                 | \$ 3,097      | \$ 7       | \$ 7                     |
|   | Bought   | 3,107                    | 1,682         | (1)        | (1)                      |
| Interest rate options                   | Sold   | –                        | –             | –          | –                        |
|   | Bought   | 4,370                    | –             | 0          | (0)                      |
| <b>OTC transactions:</b>                |  |                          |               |            |                          |
| Forward rate agreement                  | Sold   | 70,712                   | –             | (9)        | (9)                      |
|   | Bought   | 72,637                   | –             | 8          | 8                        |
| Interest rate swaps                     | Receivable fixed rate/<br>Payable floating rate    | 1,540,143                | 1,355,099     | 32,316     | 32,316                   |
|   | Receivable floating rate/<br>Payable fixed rate    | 1,567,251                | 1,358,662     | (30,740)   | (30,740)                 |
|   | Receivable floating rate/<br>Payable floating rate | 439,613                  | 366,068       | 87         | 87                       |
|   | Receivable fixed rate/<br>Payable fixed rate       | 3,269                    | 3,233         | 44         | 44                       |
| Interest rate swaptions                 | Sold   | 73,774                   | 38,851        | (1,080)    | (164)                    |
|   | Bought   | 64,548                   | 36,808        | 980        | (59)                     |
| Other                                   | Sold   | 19,436                   | 16,489        | (74)       | 74                       |
|   | Bought   | 22,120                   | 19,700        | 76         | (131)                    |
| Total                                   |  | –                        | –             | \$ 1,614   | \$ 1,432                 |

Notes:

1. The transactions above are stated at fair value and the related valuation gain (loss) is reported in the consolidated statements of income.
2. Fair values of transactions listed on exchange are determined using the closing price at the Chicago Mercantile Exchange (“CME”) or other exchanges at the fiscal year end date. Fair values of OTC transactions are calculated using the discounted present value, option pricing models or other methods.

(2) Currency-related derivatives

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

|   |        | Millions of Yen |               |             |                       |
|---|--------|-----------------|---------------|-------------|-----------------------|
|   |        | March 31, 2016  |               |             |                       |
|   |        | Contract amount |               |             |                       |
|   |        | Total           | Over one year | Fair value  | Valuation gain (loss) |
| <b>Transactions listed on exchange:</b> |        |                 |               |             |                       |
| Currency futures                        | Sold   | ¥ 411,256       | ¥ 9,116       | ¥ (3,061)   | ¥ (3,061)             |
|   | Bought | 566,313         | 330,122       | 10,865      | 10,865                |
| <b>OTC transactions:</b>                |        |                 |               |             |                       |
| Currency swaps                          |        | 31,237,505      | 23,624,138    | (190,281)   | (190,281)             |
| Forward contracts on                    | Sold   | 46,563,936      | 2,256,354     | 265,614     | 265,614               |
| foreign exchange                        | Bought | 45,909,208      | 2,112,509     | (151,333)   | (151,333)             |
| Currency options                        | Sold   | 6,696,632       | 2,714,934     | (240,718)   | 69,524                |
|   | Bought | 6,718,548       | 2,584,779     | 195,523     | (57,394)              |
| Total                                   |        | –               | –             | ¥ (113,390) | ¥ (56,065)            |

|   |        | Millions of Yen |               |             |                       |
|---|--------|-----------------|---------------|-------------|-----------------------|
|   |        | March 31, 2015  |               |             |                       |
|   |        | Contract amount |               |             |                       |
|   |        | Total           | Over one year | Fair value  | Valuation gain (loss) |
| <b>Transactions listed on exchange:</b> |        |                 |               |             |                       |
| Currency futures                        | Sold   | ¥ 190,462       | ¥ –           | ¥ 860       | ¥ 860                 |
|   | Bought | 96,078          | –             | (494)       | (494)                 |
| <b>OTC transactions:</b>                |        |                 |               |             |                       |
| Currency swaps                          |        | 27,986,410      | 22,778,667    | (150,827)   | (150,827)             |
| Forward contracts on                    | Sold   | 43,144,079      | 2,557,939     | 32,552      | 32,552                |
| foreign exchange                        | Bought | 42,421,779      | 2,386,251     | 79,416      | 79,416                |
| Currency options                        | Sold   | 6,969,525       | 3,041,495     | (466,671)   | (81,070)              |
|   | Bought | 6,983,360       | 3,026,135     | 305,334     | (1,708)               |
| Total                                   |        | –               | –             | ¥ (199,828) | ¥ (121,270)           |

|   |        | Millions of U.S. Dollars |               |            |                       |
|---|--------|--------------------------|---------------|------------|-----------------------|
|   |        | March 31, 2017           |               |            |                       |
|   |        | Contract amount          |               |            |                       |
|   |        | Total                    | Over one year | Fair value | Valuation gain (loss) |
| <b>Transactions listed on exchange:</b> |        |                          |               |            |                       |
| Currency futures                        | Sold   | \$ 802                   | \$ 80         | \$ 6       | \$ 6                  |
|   | Bought | 4,125                    | 1,518         | (39)       | (39)                  |
| <b>OTC transactions:</b>                |        |                          |               |            |                       |
| Currency swaps                          |        | 321,096                  | 251,251       | (1,320)    | (1,320)               |
| Forward contracts on                    | Sold   | 421,520                  | 32,733        | 974        | 974                   |
| foreign exchange                        | Bought | 406,997                  | 32,965        | (146)      | (146)                 |
| Currency options                        | Sold   | 55,986                   | 21,946        | (1,143)    | 1,336                 |
|   | Bought | 55,575                   | 21,778        | 1,009      | (840)                 |
| Total                                   |        | –                        | –             | \$ (659)   | \$ (29)               |

Notes:

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

(3) Equity-related derivatives

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

|   |        | Millions of Yen |               |            |                       |
|---|--------|-----------------|---------------|------------|-----------------------|
|   |        | March 31, 2016  |               |            |                       |
|   |        | Contract amount |               | Fair value | Valuation gain (loss) |
|   |        | Total           | Over one year | Fair value | Valuation gain (loss) |
| <b>Transactions listed on exchange:</b> |        |                 |               |            |                       |
| Stock index futures                     | Sold   | ¥ 312           | ¥ –           | ¥ (4)      | ¥ (4)                 |
|   | Bought | 197             | –             | 4          | 4                     |
| Stock index options                     | Sold   | –               | –             | –          | –                     |
|   | Bought | 517             | –             | 1          | (10)                  |
| <b>OTC transactions:</b>                |        |                 |               |            |                       |
| OTC options on securities               | Sold   | 202,088         | 137,640       | (26,693)   | (26,693)              |
|   | Bought | 202,088         | 137,640       | 26,755     | 26,755                |
| Forward trading on OTC securities index | Sold   | 467             | –             | 13         | 13                    |
|   | Bought | –               | –             | –          | –                     |
| Total return swaps                      | Sold   | –               | –             | –          | –                     |
|   | Bought | 8,056           | –             | (186)      | (186)                 |
| Total                                   |        | –               | –             | ¥ (109)    | ¥ (120)               |

|   |        | Millions of Yen |               |            |                       |
|---|--------|-----------------|---------------|------------|-----------------------|
|   |        | March 31, 2015  |               |            |                       |
|   |        | Contract amount |               | Fair value | Valuation gain (loss) |
|   |        | Total           | Over one year | Fair value | Valuation gain (loss) |
| <b>Transactions listed on exchange:</b> |        |                 |               |            |                       |
| Stock index futures                     | Sold   | ¥ 881           | ¥ –           | ¥ (4)      | ¥ (4)                 |
|   | Bought | 1,774           | –             | 18         | 18                    |
| <b>OTC transactions:</b>                |        |                 |               |            |                       |
| OTC options on securities               | Sold   | 228,850         | 199,818       | (36,004)   | (36,004)              |
|   | Bought | 228,850         | 199,818       | 36,146     | 36,146                |
| Total return swaps                      | Sold   | –               | –             | –          | –                     |
|   | Bought | 6,723           | 6,723         | (211)      | (211)                 |
| Total                                   |        | –               | –             | ¥ (55)     | ¥ (55)                |

|   |   | Millions of U.S. Dollars |               |            |                          |
|---|---|--------------------------|---------------|------------|--------------------------|
|   |   | March 31, 2017           |               |            |                          |
|   |   | Contract amount          |               |            | Valuation gain<br>(loss) |
|   |   | Total                    | Over one year | Fair value |                          |
| <b>Transactions listed on exchange:</b> |   |                          |               |            |                          |
| Stock index futures                     | Sold  | \$ 4                     | \$ -          | \$ 0       | \$ 0                     |
|   | Bought  | 10                       | -             | (0)        | (0)                      |
| Stock index options                     | Sold  | 66                       | -             | (1)        | 0                        |
|   | Bought  | 90                       | -             | 2          | 1                        |
| <b>OTC transactions:</b>                |   |                          |               |            |                          |
| OTC options on securities               | Sold  | 1,190                    | 662           | (170)      | (147)                    |
|   | Bought  | 1,262                    | 734           | 164        | 158                      |
| Swaps on OTC securities index           | Receivable index<br>volatility/<br>Payable interest     | 9                        | 9             | 0          | 0                        |
|   | Receivable<br>interest /<br>Payable index<br>volatility | 9                        | 9             | (0)        | (0)                      |
| Total                                   |   | -                        | -             | \$ (5)     | \$ 12                    |

