

Semi-annual Securities Report

“Hanki Hokokusho”

(Excerpt)

for the six-month period ended September 30, 2012

The Bank of Tokyo-Mitsubishi UFJ, Ltd.

Table of Contents

	Page
Cover	1
I. Overview of the Company	2
1. Key Financial Data and Trends	2
2. Business Outline	6
3. Information on Subsidiaries and Affiliates	6
4. Employees	6
II. Business Overview	7
1. Summary of Results	7
2. Issues to be Addressed	24
3. Risks Related to Business	25
4. Analyses of Financial Position, Results of Operations and Cash Flows	26
III. Company Information	31
1. Information on the Company's shares	31
2. Changes in Share Prices	34
3. Directors and Corporate Auditors	34
Financial Information	35
Independent Accountants' Review Report	35

12. ASSETS PLEDGED AS COLLATERAL

Assets pledged as collateral and their relevant liabilities as of September 30, 2012 and March 31, 2012 were as follows:

	Millions of Yen		Millions of
	September 30, 2012	March 31, 2012	U.S. Dollars September 30, 2012
Assets pledged as collateral:			
Cash and due from banks	¥ 15,584	¥ 13,134	\$ 201
Securities	833,311	1,044,587	10,738
Loans and bills discounted	4,591,647	5,748,094	59,171
Other assets	99,021	73,377	1,276
Total	¥ 5,539,564	¥ 6,879,194	\$ 71,386
Relevant liabilities to above assets:			
Deposits	¥ 179,511	¥ 175,975	\$ 2,313
Call money and bills sold	530,000	530,000	6,830
Trading liabilities	77,444	80,449	998
Borrowed money	4,479,456	5,654,423	57,725
Other liabilities	56,187	56,191	724
Acceptances and guarantees	335	467	5
Total	¥ 5,322,935	¥ 6,497,507	\$ 68,595

In addition to the above, the following assets are 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
	September 30, 2012	March 31, 2012	U.S. Dollars September 30, 2012
Assets pledged as collateral:			
Cash and due from banks	¥ 1,396	¥ 1,372	\$ 18
Monetary claims bought	221,020	223,731	2,848
Securities	9,873,112	9,520,364	127,231
Loans and bills discounted	5,464,666	3,354,773	70,421
Total	¥ 15,560,196	¥ 13,100,242	\$ 200,518

Furthermore, trading assets and securities sold under repurchase agreements or loaned under securities lending with cash collateral were ¥864,175 million (\$11,136 million) and ¥7,113,634 million (\$91,671 million), respectively as of September 30, 2012 and ¥772,502 million and ¥6,744,560 million as of March 31, 2012.

Relevant payables under resale agreements were ¥5,137,101 million (\$66,200 million) and ¥6,119,171 million as of September 30, 2012 and March 31, 2012, respectively.

Relevant payables under securities lending transactions were ¥1,862,752 million (\$24,005 million) and ¥2,154,100 million as of September 30, 2012 and March 31, 2012, respectively.

13. LOAN COMMITMENTS

Overdraft facilities and commitment lines of credit are binding contracts under which the Group has obligations to disburse funds up to predetermined limits upon the borrower's request as long as there has been no breach of contract. The total amount of the unused portion of these facilities were ¥58,912,025 million (\$759,176 million) and ¥58,391,247 million as of September 30, 2012 and March 31, 2012, respectively.

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

accordance with internal procedures, which may lead to renegotiation of the terms and conditions of the contracts and/or initiate the request for additional collateral and/or guarantees.

14. CAPITAL REQUIREMENT

Japanese banks are subject to the Banking Law and to 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 the Board of Corporate Auditors, 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. 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. Semi-annual 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 purchase 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 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 specific formula. Under the Companies Act, stock acquisition rights, which were previously presented as a liability, are now 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.