Notes:

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

(4) Bond-related derivatives

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

|   |        | Millions of Yen |               |            |                       |
|---|--------|-----------------|---------------|------------|-----------------------|
|   |        | March 31, 2016  |               |            |                       |
|   |        | Contract amount |               | Fair value | Valuation gain (loss) |
|   |        | Total           | Over one year | Fair value | Valuation gain (loss) |
| <b>Transactions listed on exchange:</b> |        |                 |               |            |                       |
| Bond futures                            | Sold   | ¥ 209,415       | ¥ –           | ¥ (219)    | ¥ (219)               |
|   | Bought | 122,682         | –             | (6)        | (6)                   |
| Bond futures options                    | Sold   | 55,004          | –             | (94)       | 13                    |
|   | Bought | 160,295         | –             | 322        | 19                    |
| Total                                   |        | –               | –             | ¥ 2        | ¥ (192)               |

|   |        | Millions of Yen |               |            |                       |
|---|--------|-----------------|---------------|------------|-----------------------|
|   |        | March 31, 2015  |               |            |                       |
|   |        | Contract amount |               | Fair value | Valuation gain (loss) |
|   |        | Total           | Over one year | Fair value | Valuation gain (loss) |
| <b>Transactions listed on exchange:</b> |        |                 |               |            |                       |
| Bond futures                            | Sold   | ¥ 311,432       | ¥ –           | ¥ 161      | ¥ 161                 |
|   | Bought | 217,559         | –             | 100        | 100                   |
| Bond futures options                    | Sold   | 428,772         | –             | (1,119)    | 105                   |
|   | Bought | 333,854         | –             | 735        | (1,485)               |
| <b>OTC transactions:</b>                |        |                 |               |            |                       |
| OTC bond options                        | Sold   | 207,440         | –             | (2,549)    | (1,160)               |
|   | Bought | 109,700         | –             | 1,654      | 1,169                 |
| Total                                   |        | –               | –             | ¥ (1,017)  | ¥ (1,108)             |

|   |        | Millions of U.S. Dollars |               |            |                          |
|---|--------|--------------------------|---------------|------------|--------------------------|
|   |        | March 31, 2017           |               |            |                          |
|   |        | Contract amount          |               |            | Valuation gain<br>(loss) |
|   |        | Total                    | Over one year | Fair value |                          |
| <b>Transactions listed on exchange:</b> |        |                          |               |            |                          |
| Bond futures                            | Sold   | \$ 909                   | \$ –          | \$ (1)     | \$ (1)                   |
|   | Bought | 1,508                    | –             | (0)        | (0)                      |
| Bond futures options                    | Sold   | 2,784                    | –             | (8)        | (1)                      |
|   | Bought | 4,926                    | –             | 2          | (0)                      |
| <b>OTC transactions:</b>                |        |                          |               |            |                          |
| OTC bond options                        | Sold   | 1,983                    | –             | (2)        | 0                        |
|   | Bought | 1,983                    | –             | 3          | 0                        |
| Bond forward contracts                  | Sold   | 9,447                    | 96            | 4          | 4                        |
|   | Bought | 6,214                    | –             | 3          | 3                        |
| Total return swaps                      | Sold   | 700                      | 700           | (0)        | (0)                      |
|   | Bought | 699                      | 699           | 11         | 11                       |
| Total                                   |        | –                        | –             | \$ 12      | \$ 16                    |

Notes:

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

(5) Commodity-related derivatives

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

|                          |   | Millions of Yen |               |            |                          |
|--------------------------|---|-----------------|---------------|------------|--------------------------|
|                          |   | March 31, 2016  |               |            |                          |
|                          |   | Contract amount |               |            | Valuation gain<br>(loss) |
|                          |   | Total           | Over one year | Fair value |                          |
| <b>OTC transactions:</b> |   |                 |               |            |                          |
| Commodity swaps          | Receivable index volatility/<br>Payable floating rate | ¥ 140,732       | ¥ 60,773      | ¥ (24,530) | ¥ (24,530)               |
|                          | Receivable floating rate/<br>Payable index volatility | 184,215         | 74,858        | 30,427     | 30,427                   |
| Commodity options        | Sold  | 117,106         | 71,740        | (9,062)    | (9,059)                  |
|                          | Bought  | 117,106         | 71,740        | 9,068      | 9,066                    |
| Total                    |   | –               | –             | ¥ 5,903    | ¥ 5,904                  |



|   |   | Millions of Yen |               |            |                          |
|---|---|-----------------|---------------|------------|--------------------------|
|   |   | March 31, 2015  |               |            |                          |
|   |   | Contract amount |               |            | Valuation gain<br>(loss) |
|   |   | Total           | Over one year | Fair value |                          |
| <b>Transactions listed on exchange:</b> |   |                 |               |            |                          |
| Commodity futures                       | Sold  | ¥               | –             | ¥          | –                        |
|   | Bought  |                 | 145           |            | (9)                      |
| <b>OTC transactions:</b>                |   |                 |               |            |                          |
| Commodity swaps                         | Receivable index volatility/<br>Payable floating rate |                 | 198,619       | 92,270     | (23,803)                 |
|   | Receivable floating rate/<br>Payable index volatility |                 | 247,841       | 104,108    | 23,946                   |
| Commodity options                       | Sold  |                 | 163,798       | 98,904     | (10,253)                 |
|   | Bought  |                 | 163,793       | 98,904     | 10,242                   |
| Total                                   |   |                 | –             | –          | ¥ 139 ¥ 155              |

|                          |   | Millions of U.S. Dollars |               |            |                          |
|--------------------------|---|--------------------------|---------------|------------|--------------------------|
|                          |   | March 31, 2017           |               |            |                          |
|                          |   | Contract amount          |               |            | Valuation gain<br>(loss) |
|                          |   | Total                    | Over one year | Fair value |                          |
| <b>OTC transactions:</b> |   |                          |               |            |                          |
| Commodity swaps          | Receivable index volatility/<br>Payable floating rate | \$                       | 774           | \$ 410     | \$ 23 \$ 23              |
|                          | Receivable floating rate/<br>Payable index volatility |                          | 802           | 433        | 13 13                    |
| Commodity options        | Sold  |                          | 747           | 348        | (20)                     |
|                          | Bought  |                          | 747           | 348        | 20 18                    |
| Total                    |   |                          | –             | –          | \$ 36 \$ 38              |

Notes:

1. The transactions above are stated at fair value and the related valuation gain (loss) is reported in the consolidated statements of income.
2. Fair values of transactions listed on exchange are determined using the closing price at Inter Continental Exchange Futures and others at the fiscal year end date.  
Fair values of OTC transactions are calculated using the prices of the underlying transactions, contract periods and other factors composing the transactions.
3. The commodity transactions are mainly oil related.

(6) Credit-related derivatives

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

|                          |        | Millions of Yen |               |            |                       |
|--------------------------|--------|-----------------|---------------|------------|-----------------------|
|                          |        | March 31, 2016  |               |            |                       |
|                          |        | Contract amount |               | Fair value | Valuation gain (loss) |
|                          |        | Total           | Over one year | Fair value | Valuation gain (loss) |
| <b>OTC transactions:</b> |        |                 |               |            |                       |
| Credit default options   | Sold   | ¥ 657,849       | ¥ 556,649     | ¥ 5,343    | ¥ 5,343               |
|                          | Bought | 914,429         | 715,315       | (1,112)    | (1,112)               |
| Total                    |        | –               | –             | ¥ 4,231    | ¥ 4,231               |

|                          |        | Millions of Yen |               |            |                       |
|--------------------------|--------|-----------------|---------------|------------|-----------------------|
|                          |        | March 31, 2015  |               |            |                       |
|                          |        | Contract amount |               | Fair value | Valuation gain (loss) |
|                          |        | Total           | Over one year | Fair value | Valuation gain (loss) |
| <b>OTC transactions:</b> |        |                 |               |            |                       |
| Credit default options   | Sold   | ¥ 616,724       | ¥ 539,963     | ¥ 8,469    | ¥ 8,469               |
|                          | Bought | 849,300         | 676,078       | (9,130)    | (9,130)               |
| Total                    |        | –               | –             | ¥ (660)    | ¥ (660)               |

|                          |        | Millions of U.S. Dollars |               |            |                       |
|--------------------------|--------|--------------------------|---------------|------------|-----------------------|
|                          |        | March 31, 2017           |               |            |                       |
|                          |        | Contract amount          |               | Fair value | Valuation gain (loss) |
|                          |        | Total                    | Over one year | Fair value | Valuation gain (loss) |
| <b>OTC transactions:</b> |        |                          |               |            |                       |
| Credit default options   | Sold   | \$ 4,620                 | \$ 3,933      | \$ 53      | \$ 53                 |
|                          | Bought | 7,440                    | 6,124         | (91)       | (91)                  |
| Total                    |        | –                        | –             | \$ (38)    | \$ (38)               |

Notes:

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

(7) Other derivatives

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

|                          |        | Millions of Yen |               |            |                       |
|--------------------------|--------|-----------------|---------------|------------|-----------------------|
|                          |        | March 31, 2016  |               |            |                       |
|                          |        | Contract amount |               | Fair value | Valuation gain (loss) |
|                          |        | Total           | Over one year |            |                       |
| <b>OTC transactions:</b> |        |                 |               |            |                       |
| Earthquake derivatives   | Sold   | ¥ 33,775        | ¥ 15,451      | ¥ (505)    | ¥ (164)               |
|                          | Bought | 34,478          | 15,813        | 1,214      | 323                   |
| SVF Wrap Products        | Sold   | 2,102,876       | 1,261,963     | (1)        | (1)                   |
|                          | Bought | –               | –             | –          | –                     |
| Other                    | Sold   | –               | –             | –          | –                     |
|                          | Bought | 5,321           | 5,321         | 566        | 566                   |
| Total                    |        | –               | –             | ¥ 1,273    | ¥ 724                 |

|                          |        | Millions of Yen |               |            |                       |
|--------------------------|--------|-----------------|---------------|------------|-----------------------|
|                          |        | March 31, 2015  |               |            |                       |
|                          |        | Contract amount |               | Fair value | Valuation gain (loss) |
|                          |        | Total           | Over one year |            |                       |
| <b>OTC transactions:</b> |        |                 |               |            |                       |
| Earthquake derivatives   | Sold   | ¥ 34,823        | ¥ 27,823      | ¥ (1,615)  | ¥ (72)                |
|                          | Bought | 34,823          | 27,823        | 1,615      | 670                   |
| SVF Wrap Products        | Sold   | 2,214,874       | 1,228,514     | (0)        | (0)                   |
|                          | Bought | –               | –             | –          | –                     |
| Other                    | Sold   | –               | –             | –          | –                     |
|                          | Bought | 5,674           | 3,571         | 408        | 408                   |
| Total                    |        | –               | –             | ¥ 408      | ¥ 1,005               |

|                          |        | Millions of U.S. Dollars |               |            |                       |
|--------------------------|--------|--------------------------|---------------|------------|-----------------------|
|                          |        | March 31, 2017           |               |            |                       |
|                          |        | Contract amount          |               | Fair value | Valuation gain (loss) |
|                          |        | Total                    | Over one year |            |                       |
| <b>OTC transactions:</b> |        |                          |               |            |                       |
| Earthquake derivatives   | Sold   | \$ 235                   | \$ 160        | \$ (7)     | \$ 18                 |
|                          | Bought | 239                      | 160           | 10         | (8)                   |
| SVF Wrap Products        | Sold   | 19,631                   | 10,875        | (0)        | (0)                   |
|                          | Bought | –                        | –             | –          | –                     |
| Other                    | Sold   | –                        | –             | –          | –                     |
|                          | Bought | 47                       | 17            | 6          | 6                     |
| Total                    |        | –                        | –             | \$ 9       | \$ 16                 |

Notes:

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

## Derivatives to which hedge accounting is applied:

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

### (1) Interest rate-related derivatives

|                           |   |  |                 |                                    |   | Millions of Yen |  |
|---------------------------|---|--|-----------------|------------------------------------|---|-----------------|--|
|                           |   |  |                 |                                    |   | March 31, 2017  |  |
| Hedge accounting method   | Transaction type  | Major hedged item  | Contract amount | Contract amount due after one year |   | Fair value      |  |
| Deferred hedge accounting | Interest rate swaps:<br>Receivable fixed rate/<br>Payable floating rate | Interest bearing financial assets or liabilities such as loans, deposits | ¥ 18,868,492    | ¥ 17,716,814                       | ¥ | 7,633           |  |
|                           |   |  | 5,628,291       | 5,023,429                          |   | (2,911)         |  |
|                           | Interest rate futures   |  | 549,601         | 549,601                            |   | (298)           |  |
| Total                     |   |  | -               | -                                  | ¥ | 4,423           |  |

|                           |   |  |                 |                                    |   | Millions of Yen |  |
|---------------------------|---|--|-----------------|------------------------------------|---|-----------------|--|
|                           |   |  |                 |                                    |   | March 31, 2016  |  |
| Hedge accounting method   | Transaction type  | Major hedged item  | Contract amount | Contract amount due after one year |   | Fair value      |  |
| Deferred hedge accounting | Interest rate swaps:<br>Receivable fixed rate/<br>Payable floating rate | Interest bearing financial assets or liabilities such as loans, deposits | ¥ 16,483,390    | ¥ 15,579,692                       | ¥ | 503,949         |  |
|                           |   |  | 6,992,430       | 6,814,670                          |   | (143,319)       |  |
|                           | Interest rate futures   |  | 2,192,633       | 1,441,979                          |   | 1,278           |  |
| Total                     |   |  | -               | -                                  | ¥ | 361,909         |  |

|                           |   |  |                 |                                    |   | Millions of Yen |  |
|---------------------------|---|--|-----------------|------------------------------------|---|-----------------|--|
|                           |   |  |                 |                                    |   | March 31, 2015  |  |
| Hedge accounting method   | Transaction type  | Major hedged item  | Contract amount | Contract amount due after one year |   | Fair value      |  |
| Deferred hedge accounting | Interest rate swaps:<br>Receivable fixed rate/<br>Payable floating rate | Interest bearing financial assets or liabilities such as loans, deposits | ¥ 18,597,043    | ¥ 18,224,382                       | ¥ | 216,831         |  |
|                           |   |  | 10,828,629      | 10,393,272                         |   | (64,174)        |  |
|                           | Interest rate futures   |  | 1,254,975       | 657,612                            |   | (3,272)         |  |
| Total                     |   |  | -               | -                                  | ¥ | 149,384         |  |

|                           |   |  |                 |                                    |    | Millions of U.S. Dollars |  |
|---------------------------|---|--|-----------------|------------------------------------|----|--------------------------|--|
|                           |   |  |                 |                                    |    | March 31, 2017           |  |
| Hedge accounting method   | Transaction type  | Major hedged item  | Contract amount | Contract amount due after one year |    | Fair value               |  |
| Deferred hedge accounting | Interest rate swaps:<br>Receivable fixed rate/<br>Payable floating rate | Interest bearing financial assets or liabilities such as loans, deposits | \$ 168,183      | \$ 157,918                         | \$ | 68                       |  |
|                           |   |  | 50,167          | 44,776                             |    | (26)                     |  |
|                           | Interest rate futures   |  | 4,899           | 4,899                              |    | (3)                      |  |
| Total                     |   |  | -               | -                                  | \$ | 39                       |  |

#### Notes:

- These derivatives are mainly accounted for using the deferred hedge accounting in accordance with JICPA Industry Audit Committee Report No. 24 "Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry."
- Fair values of transactions listed on exchange are determined using the closing price at the CME or other exchanges at the fiscal year end date.  
Fair values of OTC transactions are calculated using the discounted present value or other methods.

(2) Currency-related derivatives

|                           |                  |  |                 |            |                                    | Millions of Yen |           |
|---------------------------|------------------|--|-----------------|------------|------------------------------------|-----------------|-----------|
|                           |                  |  |                 |            |                                    | March 31, 2017  |           |
| Hedge accounting method   | Transaction type | Major hedged item  | Contract amount |            | Contract amount due after one year | Fair value      |           |
| Deferred hedge accounting | Currency swaps   | Loans, securities, deposits and others denominated in foreign currencies | ¥               | 16,937,423 | ¥                                  | 12,240,657      | ¥ 114,713 |

|                           |                                    |  |                 |            |                                    | Millions of Yen |           |
|---------------------------|------------------------------------|--|-----------------|------------|------------------------------------|-----------------|-----------|
|                           |                                    |  |                 |            |                                    | March 31, 2016  |           |
| Hedge accounting method   | Transaction type                   | Major hedged item  | Contract amount |            | Contract amount due after one year | Fair value      |           |
| Deferred hedge accounting | Currency swaps                     | Loans, securities, deposits and others denominated in foreign currencies | ¥               | 16,130,098 | ¥                                  | 11,359,349      | ¥ 213,633 |
|                           | Foreign currency forward contracts | Investments in equity interests in foreign subsidiaries                  |                 | 182,316    |                                    | –               | 9,853     |
| Total                     |                                    |  |                 | –          |                                    | –               | ¥ 223,487 |

|                           |                                    |  |                 |            |                                    | Millions of Yen |             |
|---------------------------|------------------------------------|--|-----------------|------------|------------------------------------|-----------------|-------------|
|                           |                                    |  |                 |            |                                    | March 31, 2015  |             |
| Hedge accounting method   | Transaction type                   | Major hedged item  | Contract amount |            | Contract amount due after one year | Fair value      |             |
| Deferred hedge accounting | Currency swaps                     | Loans, securities, deposits and others denominated in foreign currencies | ¥               | 17,180,803 | ¥                                  | 12,064,616      | ¥ (135,872) |
|                           | Foreign currency forward contracts | Investments in equity interests in foreign subsidiaries                  |                 | 194,435    |                                    | 194,435         | 3,308       |
| Total                     |                                    |  |                 | –          |                                    | –               | ¥ (132,563) |

|                           |                  |  |                 |         |                                    | Millions of U.S. Dollars |          |
|---------------------------|------------------|--|-----------------|---------|------------------------------------|--------------------------|----------|
|                           |                  |  |                 |         |                                    | March 31, 2017           |          |
| Hedge accounting method   | Transaction type | Major hedged item  | Contract amount |         | Contract amount due after one year | Fair value               |          |
| Deferred hedge accounting | Currency swaps   | Loans, securities, deposits and others denominated in foreign currencies | \$              | 150,971 | \$                                 | 109,106                  | \$ 1,022 |

Notes:

1. These derivatives are mainly accounted for using the deferred hedge accounting in accordance with JICPA Industry Audit Committee Report No. 25, “Accounting and Auditing Treatments for Foreign Currency Transactions in the Banking Industry.”
2. Fair values are calculated using the discounted present value or other methods.

(3) Equity-related derivatives

|                             |                    |   |                 | Millions of Yen                    |            |
|-----------------------------|--------------------|---|-----------------|------------------------------------|------------|
|                             |                    |   |                 | March 31, 2017                     |            |
| Hedge accounting method     | Transaction type   | Major hedged item                                 | Contract amount | Contract amount due after one year | Fair value |
| Fair value hedge accounting | Total return swaps | Available-for-sale securities (equity securities) | ¥ 571,542 ¥     | 214,912 ¥                          | 14,485     |

|                             |                    |   |                 | Millions of Yen                    |            |
|-----------------------------|--------------------|---|-----------------|------------------------------------|------------|
|                             |                    |   |                 | March 31, 2016                     |            |
| Hedge accounting method     | Transaction type   | Major hedged item                                 | Contract amount | Contract amount due after one year | Fair value |
| Fair value hedge accounting | Total return swaps | Available-for-sale securities (equity securities) | ¥ 363,210 ¥     | 46,936 ¥                           | 272        |

|                             |                    |   |                 | Millions of Yen                    |            |
|-----------------------------|--------------------|---|-----------------|------------------------------------|------------|
|                             |                    |   |                 | March 31, 2015                     |            |
| Hedge accounting method     | Transaction type   | Major hedged item                                 | Contract amount | Contract amount due after one year | Fair value |
| Fair value hedge accounting | Total return swaps | Available-for-sale securities (equity securities) | ¥ 338,086 ¥     | – ¥                                | 7,144      |

|                             |                    |   |                 | Millions of U.S. Dollars           |            |
|-----------------------------|--------------------|---|-----------------|------------------------------------|------------|
|                             |                    |   |                 | March 31, 2017                     |            |
| Hedge accounting method     | Transaction type   | Major hedged item                                 | Contract amount | Contract amount due after one year | Fair value |
| Fair value hedge accounting | Total return swaps | Available-for-sale securities (equity securities) | \$ 5,094 \$     | 1,916 \$                           | 129        |

Note: Fair values are calculated using the discounted present value or other methods.

(4) Bond-related derivatives

|                           |                  |   |                 | Millions of Yen                    |            |
|---------------------------|------------------|---|-----------------|------------------------------------|------------|
|                           |                  |   |                 | March 31, 2017                     |            |
| Hedge accounting method   | Transaction type | Major hedged item                               | Contract amount | Contract amount due after one year | Fair value |
| Deferred hedge accounting | OTC bond options | Available-for-sale securities (debt securities) | ¥ 1,499,600 ¥   | – ¥                                | 2,182      |

|                           |                  |   |                 | Millions of Yen                    |            |
|---------------------------|------------------|---|-----------------|------------------------------------|------------|
|                           |                  |   |                 | March 31, 2016                     |            |
| Hedge accounting method   | Transaction type | Major hedged item                               | Contract amount | Contract amount due after one year | Fair value |
| Deferred hedge accounting | OTC bond options | Available-for-sale securities (debt securities) | ¥ 652,200 ¥     | – ¥                                | (920)      |

|                           |                  |   |                 | Millions of Yen                    |            |
|---------------------------|------------------|---|-----------------|------------------------------------|------------|
|                           |                  |   |                 | March 31, 2015                     |            |
| Hedge accounting method   | Transaction type | Major hedged item                               | Contract amount | Contract amount due after one year | Fair value |
| Deferred hedge accounting | OTC bond options | Available-for-sale securities (debt securities) | ¥ 3,968,000 ¥   | – ¥                                | 4,908      |

|                           |                  |   |                 | Millions of U.S. Dollars           |            |
|---------------------------|------------------|---|-----------------|------------------------------------|------------|
|                           |                  |   |                 | March 31, 2017                     |            |
| Hedge accounting method   | Transaction type | Major hedged item                               | Contract amount | Contract amount due after one year | Fair value |
| Deferred hedge accounting | OTC bond options | Available-for-sale securities (debt securities) | \$ 13,367 \$    | – \$                               | 19         |

Note: Fair values are calculated using the option pricing models or other methods.

## 28. BUSINESS COMBINATIONS OR DIVESTITURES

### Fiscal year ended March 31, 2017

#### Transactions under Common Control

##### (Change of Bank of Tokyo-Mitsubishi UFJ (Canada) into a branch)

The business of Bank of Tokyo-Mitsubishi UFJ (Canada), the Bank's consolidated subsidiary, was transferred to Canada branch of the Bank, which was newly established, on April 18, 2016. The overview of the transaction is as follows:

#### 1. Overview of the transaction

##### (1) Name of the business transferred and its detail

Name of the business transferred: Bank of Tokyo-Mitsubishi UFJ (Canada)  
Detail of the business: Commercial bank

##### (2) Date of the business combination

April 18, 2016

##### (3) Legal form of the business combination

Business transfer in exchange for cash

##### (4) Name of the company after the business combination

No change

##### (5) Other matters related to the overview of the transaction

This transaction was executed in order to meet the changes in banking regulations and management environment in Canada.

#### 2. Outline of accounting treatment applied

The transaction is treated as a transaction under common control in accordance with ASBJ Statement No. 21, "Revised Accounting Standard for Business Combinations" (issued on September 13, 2013) and ASBJ Guidance No. 10, "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (issued on September 13, 2013).

##### (Transfer of business of Brussels branch of the Bank to MUFG Bank (Europe))

The Bank made a contribution in kind using the business of the Brussels branch of the Bank ("former Brussels branch") to MUFG Bank (Europe) N.V. ("MUFG Bank (Europe)"), the Bank's consolidated subsidiary, on May 1, 2016 and transferred the former Brussels branch to Brussels branch of MUFG Bank (Europe). The overview of the transaction is as follows:

#### 1. Overview of the transaction

##### (1) Name of the business transferred and its detail

Name of the business transferred: Former Brussels branch  
Detail of the business: Commercial bank

##### (2) Date of the business combination

May 1, 2016

##### (3) Legal form of the business combination

Contribution in kind

##### (4) Name of the company after the business combination

MUFG Bank (Europe) N.V. (changed its name from Bank of Tokyo-Mitsubishi UFJ (Holland) N.V.)

##### (5) Other matters related to the overview of the transaction

This transaction was executed in order to strengthen the operational management system which enables to respond to needs of customers developing wide businesses in EU through further commitment to European market and society.

## 2. Outline of accounting treatment applied

The transaction is treated as a transaction under common control in accordance with ASBJ Statement No. 21, “Revised Accounting Standard for Business Combinations” (issued on September 13, 2013) and ASBJ Guidance No. 10, “Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (issued on September 13, 2013).

(Transfer of the Ownership of U.S. Subsidiaries and Affiliate in Compliance with U.S. Enhanced Prudential Standards)  
MUFG designated MUAH, a U.S. subsidiary of the Bank, as its U.S. intermediate holding company which is required to be established under the U.S. Enhanced Prudential Standards., Mitsubishi UFJ Trust and Banking Corporation (“MUTB”), and Mitsubishi UFJ Securities Holding, Co., Ltd. (“MUSHD”) transferred the ownership of their U.S. subsidiaries and an affiliate to MUAH. The overview is as follows:

### 1. Overview of the transaction

#### (1) Name of the party to the business combination and its detail

Name of the party to the business combination: Mitsubishi UFJ Securities (USA), Inc. (transferred from MUSHD)  
MUFG Fund Services (USA) LLC (transferred from MUTB)

Detail of the business: Mitsubishi UFJ Securities (USA), Inc.      Securities business  
MUFG Fund Services (USA) LLC      Fund administration business

#### (2) Date of the business combination

July 1, 2016

#### (3) Legal form of the business combination

MUSHD and MUTB executed a distribution in kind of the shares and ownership interests in Mitsubishi UFJ Securities (USA), Inc. and MUFG Fund Services (USA) LLC to MUFG. Thereafter, MUFG transferred such shares and ownership interests to MUAH as a contribution in kind.

#### (4) Name of the company after the business combination

Mitsubishi UFJ Securities (USA), Inc. changed its name to MUFG Securities Americas Inc. on the same date as the date of the business combination.

## 2. Outline of accounting treatment applied

The transaction was treated as a transaction under common control in accordance with the Accounting Standards Codification (ASC 805) “Business Combinations” released by the Financial Accounting Standards Board of the U.S., ASBJ Statement No. 21, “Revised Accounting Standard for Business Combinations” (issued on September 13, 2013) and ASBJ Guidance No. 10, “Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (issued on September 13, 2013).

## 3. Matters concerning changes in the Bank’s equity interest related to the transactions with the noncontrolling shareholder (MUFG)

### (1) Major factor of changes in capital surplus: Capital increase via a private placement of newly issued shares

### (2) Amount of increase of capital surplus via the transactions with the noncontrolling shareholder:

¥10,425 million (\$93 million)



## Fiscal year ended March 31, 2016

### Business Combination of a Subsidiary

The Bank has signed a share transfer agreement regarding kabu.com, which was a consolidated subsidiary of the Bank, with MUSHD as a part of efforts how to maximize growth and synergies to further MUFG Group's financial instruments business and on April 1, 2015, the transfer of those shares was completed. As a result, kabu.com became a subsidiary of MUSHD, and was excluded from the scope of consolidation.