15. CAPITAL STOCK AND DIVIDENDS PAID

Capital stock consists of common stock and preferred stock. The changes in the number of issued shares of common stock and preferred stock during the six-month periods ended September 30, 2012 and 2011 were as follows:

	Number of shares in thousands			
	April 1, 2012	Increase	Decrease	September 30, 2012
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 7	21,000	–	–	21,000
Total	200,700	–	–	200,700

	Number of shares in thousands			
	April 1, 2011	Increase	Decrease	September 30, 2011
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 7	21,000	–	–	21,000
Total	200,700	–	–	200,700

The Bank paid the following cash dividends during the six-month periods ended September 30, 2012 and 2011:

For the six-month period ended September 30, 2012:

The following cash dividend payments were approved at the shareholders' meeting held on June 27, 2012:

	Total amount (Millions of Yen)	Per share amount (Yen)	Dividend record date	Effective date
Year-end cash dividends:				
Common stock	¥ 71,012	¥ 5.75	Mar. 31, 2012	Jun. 27, 2012
Preferred stock—first series of Class 6	105	105.45	Mar. 31, 2012	Jun. 27, 2012
Preferred stock—first series of Class 7	8,970	57.50	Mar. 31, 2012	Jun. 27, 2012
Total	¥ 80,088			

	Total amount (Millions of U.S. Dollars)	Per share amount (U.S. Dollar)	Dividend record date	Effective date
Year-end cash dividends:				
Common stock	\$ 915	\$ 0.07	Mar. 31, 2012	Jun. 27, 2012
Preferred stock—first series of Class 6	1	1.36	Mar. 31, 2012	Jun. 27, 2012
Preferred stock—first series of Class 7	116	0.74	Mar. 31, 2012	Jun. 27, 2012
Total	\$ 1,032			

For the six-month period ended September 30, 2011:

The following cash dividend payments were approved at the shareholders' meeting held on June 28, 2011:

	Total amount (Millions of Yen)	Per share amount (Yen)	Dividend record date	Effective date
Year-end cash dividends:				
Common stock	¥ 123,253	¥ 9.98	Mar. 31, 2011	Jun. 28, 2011
Preferred stock—first series of Class 6	105	105.45	Mar. 31, 2011	Jun. 28, 2011
Preferred stock—first series of Class 7	8,970	57.50	Mar. 31, 2011	Jun. 28, 2011
Total	<u>¥ 132,328</u>			

16. OTHER INCOME

Other income for the six-month periods ended September 30, 2012 and 2011 consisted of the following:

Six-month periods ended September 30	Millions of Yen		Millions of U.S. Dollars	
	2012	2011	2012	
Gains on sales of equity securities and other securities	¥ 11,427	¥ 14,780	\$	147
Gains on collection of bad debts	18,549	22,948		239
Reversal of allowance for credit losses	—	20,157		—
Leasing income	15,293	12,328		197
Other	25,273	28,811		326
Total	<u>¥ 70,544</u>	<u>¥ 99,026</u>	<u>\$</u>	<u>909</u>

17. OTHER EXPENSES

Other expenses for the six-month periods ended September 30, 2012 and 2011 consisted of the following:

Six-month periods ended September 30	Millions of Yen		Millions of U.S. Dollars	
	2012	2011	2012	
Write-offs of loans	¥ 37,844	¥ 45,682	\$	488
Losses on write-down of equity securities and other securities	170,662	105,012		2,199
Other	63,592	46,187		819
Total	<u>¥ 272,099</u>	<u>¥ 196,882</u>	<u>\$</u>	<u>3,506</u>

18. LEASES

(1) Lessee

Finance leases

The Group leases various tangible and intangible fixed assets under finance lease arrangements.

The Bank and domestic subsidiaries account for finance leases other than those that are deemed to transfer the ownership of leased property to the lessee, which commenced in fiscal years beginning before April 1, 2008, in a similar way to operating leases as permitted by the revised accounting standard.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, liabilities under finance leases and depreciation expense of finance leases that existed as of April 1, 2008 and other than those that are deemed to transfer the ownership of leased property to the lessee on an "as if capitalized" basis as of September 30, 2012 and March 31, 2012 was as follows:

Note that leased property of certain foreign subsidiaries which account for finance leases as purchase transactions is excluded from the following table:

	Millions of Yen					
	September 30, 2012			March 31, 2012		
	Acquisition cost	Accumulated depreciation	Net leased property	Acquisition cost	Accumulated depreciation	Net leased property
Tangible fixed assets	¥ 19,998	¥ 15,322	¥ 4,676	¥ 24,235	¥ 17,888	¥ 6,346
Intangible fixed assets	208	161	47	249	181	67
Total	¥ 20,207	¥ 15,484	¥ 4,723	¥ 24,484	¥ 18,070	¥ 6,414

	Millions of U.S. Dollars		
	September 30, 2012		
	Acquisition cost	Accumulated depreciation	Net leased property
Tangible fixed assets	\$ 257	\$ 197	\$ 60
Intangible fixed assets	3	2	1
Total	\$ 260	\$ 199	\$ 61

Note: The acquisition costs include interest expense since the future lease payments are immaterial when compared with the balance of the “Tangible fixed assets” as of September 30, 2012.

Future lease payments:

	Millions of Yen		Millions of U.S. Dollars
	September 30, 2012	March 31, 2012	September 30, 2012
Due within one year	¥ 2,202	¥ 2,777	\$ 28
Due after one year	2,520	3,636	33
Total	¥ 4,723	¥ 6,414	\$ 61

Note: Future lease payments include interest expense since the future lease payments are immaterial when compared with the balance of the “Tangible fixed assets” as of September 30, 2012.

Total lease payments under finance leases for the six-month periods ended September 30, 2012 and 2011 were ¥1,519 million (\$20 million) and ¥3,805 million, respectively.

Depreciation expense under finance leases:

Six-month periods ended September 30	Millions of Yen		Millions of U.S. Dollars
	2012	2011	2012
Depreciation expense	¥ 1,519	¥ 3,805	\$ 20

Depreciation expense, which is not reflected in the accompanying semi-annual consolidated statements of income, is computed using the straight-line method over the lease term with zero residual value.

Operating leases

Future lease payments including interest expense under non-cancelable operating leases as of September 30, 2012 and March 31, 2012 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	September 30, 2012	March 31, 2012	September 30, 2012
Due within one year	¥ 23,550	¥ 24,731	\$ 303
Due after one year	185,450	130,278	2,390
Total	¥ 209,001	¥ 155,009	\$ 2,693

(2) Lessor

Operating leases

Future lease receivables including interest receivables under non-cancelable operating leases as of September 30, 2012 and March 31, 2012 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	September 30, 2012	March 31, 2012	September 30, 2012
Due within one year	¥ 21,367	¥ 18,374	\$ 276
Due after one year	67,525	65,918	870
Total	¥ 88,892	¥ 84,293	\$ 1,146

19. PER SHARE INFORMATION

	Yen		U.S. Dollars
	September 30, 2012	March 31, 2012	September 30, 2012
Total equity per share	¥ 628.73	¥ 620.62	\$ 8.10

Six-month periods ended September 30	Yen		U.S. Dollars
	2012	2011	2012
Net income per common share	¥ 17.69	¥ 25.65	\$ 0.23
Diluted net income per common share	17.69	25.65	0.23

Note: Net income per share and diluted net income per share are calculated based on the following:

Six-month periods ended September 30	Millions of Yen		Millions of U.S. Dollars
	2012	2011	2012
Net income	¥ 227,569	¥ 325,944	\$ 2,933
Amount not attributable to common shareholders	(9,075)	(9,075)	(117)
Preferred dividends	(9,075)	(9,075)	(117)
Net income attributable to common shares	218,493	316,869	2,816

Six-month periods ended September 30	Number of shares in thousands	
	2012	2011
Average number of common shares during the period	12,350,038	12,350,038

Outline of dilutive shares which were not included in the calculation of "Diluted net income per share," since they do not have dilutive effect is as follows:

Six-month period ended September 30, 2012

None.

Six-month period ended September 30, 2011

– Stock options issued by a subsidiary
kabu.com Securities Co., Ltd.