#### 1. Overview of the business combination

##### (1) Name and business description of the acquiring company and acquired company

|                                |  |
|--------------------------------|--|
| Name of the acquiring company: | Mitsubishi UFJ Securities Holdings Co., Ltd. |
| Description of business:       | Holding company of securities business       |
| Name of the acquired company:  | kabu.com Securities Co., Ltd.                |
| Description of business:       | Financial instruments business               |

##### (2) Main objectives of the business combination

As Japanese investors evolve their portfolios from savings to investment, by positioning kabu.com as a subsidiary of MUSHD, kabu.com can expand its business through MUSHD's know-how and customer base in the financial instruments business, which is expected to contribute to its growth and development over the long-term.

##### (3) Date of the business combination

April 1, 2015

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

Transfer of shares in exchange for cash

#### 2. Outline of accounting treatment applied

ASBJ Statement No. 22, "Revised Accounting Standard for Consolidated Financial Statements" (issued on September 13, 2013) and JICPA Accounting System Committee Report No. 7, "Practical Guidance on Consolidation Procedures in the Consolidated Financial Statements" (issued on November 28, 2014) were applied. As a result, gain on sales of shares of a subsidiary amounted to ¥15,595 million.

#### 3. Name of the segment to which the acquired company belonged to in the disclosure of segment information

Retail Banking Business Unit

## Fiscal year ended March 31, 2015

### Transactions Under Common Control

#### (Integration of BTMU Bangkok Branch and Bank of Ayudhya)

In accordance with the Conditional Branch Purchase Agreement concluded on September 18, 2013 between the Bank and Bank of Ayudhya, the Bank's consolidated subsidiary, the Bank integrated its Bangkok Branch (the "former BTMU Bangkok Branch") with Bank of Ayudhya on January 5, 2015 through the contribution in kind of the former BTMU Bangkok Branch business to Bank of Ayudhya. The brief overview is described as follows:

#### 1. Overview of the transaction

##### (1) Name and business description of the acquisition

|                          |                            |
|--------------------------|----------------------------|
| Name of business:        | Former BTMU Bangkok Branch |
| Description of business: | Commercial bank            |

##### (2) Date of the business combination

January 5, 2015

##### (3) Legal form of the business combination

Contribution in kind

##### (4) Name of the company after the integration

Bank of Ayudhya Public Company Limited

(5) Other matters related to overview of the transaction

The transaction was made in compliance with the Bank of Thailand's One Presence Policy, and intending collaboration in various fields to maximize the strategic partnership with Bank of Ayudhya in accordance with the Conditional Branch Purchase Agreement concluded between the Bank and Bank of Ayudhya on September 18, 2013.

2. Outline of accounting treatment applied

The transaction is treated as a transaction under common control in accordance with ASBJ Statement No. 21, "Revised Accounting Standard for Business Combinations" (issued on September 13, 2013) and ASBJ Guidance No. 10, "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (issued on September 13, 2013).

3. Matters related to changes in the Bank's equity interests related to the transactions with noncontrolling interests

As a result of acquisition of the common shares of Bank of Ayudhya through the contribution in kind of the former BTMU Bangkok Branch business to Bank of Ayudhya, capital surplus decreased by ¥11,187 million.

**29. RELATED-PARTY TRANSACTIONS**

***Related-party transactions:***

Related-party transactions for the fiscal years ended March 31, 2017, 2016 and 2015 were as follows:

**(1) Transactions between the Bank and its related parties**

a. Parent company and major shareholders (limited to companies and others )

**Fiscal year ended March 31, 2017**

| Type   | Name                                 | Location          | Capital (Millions of Yen) | Business             | Ownships       | Relationship                         | Transactions  | Transaction amount (Millions of Yen) | Account                             | Outstanding balance (Millions of Yen) |
|--------|--------------------------------------|-------------------|---------------------------|----------------------|----------------|--------------------------------------|---|--------------------------------------|-------------------------------------|---------------------------------------|
| Parent | Mitsubishi UFJ Financial Group, Inc. | Chiyoda-ku, Tokyo | ¥2,141,513                | Bank holding company | Direct 100.00% | Loans or others, Directors or others | Borrowings (Note 1)<br>Payment of interest (Note 1) | ¥ 1,524,226<br>44,180                | Borrowed money<br>Other liabilities | ¥ 2,933,676 (Note 2)<br>7,389         |

Terms and conditions on transactions and transaction policy:

Notes:

1. The interest rate on borrowings is reasonably determined considering the market rate. Repayment term is the lump-sum payment method at maturity. No pledged assets are received.
2. Borrowed money includes subordinated loans in an amount of ¥1,541,000 million.

**Fiscal year ended March 31, 2017**

| Type   | Name                                 | Location          | Capital (Millions of U.S. Dollars) | Business             | Ownships       | Relationship                         | Transactions  | Transaction amount (Millions of U.S. Dollars) | Account                             | Outstanding balance (Millions of U.S. Dollars) |
|--------|--------------------------------------|-------------------|------------------------------------|----------------------|----------------|--------------------------------------|---|---|-------------------------------------|--|
| Parent | Mitsubishi UFJ Financial Group, Inc. | Chiyoda-ku, Tokyo | \$19,088                           | Bank holding company | Direct 100.00% | Loans or others, Directors or others | Borrowings (Note 1)<br>Payment of interest (Note 1) | \$ 13,586<br>394                              | Borrowed money<br>Other liabilities | \$ 26,149 (Note 2)<br>66                       |

Terms and conditions on transactions and transaction policy:

Notes:

1. The interest rate on borrowings is reasonably determined considering the market rate. Repayment term is the lump-sum payment method at maturity. No pledged assets are received.
2. Borrowed money includes subordinated loans in an amount of \$13,736 million.

There was no applicable transaction to be reported for the fiscal years ended March 31, 2016 and 2015.

b. Unconsolidated subsidiaries and affiliates

There was no applicable transaction to be reported for the fiscal years ended March 31, 2017, 2016 and 2015.

c. Companies that are owned by the same parent company with the Bank (“sister company”) and the Bank’s other affiliates’ subsidiaries

There was no applicable transaction to be reported for the fiscal years ended March 31, 2017, 2016 and 2015.

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

Fiscal year ended March 31, 2017

| Type                | Name                | Occupation | Ownerships | Relationship                                    | Transactions                                  | Transaction amount (Millions of Yen) | Account                                    | Outstanding balance (Millions of Yen) |
|---------------------|---------------------|------------|------------|---|---|--------------------------------------|--|---------------------------------------|
| Director’s relative | Akira Koyama        | —          | None       | Relative of representative director of the Bank | Loan (Note 1)<br>Receipt of interest (Note 1) | ¥ —<br>0                             | Loans and bills discounted<br>Other assets | ¥ 10<br>0                             |
| Director’s relative | Yoshiki Murabayashi | —          | None       | Relative of representative director of the Bank | Loan (Note 2)<br>Receipt of interest (Note 2) | ¥ —<br>0                             | Loans and bills discounted<br>Other assets | ¥ 31<br>0                             |
| Director’s relative | Hisayuki Tatsumi    | —          | None       | Relative of representative director of the Bank | Loan (Note 3)<br>Receipt of interest (Note 3) | ¥ —<br>0                             | Loans and bills discounted<br>Other assets | ¥ 49<br>0                             |

Terms and conditions on transactions and transaction policy:

Notes:

1. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 15 years.
2. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 35 years.
3. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 30 years.

Fiscal year ended March 31, 2016

| Type                | Name                | Occupation | Ownerships | Relationship                                    | Transactions                                  | Transaction amount (Millions of Yen) | Account                                    | Outstanding balance (Millions of Yen) |
|---------------------|---------------------|------------|------------|---|---|--------------------------------------|--|---------------------------------------|
| Director’s relative | Akira Koyama        | —          | None       | Relative of representative director of the Bank | Loan (Note 1)<br>Receipt of interest (Note 1) | ¥ —<br>0                             | Loans and bills discounted<br>Other assets | ¥ 12<br>0                             |
| Director’s relative | Yoshiki Murabayashi | —          | None       | Relative of representative director of the Bank | Loan (Note 2)<br>Receipt of interest (Note 2) | ¥ —<br>0                             | Loans and bills discounted<br>Other assets | ¥ 32<br>0                             |
| Director’s relative | Junichi Doman       | —          | None       | Relative of representative director of the Bank | Loan (Note 3)<br>Receipt of interest (Note 3) | ¥ —<br>0                             | Loans and bills discounted<br>Other assets | ¥ 26<br>0                             |

Terms and conditions on transactions and transaction policy:

Notes:

1. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 15 years.
2. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 35 years.
3. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 20 years.

Fiscal year ended March 31, 2015

| Type                | Name                | Occupation | Ownerships | Relationship                                    | Transactions                                  | Transaction amount (Millions of Yen) | Account                                    | Outstanding balance (Millions of Yen) |
|---------------------|---------------------|------------|------------|---|---|--------------------------------------|--|---------------------------------------|
| Director's relative | Akira Koyama        | —          | None       | Relative of representative director of the Bank | Loan (Note 1)<br>Receipt of interest (Note 1) | ¥ —<br>0                             | Loans and bills discounted<br>Other assets | ¥ 15<br>0                             |
| Director's relative | Yoshiki Murabayashi | —          | None       | Relative of representative director of the Bank | Loan (Note 2)<br>Receipt of interest (Note 2) | ¥ —<br>0                             | Loans and bills discounted<br>Other assets | ¥ 33<br>0                             |
| Director's relative | Junichi Domon       | —          | None       | Relative of representative director of the Bank | Loan (Note 3)<br>Receipt of interest (Note 3) | ¥ —<br>0                             | Loans and bills discounted<br>Other assets | ¥ 27<br>0                             |

Terms and conditions on transactions and transaction policy:

Notes:

1. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 15 years.
2. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 35 years.
3. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 20 years.

Fiscal year ended March 31, 2017

| Type                | Name                | Occupation | Ownerships | Relationship                                    | Transactions                                  | Transaction amount (Millions of U.S. Dollars) | Account                                    | Outstanding balance (Millions of U.S. Dollars) |
|---------------------|---------------------|------------|------------|---|---|---|--|--|
| Director's relative | Akira Koyama        | —          | None       | Relative of representative director of the Bank | Loan (Note 1)<br>Receipt of interest (Note 1) | \$ —<br>0                                     | Loans and bills discounted<br>Other assets | \$ 0<br>0                                      |
| Director's relative | Yoshiki Murabayashi | —          | None       | Relative of representative director of the Bank | Loan (Note 2)<br>Receipt of interest (Note 2) | \$ —<br>0                                     | Loans and bills discounted<br>Other assets | \$ 0<br>0                                      |
| Director's relative | Junichi Domon       | —          | None       | Relative of representative director of the Bank | Loan (Note 3)<br>Receipt of interest (Note 3) | \$ —<br>0                                     | Loans and bills discounted<br>Other assets | \$ 0<br>0                                      |

Terms and conditions on transactions and transaction policy:

Notes:

1. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 15 years.
2. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 35 years.
3. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 30 years.

**(2) Transactions between subsidiaries of the Bank and its related parties**

There was no applicable transaction to be reported for the fiscal years ended March 31, 2017, 2016 and 2015.

***Information about the parent company or significant affiliates:***

(1) Information about the parent company:

Mitsubishi UFJ Financial Group, Inc. (listed on Tokyo Stock Exchange, Nagoya Stock Exchange and New York Stock Exchange)

(2) Condensed financial information of significant affiliates:

There was no applicable information to be reported for the fiscal years ended March 31, 2017, 2016 and 2015.

### 30. SEGMENT INFORMATION

Notes:

- (1) “Ordinary income (expenses)” and “Ordinary profit” are defined as follows:
  - 1) “Ordinary profit” means “Ordinary income” less “Ordinary expenses.”
  - 2) “Ordinary income” means total income less certain special income included in “Other income” in the consolidated statements of income.
  - 3) “Ordinary expenses” means total expenses less certain special expenses included in “Other expenses” in the consolidated statements of income.
- (2) A reconciliation of the ordinary profit under the internal management reporting system for the fiscal years ended March 31, 2017, 2016 and 2015 to income before income taxes shown in the consolidated statements of income was as follows:

|  | Millions of Yen |             |             | Millions of<br>U.S. Dollars |
|--|-----------------|-------------|-------------|-----------------------------|
|  | 2017            | 2016        | 2015        | 2017                        |
| Ordinary profit:                             | ¥ 992,055       | ¥ 1,083,701 | ¥ 1,221,200 | \$ 8,843                    |
| Gain on disposal of fixed assets             | 16,853          | 21,243      | 4,091       | 150                         |
| Gain on sales of shares of a subsidiary      | –               | 15,595      | –           | –                           |
| Gain on change in equity                     | –               | 112         | –           | –                           |
| Loss on disposal of fixed assets             | (6,118)         | (10,236)    | (5,368)     | (55)                        |
| Impairment loss on long-lived assets         | (5,778)         | (11,011)    | (4,249)     | (51)                        |
| Provision for reserve under the special laws | –               | –           | (525)       | –                           |
| Settlement package                           | –               | –           | (37,097)    | –                           |
| Loss on exchange of shares of affiliates     | (4,007)         | –           | –           | (36)                        |
| Loss on liquidation of subsidiaries          | (3,236)         | –           | –           | (29)                        |
| Loss on sales of shares of subsidiaries      | (226)           | –           | (25,151)    | (2)                         |
| Income before income taxes                   | ¥ 989,540       | ¥ 1,099,404 | ¥ 1,152,900 | \$ 8,820                    |

For the fiscal years ended March 31, 2017, 2016 and 2015:

(1) Reportable segments

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

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

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

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

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

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

From the fiscal year ended March 31, 2017, the Bank has changed the method of calculating business segment profit according to the changes in the internal performance management methods such as allocating income and expenses of business segments.

Accordingly, reportable segment information for the fiscal years ended March 31, 2016 and 2015 stated

below in “(3) Reportable segment information” has been restated based on the calculation method reflecting such changes.

(3) Reportable segment information for the fiscal years ended March 31, 2017, 2016 and 2015

| Fiscal year ended<br>March 31, 2017 | Millions of Yen                       |  |                      |                    |                                  |                               |                           |                |             |
|-------------------------------------|---------------------------------------|--|----------------------|--------------------|----------------------------------|-------------------------------|---------------------------|----------------|-------------|
|                                     | Retail<br>Banking<br>Business<br>Unit | Corporate<br>Banking<br>Business<br>Unit | Global Business Unit |                    |                                  | Customer<br>Units<br>Subtotal | Global<br>Markets<br>Unit | Other<br>units | Total       |
|                                     |                                       |  | Total                | (of which<br>MUAH) | (of which<br>Bank of<br>Ayudhya) |                               |                           |                |             |
| Gross operating income              | ¥ 468,675                             | ¥ 797,853                                | ¥ 1,268,748          | ¥ 456,037          | ¥ 277,109                        | ¥ 2,357,529                   | ¥ 346,988                 | ¥ 16,201       | ¥ 2,720,719 |
| Non-consolidated                    | 424,047                               | 705,582                                  | 444,620              | –                  | –                                | 1,467,277                     | 303,173                   | 31,535         | 1,801,986   |
| Net interest income                 | 319,837                               | 299,698                                  | 213,285              | –                  | –                                | 785,306                       | 162,925                   | 108,467        | 1,056,699   |
| Net non-interest<br>income          | 104,210                               | 405,884                                  | 231,335              | –                  | –                                | 681,970                       | 140,247                   | (76,932)       | 745,286     |
| Subsidiaries                        | 44,628                                | 92,270                                   | 824,127              | 456,037            | 277,109                          | 890,251                       | 43,815                    | (15,334)       | 918,732     |
| Expenses                            | 413,478                               | 471,629                                  | 807,921              | 308,128            | 138,924                          | 1,536,312                     | 86,917                    | 104,127        | 1,727,357   |
| Net operating income<br>(expense)   | ¥ 55,197                              | ¥ 326,223                                | ¥ 460,826            | ¥ 147,908          | ¥ 138,184                        | ¥ 821,216                     | ¥ 260,071                 | ¥ (87,926)     | ¥ 993,361   |

| Fiscal year ended<br>March 31, 2016 | Millions of Yen                       |  |                      |                    |                                  |                               |                           |                |             |
|-------------------------------------|---------------------------------------|--|----------------------|--------------------|----------------------------------|-------------------------------|---------------------------|----------------|-------------|
|                                     | Retail<br>Banking<br>Business<br>Unit | Corporate<br>Banking<br>Business<br>Unit | Global Business Unit |                    |                                  | Customer<br>Units<br>Subtotal | Global<br>Markets<br>Unit | Other<br>units | Total       |
|                                     |                                       |  | Total                | (of which<br>MUAH) | (of which<br>Bank of<br>Ayudhya) |                               |                           |                |             |
| Gross operating income              | ¥ 514,133                             | ¥ 832,941                                | ¥ 1,251,462          | ¥ 437,932          | ¥ 261,608                        | ¥ 2,419,574                   | ¥ 421,421                 | ¥ 42,643       | ¥ 2,883,639 |
| Non-consolidated                    | 470,018                               | 734,627                                  | 446,943              | –                  | –                                | 1,548,664                     | 375,808                   | 85,576         | 2,010,049   |
| Net interest income                 | 337,512                               | 322,708                                  | 207,916              | –                  | –                                | 822,630                       | 175,218                   | 157,476        | 1,155,325   |
| Net non-interest<br>income          | 132,506                               | 411,918                                  | 239,026              | –                  | –                                | 726,034                       | 200,589                   | (71,899)       | 854,724     |
| Subsidiaries                        | 44,114                                | 98,314                                   | 804,519              | 437,932            | 261,608                          | 870,909                       | 45,613                    | (42,933)       | 873,589     |
| Expenses                            | 417,867                               | 474,869                                  | 801,050              | 318,022            | 131,158                          | 1,540,795                     | 82,131                    | 107,392        | 1,730,319   |
| Net operating income<br>(expense)   | ¥ 96,265                              | ¥ 358,072                                | ¥ 450,412            | ¥ 119,909          | ¥ 130,449                        | ¥ 878,779                     | ¥ 339,290                 | ¥ (64,749)     | ¥ 1,153,320 |