Six-month period ended September 30, 2011	2006 Stock Option
Date of grant	Mar. 31, 2006
Expiry date	Jun. 30, 2012
Exercise price	¥1,636
Number of options initially granted	1,438
Outstanding number of options as of September 30, 2011	790

Total equity per share is calculated based on the following:

	Millions of Yen		Millions of U.S. Dollars
	September 30, 2012	March 31, 2012	September 30, 2012
Total equity	¥ 9,358,460	¥ 9,262,169	\$ 120,599
Deductions from total equity:			
Minority interests	1,188,734	1,192,309	15,319
Preferred shares	395,700	395,700	5,099
Preferred dividends	9,075	9,402	117
Total	1,593,509	1,597,411	20,535
Total equity attributable to common shares	7,764,950	7,664,757	100,064

	Number of shares in thousands	
	September 30, 2012	March 31, 2012
Number of common shares used in computing total equity per share	12,350,038	12,350,038

20. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Fair value of financial instruments

The following table summarizes the carrying amount and the fair value of financial instruments as of September 30, 2012 and March 31, 2012 together with their differences. Note that the following table does not include unlisted equity securities and certain other securities for which fair value is extremely difficult to determine (see Note 2).

September 30, 2012	Millions of Yen		
	Carrying amount	Fair value	Unrealized gain (loss)
(1) Cash and due from banks	¥ 7,741,020	¥ 7,741,020	¥ –
(2) Call loans and bills bought	428,107	428,107	–
(3) Receivables under resale agreements	651,787	651,787	–
(4) Receivables under securities borrowing transactions	1,362,182	1,362,182	–
(5) Monetary claims bought (*1)	2,952,885	2,999,779	46,893
(6) Trading assets	1,761,053	1,761,053	–
(7) Money held in trust	277,629	277,629	–
(8) Securities:			
Held-to-maturity securities	338,024	339,851	1,826
Available-for-sale securities	60,673,659	60,673,659	–
(9) Loans and bills discounted	74,732,455		
Allowance for credit losses (*1)	(762,328)		
	<u>73,970,126</u>	<u>74,895,862</u>	<u>925,735</u>
(10) Foreign exchange assets (*1)	1,277,426	1,277,426	–
Total assets	<u>¥ 151,433,903</u>	<u>¥ 152,408,359</u>	<u>¥ 974,456</u>
(1) Deposits	¥ 113,277,352	¥ 113,316,098	¥ 38,746
(2) Negotiable certificates of deposit	9,457,989	9,464,788	6,799
(3) Call money and bills sold	2,902,836	2,902,836	–
(4) Payables under repurchase agreements	5,909,470	5,909,470	–
(5) Payables under securities lending transactions	1,895,627	1,895,627	–
(6) Commercial paper	586,380	586,380	–
(7) Trading liabilities	30,400	30,400	–
(8) Borrowed money	5,883,524	5,918,108	34,583
(9) Foreign exchange liabilities	756,243	756,243	–
(10) Short-term bonds payable	109,942	109,942	–
(11) Bonds payable	4,555,456	4,671,006	115,549
Total liabilities	<u>¥ 145,365,224</u>	<u>¥ 145,560,903</u>	<u>¥ 195,679</u>
Derivatives (*2):			
To which hedge accounting is not applied	¥ 199,905	¥ 199,905	¥ –
To which hedge accounting is applied	270,856	270,856	–
Total derivatives	<u>¥ 470,761</u>	<u>¥ 470,761</u>	<u>¥ –</u>