| Fiscal year ended<br>March 31, 2015 | Millions of Yen                       |  |                      |                    |                                  |                               |                           |                |             |
|-------------------------------------|---------------------------------------|--|----------------------|--------------------|----------------------------------|-------------------------------|---------------------------|----------------|-------------|
|                                     | Retail<br>Banking<br>Business<br>Unit | Corporate<br>Banking<br>Business<br>Unit | Global Business Unit |                    |                                  | Customer<br>Units<br>Subtotal | Global<br>Markets<br>Unit | Other<br>units | Total       |
|                                     |                                       |  | Total                | (of which<br>MUAH) | (of which<br>Bank of<br>Ayudhya) |                               |                           |                |             |
| Gross operating income              | ¥ 577,340                             | ¥ 899,215                                | ¥ 1,270,637          | ¥ 442,421          | ¥ 240,313                        | ¥ 2,547,917                   | ¥ 463,055                 | ¥ (9,377)      | ¥ 3,001,595 |
| Non-consolidated                    | 510,570                               | 806,225                                  | 478,162              | –                  | –                                | 1,666,808                     | 423,152                   | 9,961          | 2,099,922   |
| Net interest income                 | 354,833                               | 357,646                                  | 233,869              | –                  | –                                | 890,939                       | 198,725                   | 139,321        | 1,228,987   |
| Net non-interest<br>income          | 155,736                               | 448,578                                  | 244,292              | –                  | –                                | 775,868                       | 224,426                   | (129,360)      | 870,934     |
| Subsidiaries                        | 66,770                                | 92,990                                   | 792,474              | 442,421            | 240,313                          | 881,109                       | 39,902                    | (19,338)       | 901,673     |
| Expenses                            | 438,843                               | 476,920                                  | 780,529              | 306,068            | 123,670                          | 1,550,800                     | 82,436                    | 148,077        | 1,781,314   |
| Net operating income<br>(expense)   | ¥ 138,497                             | ¥ 422,295                                | ¥ 490,107            | ¥ 136,353          | ¥ 116,642                        | ¥ 997,117                     | ¥ 380,619                 | ¥ (157,455)    | ¥ 1,220,281 |

| Fiscal year ended<br>March 31, 2017 | Millions of U.S. Dollars              |  |                      |                    |                                  |                                |                           |                |           |
|-------------------------------------|---------------------------------------|--|----------------------|--------------------|----------------------------------|--------------------------------|---------------------------|----------------|-----------|
|                                     | Retail<br>Banking<br>Business<br>Unit | Corporate<br>Banking<br>Business<br>Unit | Global Business Unit |                    |                                  | Customer<br>Units<br>Sub-total | Global<br>Markets<br>Unit | Other<br>units | Total     |
|                                     |                                       |  | Total                | (of which<br>MUAH) | (of which<br>Bank of<br>Ayudhya) |                                |                           |                |           |
| Gross operating income              | \$ 4,178                              | \$ 7,112                                 | \$ 11,309            | \$ 4,065           | \$ 2,470                         | \$ 21,014                      | \$ 3,093                  | \$ 144         | \$ 24,251 |
| Non-consolidated                    | 3,780                                 | 6,289                                    | 3,963                | –                  | –                                | 13,079                         | 2,702                     | 281            | 16,062    |
| Net interest income                 | 2,851                                 | 2,671                                    | 1,901                | –                  | –                                | 7,000                          | 1,452                     | 967            | 9,419     |
| Net non-interest<br>income          | 929                                   | 3,618                                    | 2,062                | –                  | –                                | 6,079                          | 1,250                     | (686)          | 6,643     |
| Subsidiaries                        | 398                                   | 823                                      | 7,346                | 4,065              | 2,470                            | 7,935                          | 391                       | (137)          | 8,189     |
| Expenses                            | 3,686                                 | 4,204                                    | 7,201                | 2,747              | 1,238                            | 13,694                         | 775                       | 928            | 15,397    |
| Net operating income<br>(expense)   | \$ 492                                | \$ 2,908                                 | \$ 4,108             | \$ 1,318           | \$ 1,232                         | \$ 7,320                       | \$ 2,318                  | \$ (784)       | \$ 8,854  |

Notes:

1. “Gross operating income” corresponds to net sales of non-banking industries.
2. “Gross operating income” includes net interest income, net fees and commission, net trading income and net other operating income.
3. “Expenses” includes personnel expenses and premise expenses.
4. Assets and liabilities by reportable segment are not shown since the Bank does not allocate assets and liabilities to segments for the purpose of internal control.
5. MUAH is a financial holding company for local banking companies and the Bank’s branches in the United States of America as well as local companies and the Bank’s branches in Latin America and Canada and manages the Americas business of the Bank.
6. Figures from Bank of Ayudhya are calculated based on the accounting standards in Thailand. Bank of Ayudhya and the former BTMU Bangkok branch were integrated on January 5, 2015, but the figures of the former Bangkok branch for the fiscal year ended March 31, 2015 are not included in “of which Bank of Ayudhya.” Figures of the former Bangkok branch for the fiscal year ended March 31, 2015 are included in “Total” of “Global Business Unit” and “Global Markets Unit.” Gross operating income, expenses and net operating income of the former Bangkok branch for the fiscal year ended March 31, 2015 were ¥21,970 million, ¥7,543 million and ¥14,427 million, respectively.
7. Amortization of goodwill of MUAH and Bank of Ayudhya are included in “Expenses” of “Total” of “Global Business Unit.”
8. The following amounts of income and expenses related to Japanese customers in overseas countries are included in both “Corporate Banking Business Unit” and “Global Business Unit,” but deducted from “Customer Units Subtotal.”

| Fiscal year ended March 31     | Millions of Yen |           |           | Millions of<br>U.S. Dollars |
|--------------------------------|-----------------|-----------|-----------|-----------------------------|
|                                | 2017            | 2016      | 2015      | 2017                        |
| Gross operating income         | ¥ 177,748       | ¥ 178,963 | ¥ 199,275 | \$ 1,585                    |
| Expenses                       | 156,717         | 152,991   | 145,493   | 1,397                       |
| Net operating income (expense) | 21,030          | 25,971    | 53,782    | 188                         |

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

| Fiscal year ended March 31  | Millions of Yen |             |             | Millions of<br>U.S. Dollars |
|---|-----------------|-------------|-------------|-----------------------------|
|   | 2017            | 2016        | 2015        | 2017                        |
| Net operating income per reportable segment information                                 | ¥ 993,361       | ¥ 1,153,320 | ¥ 1,220,281 | \$ 8,854                    |
| Net business profit of subsidiaries excluded from<br>the reportable segment information | 51,305          | 56,366      | 64,255      | 457                         |
| Provision (reversal) of general allowance for credit losses                             | –               | 169,662     | (83,180)    | –                           |
| Credit-related expenses   | (126,921)       | (413,323)   | (78,253)    | (1,131)                     |
| Reversal of allowance for credit losses   | 11,034          | –           | –           | 98                          |
| Reversal of reserve for contingent losses (credit related)                              | –               | –           | 1,039       | –                           |
| Gains on collection of bad debts  | 44,186          | 39,170      | 43,900      | 394                         |
| Gains on equity securities and other securities   | 96,094          | 73,973      | 62,070      | 857                         |
| Equity in earnings of the equity method investees                                       | 21,891          | 25,000      | 24,691      | 195                         |
| Amortization of net unrecognized actuarial gain or loss                                 | (51,798)        | (30,673)    | (30,912)    | (462)                       |
| Gain on cancellation of sleeping deposit accounts                                       | 15,251          | 18,774      | 14,728      | 136                         |
| Other   | (62,348)        | (8,568)     | (17,421)    | (555)                       |
| Ordinary profit under the internal management<br>reporting system                       | ¥ 992,055       | ¥ 1,083,701 | ¥ 1,221,200 | \$ 8,843                    |

Notes:

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

(5) Other segment related information

1) Information by service

Information by service has been omitted since it is similar with (3) Reportable segment information.

2) Information by geographic region

A) Ordinary income

| Millions of Yen                  |           |                                   |               |                       |              |             |  |
|----------------------------------|-----------|-----------------------------------|---------------|-----------------------|--------------|-------------|--|
| Fiscal year ended March 31, 2017 |           |                                   |               |                       |              |             |  |
| Japan                            | USA       | North America<br>(except for USA) | Latin America | Europe/Middle<br>East | Asia/Oceania | Total       |  |
| ¥ 2,192,969                      | ¥ 872,389 | ¥ 28,297                          | ¥ 70,680      | ¥ 234,078             | ¥ 838,979    | ¥ 4,237,395 |  |

| Millions of Yen                  |           |                                   |               |                       |              |             |  |
|----------------------------------|-----------|-----------------------------------|---------------|-----------------------|--------------|-------------|--|
| Fiscal year ended March 31, 2016 |           |                                   |               |                       |              |             |  |
| Japan                            | USA       | North America<br>(except for USA) | Latin America | Europe/Middle<br>East | Asia/Oceania | Total       |  |
| ¥ 2,150,524                      | ¥ 779,111 | ¥ 13,448                          | ¥ 40,308      | ¥ 202,873             | ¥ 847,530    | ¥ 4,033,796 |  |

| Millions of Yen                  |           |                                   |               |                       |              |             |  |
|----------------------------------|-----------|-----------------------------------|---------------|-----------------------|--------------|-------------|--|
| Fiscal year ended March 31, 2015 |           |                                   |               |                       |              |             |  |
| Japan                            | USA       | North America<br>(except for USA) | Latin America | Europe/Middle<br>East | Asia/Oceania | Total       |  |
| ¥ 2,052,213                      | ¥ 790,835 | ¥ 14,143                          | ¥ 40,343      | ¥ 217,514             | ¥ 913,895    | ¥ 4,028,944 |  |

| Millions of U.S. Dollars         |          |                                   |               |                       |              |           |  |
|----------------------------------|----------|-----------------------------------|---------------|-----------------------|--------------|-----------|--|
| Fiscal year ended March 31, 2017 |          |                                   |               |                       |              |           |  |
| Japan                            | USA      | North America<br>(except for USA) | Latin America | Europe/Middle<br>East | Asia/Oceania | Total     |  |
| \$ 19,547                        | \$ 7,776 | \$ 252                            | \$ 630        | \$ 2,087              | \$ 7,478     | \$ 37,770 |  |

Notes:

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



B) Tangible fixed assets

| Millions of Yen      |           |                                   |               |                       |              |             |
|----------------------|-----------|-----------------------------------|---------------|-----------------------|--------------|-------------|
| As of March 31, 2017 |           |                                   |               |                       |              |             |
| Japan                | USA       | North America<br>(except for USA) | Latin America | Europe/Middle<br>East | Asia/Oceania | Total       |
| ¥ 842,306            | ¥ 142,704 | ¥ 211                             | ¥ 1,861       | ¥ 5,338               | ¥ 84,318     | ¥ 1,076,740 |

| Millions of Yen      |           |                                   |               |                       |              |             |
|----------------------|-----------|-----------------------------------|---------------|-----------------------|--------------|-------------|
| As of March 31, 2016 |           |                                   |               |                       |              |             |
| Japan                | USA       | North America<br>(except for USA) | Latin America | Europe/Middle<br>East | Asia/Oceania | Total       |
| ¥ 844,231            | ¥ 144,674 | ¥ 194                             | ¥ 1,951       | ¥ 7,283               | ¥ 84,164     | ¥ 1,082,499 |

| Millions of Yen      |           |                                   |               |                       |              |             |
|----------------------|-----------|-----------------------------------|---------------|-----------------------|--------------|-------------|
| As of March 31, 2015 |           |                                   |               |                       |              |             |
| Japan                | USA       | North America<br>(except for USA) | Latin America | Europe/Middle<br>East | Asia/Oceania | Total       |
| ¥ 857,753            | ¥ 135,201 | ¥ 138                             | ¥ 2,527       | ¥ 8,883               | ¥ 87,272     | ¥ 1,091,778 |

| Millions of U.S. Dollars |          |                                   |               |                       |              |          |
|--------------------------|----------|-----------------------------------|---------------|-----------------------|--------------|----------|
| As of March 31, 2017     |          |                                   |               |                       |              |          |
| Japan                    | USA      | North America<br>(except for USA) | Latin America | Europe/Middle<br>East | Asia/Oceania | Total    |
| \$ 7,508                 | \$ 1,272 | \$ 2                              | \$ 17         | \$ 47                 | \$ 751       | \$ 9,597 |

3) Information by major customer

There was no applicable information to be reported for the fiscal years ended March 31, 2017, 2016 and 2015.

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

Impairment loss on long-lived assets is not allocated to the reportable segments. The impairment loss was ¥5,778 million (\$51 million), ¥11,011 million and ¥4,249 million for the fiscal years ended March 31, 2017, 2016 and 2015, respectively.

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

| Millions of Yen                     |                                       |  |                      |                    |                                  |                               |                           |                |          |
|-------------------------------------|---------------------------------------|--|----------------------|--------------------|----------------------------------|-------------------------------|---------------------------|----------------|----------|
| Fiscal year ended<br>March 31, 2017 | Retail<br>Banking<br>Business<br>Unit | Corporate<br>Banking<br>Business<br>Unit | Global Business Unit |                    |                                  | Customer<br>Units<br>Subtotal | Global<br>Markets<br>Unit | Other<br>units | Total    |
|                                     |                                       |  | Total                | (of which<br>MUAH) | (of which<br>Bank of<br>Ayudhya) |                               |                           |                |          |
| Amortization                        | ¥ 0                                   | ¥ 8                                      | ¥ 15,489             | ¥ -                | ¥ -                              | ¥ 15,498                      | ¥ -                       | ¥ -            | ¥ 15,498 |
| Unamortized balance                 | -                                     | -  | 244,348              | -                  | -                                | 244,348                       | -                         | -              | 244,348  |

| Millions of Yen                     |                                       |  |                      |                    |                                  |                               |                           |                |          |
|-------------------------------------|---------------------------------------|--|----------------------|--------------------|----------------------------------|-------------------------------|---------------------------|----------------|----------|
| Fiscal year ended<br>March 31, 2016 | Retail<br>Banking<br>Business<br>Unit | Corporate<br>Banking<br>Business<br>Unit | Global Business Unit |                    |                                  | Customer<br>Units<br>Subtotal | Global<br>Markets<br>Unit | Other<br>units | Total    |
|                                     |                                       |  | Total                | (of which<br>MUAH) | (of which<br>Bank of<br>Ayudhya) |                               |                           |                |          |
| Amortization                        | ¥ -                                   | ¥ -                                      | ¥ 15,878             | ¥ -                | ¥ -                              | ¥ 15,878                      | ¥ -                       | ¥ -            | ¥ 15,878 |
| Unamortized balance                 | 0                                     | 8  | 258,751              | -                  | -                                | 258,751                       | -                         | -              | 258,760  |

| Millions of Yen                     |                                       |  |                      |                    |                                  |                               |                           |                |          |
|-------------------------------------|---------------------------------------|--|----------------------|--------------------|----------------------------------|-------------------------------|---------------------------|----------------|----------|
| Fiscal year ended<br>March 31, 2015 | Retail<br>Banking<br>Business<br>Unit | Corporate<br>Banking<br>Business<br>Unit | Global Business Unit |                    |                                  | Customer<br>Units<br>Subtotal | Global<br>Markets<br>Unit | Other<br>units | Total    |
|                                     |                                       |  | Total                | (of which<br>MUAH) | (of which<br>Bank of<br>Ayudhya) |                               |                           |                |          |
| Amortization                        | ¥ 185                                 | ¥ -                                      | ¥ 16,735             | ¥ -                | ¥ -                              | ¥ 16,920                      | ¥ -                       | ¥ -            | ¥ 16,920 |
| Unamortized balance                 | 2,317                                 | 19                                       | 290,888              | -                  | -                                | 293,225                       | -                         | -              | 293,225  |

| Millions of U.S. Dollars            |                                       |  |                      |                    |                                  |                               |                           |                |        |
|-------------------------------------|---------------------------------------|--|----------------------|--------------------|----------------------------------|-------------------------------|---------------------------|----------------|--------|
| Fiscal year ended<br>March 31, 2017 | Retail<br>Banking<br>Business<br>Unit | Corporate<br>Banking<br>Business<br>Unit | Global Business Unit |                    |                                  | Customer<br>Units<br>Subtotal | Global<br>Markets<br>Unit | Other<br>units | Total  |
|                                     |                                       |  | Total                | (of which<br>MUAH) | (of which<br>Bank of<br>Ayudhya) |                               |                           |                |        |
| Amortization                        | \$ 0                                  | \$ 0                                     | \$ 138               | \$ -               | \$ -                             | \$ 138                        | \$ -                      | \$ -           | \$ 138 |
| Unamortized balance                 | -                                     | -  | 2,178                | -                  | -                                | 2,178                         | -                         | -              | 2,178  |

Notes:

1. Amortization of goodwill and unamortized balance of goodwill of MUAH and Bank of Ayudhya are included in “Total” of “Global Business Unit.”
2. Amortization of goodwill which was not allocated to the reportable segments was ¥65 million for the fiscal year ended March 31, 2016.

6) Information on gain on negative goodwill by reportable segment

There was no applicable information to be reported for the fiscal years ended March 31, 2017, 2016 and 2015.

### 31. SUBSEQUENT EVENTS

#### 1. Transfer of corporate loan-related business of Mitsubishi UFJ Trust and Banking Corporation (“MUTB”)

At the Board of Directors’ meeting held on May 15, 2017, the Bank resolved a policy to execute an absorption-type corporate split (the “Split”) to succeed MUTB’s corporate loan-related business in April 2018.

##### (1) Purpose of the Split

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

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

The corporate loans of MUTB comprise a majority of the carrying amounts of loans recorded in the consolidated balance sheets of MUTB (¥14,447.1 billion (\$129 billion) as of March 31, 2017). Since the details of the Split agreement to be concluded with MUTB have not been fixed, the impact of the Split on the consolidated balance sheet of the Bank cannot be determined at this moment.

##### (2) Method of the Split

An absorption-type corporate split under which the Bank will be the successor company and MUTB will be the splitting company.

#### 2. Transfer of equity interest in Mitsubishi UFJ Kokusai Asset Management Co., Ltd. (“MUKAM”)

As part of the “Functional Realignment” of the Group, the Board of Directors’ meeting of the Bank held on May 15, 2017 resolved a policy to make MUKAM a wholly-owned subsidiary of MUTB effective on April 1, 2018 by transferring the equity interests in MUKAM owned by the Bank and MUSHD to MUTB.

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