March 31, 2012	Millions of Yen		
	Carrying amount	Fair value	Unrealized gain (loss)
(1) Cash and due from banks	¥ 6,866,983	¥ 6,866,983	¥ —
(2) Call loans and bills bought	275,256	275,256	—
(3) Receivables under resale agreements	890,835	890,835	—
(4) Receivables under securities borrowing transactions	307,498	307,498	—
(5) Monetary claims bought (*1)	2,920,376	2,957,612	37,236
(6) Trading assets	1,670,340	1,670,340	—
(7) Money held in trust	293,133	293,133	—
(8) Securities:			
Held-to-maturity securities	252,392	254,951	2,559
Available-for-sale securities	62,765,346	62,765,346	—
(9) Loans and bills discounted	74,827,752		
Allowance for credit losses (*1)	(767,053)		
	<u>74,060,699</u>	<u>74,800,945</u>	<u>740,245</u>
(10) Foreign exchange assets (*1)	1,470,588	1,470,588	—
Total assets	<u>¥ 151,773,450</u>	<u>¥ 152,553,492</u>	<u>¥ 780,041</u>
(1) Deposits	¥ 113,072,605	¥ 113,114,603	¥ 41,997
(2) Negotiable certificates of deposit	9,160,933	9,166,704	5,771
(3) Call money and bills sold	2,097,337	2,097,337	—
(4) Payables under repurchase agreements	6,133,170	6,133,170	—
(5) Payables under securities lending transactions	2,172,091	2,172,091	—
(6) Commercial paper	434,195	434,195	—
(7) Trading liabilities	27,810	27,810	—
(8) Borrowed money	7,153,616	7,181,717	28,100
(9) Foreign exchange liabilities	881,938	881,938	—
(10) Short-term bonds payable	98,952	98,952	—
(11) Bonds payable	5,349,929	5,439,950	90,020
Total liabilities	<u>¥ 146,582,581</u>	<u>¥ 146,748,471</u>	<u>¥ 165,890</u>
Derivatives (*2):			
To which hedge accounting is not applied	¥ 208,612	¥ 208,612	¥ —
To which hedge accounting is applied	(65,871)	(65,871)	—
Total derivatives	<u>¥ 142,740</u>	<u>¥ 142,740</u>	<u>¥ —</u>

Millions of U.S. Dollars

September 30, 2012	Carrying amount	Fair value	Unrealized gain (loss)
(1) Cash and due from banks	\$ 99,755	\$ 99,755	\$ —
(2) Call loans and bills bought	5,517	5,517	—
(3) Receivables under resale agreements	8,399	8,399	—
(4) Receivables under securities borrowing transactions	17,554	17,554	—
(5) Monetary claims bought (*1)	38,053	38,657	604
(6) Trading assets	22,694	22,694	—
(7) Money held in trust	3,578	3,578	—
(8) Securities:			
Held-to-maturity securities	4,356	4,379	23
Available-for-sale securities	781,877	781,877	—
(9) Loans and bills discounted	963,047		
Allowance for credit losses (*1)	(9,824)		
	<u>953,223</u>	<u>965,153</u>	<u>11,930</u>
(10) Foreign exchange assets (*1)	16,462	16,462	—
Total assets	<u>\$ 1,951,468</u>	<u>\$ 1,964,025</u>	<u>\$ 12,557</u>
(1) Deposits	1,459,760	1,460,259	499
(2) Negotiable certificates of deposit	121,881	121,969	88
(3) Call money and bills sold	37,408	37,408	—
(4) Payables under repurchase agreements	76,153	76,153	—
(5) Payables under securities lending transactions	24,428	24,428	—
(6) Commercial paper	7,556	7,556	—
(7) Trading liabilities	392	392	—
(8) Borrowed money	75,819	76,265	446
(9) Foreign exchange liabilities	9,745	9,745	—
(10) Short-term bonds payable	1,417	1,417	—
(11) Bonds payable	58,704	60,193	1,489
Total liabilities	<u>\$ 1,873,263</u>	<u>\$ 1,875,785</u>	<u>\$ 2,522</u>
Derivatives (*2):			
To which hedge accounting is not applied	\$ 2,576	\$ 2,576	\$ —
To which hedge accounting is applied	3,491	3,491	—
Total derivatives	<u>\$ 6,067</u>	<u>\$ 6,067</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. Net liabilities are presented in parentheses.

Notes:

1. Method used for determining the fair value of financial instruments

Assets

(1) "Cash and due from banks"

For deposits without maturity, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount. For deposits with maturity, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount because the remaining maturity periods of the majority of such deposits are short (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 monetary claims bought for which these methods do not apply, the carrying amount is presented as the fair value, as the fair value approximates such carrying value.
- (6) “Trading assets”
For securities such as bonds that are held for trading purpose, the fair value is determined based on the price quoted by the exchange or the financial institutions from which these securities were purchased or present value of future expected cash flows discounted at an interest rate based on the market interest rate as of the date of evaluation with certain adjustments.
- (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 and the fair value of bonds is determined based on the price quoted by the exchange or the financial institutions from which these securities were purchased. The fair value of investment trusts is determined based on the publicly available price. For privately placed guaranteed bonds held by the Bank, the fair value is determined based on the present value of expected future cash flows, which is adjusted to reflect default risk, amount to be collected from collateral, guarantees, guarantee fees, and discounted at an interest rate based on the market interest rate as of the date of evaluation with certain adjustments. With respect to variable rate Japanese government bonds that are included in “Securities” in the table above, the Bank values them at an amount calculated on a reasonable basis according to ASBJ PITF No. 25 “Practical Solution on Measurement of Fair Value for Financial Assets” (issued on October 28, 2008 by the ASBJ), as the Bank determined that taking into account the current market conditions, the market price of these securities as of the consolidated balance sheet date cannot be regarded as the fair value. The value of variable rate Japanese government bonds calculated on a reasonable basis is determined by discounting the expected future cash flow, estimated based on factors such as the yield of government bonds and discounted at a rate based on such yield of government bonds adjusted for the value of embedded options and the liquidity premium based on the actual market premiums observed in the past.
For certain securitized products whose underlying assets are corporate loan receivables, the fair value is determined by taking into account both 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 information vendors). 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. See Note 4 “Securities” for notes on securities by categories based on holding purposes.
- (9) “Loans and bills discounted”
With respect to loans, for each category of loans based on types of loans, internal ratings and maturity length, the fair value is determined based on the present value of expected future cash flows, which is adjusted to reflect default risk and expected amount to be collected from collateral and guarantees and discounted at an interest rate based on the market interest rate as of the date of evaluation with certain adjustments. For loans with variable interest rates such as certain residential loans provided to individual homeowners, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount, unless the creditworthiness of the borrower has changed significantly since the loan origination. For receivables from “bankrupt,” “virtually bankrupt,” and “likely to become bankrupt” borrowers, credit loss is estimated based on factors such as the present value of expected future cash flow or the expected amount to be collected from collateral and guarantees. Since the fair value of these items approximates the carrying amount net of the currently expected credit loss amount, such carrying 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 and traveler’s checks, etc. (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 consolidated balance sheet date (i.e., the carrying amount) is considered to be the fair value. For variable rate time deposits, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount because the market interest rate is reflected in such deposits within a short time period. Fixed rate time deposits are grouped by certain maturity lengths. The fair value of such deposits is the present value of discounted expected future cash flow. The discount rate used is the interest rate that would be applied to newly accepted deposits.
- (3) “Call money and bills sold,” (4) “Payables under repurchase agreements,” (5) “Payables under securities lending transactions” and (6) “Commercial paper”

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

(7) “Trading liabilities”

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

(8) “Borrowed money”

For floating rate borrowings, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount. This is done so on the basis that the market interest rate is reflected in the interest rate 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 before and 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 subsidiaries.

(9) “Foreign exchange liabilities”

Among foreign exchange contracts, foreign currency deposits accepted from other banks and non-resident Japanese yen deposits are deposits without maturity (due to other foreign banks). 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) “Short-term bonds payable”

For “Short-term bonds payable,” the carrying amount is presented as the fair value, as the fair value approximates such carrying amount because they carry short contract terms (one year or less).

(11) “Bonds payable”

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

2. The following table summarizes financial instruments whose fair value is extremely difficult to estimate. These securities are not included in the amount presented under the line item “Assets—Available-for-sale securities” in the table summarizing fair value of financial instruments.

	Carrying amount		
	Millions of Yen		Millions of U.S. Dollars
	September 30, 2012	March 31, 2012	September 30, 2012
Unlisted equity securities (*1) (*2)	¥ 277,599	¥ 336,709	\$ 3,577
Investment in partnerships, etc. (*2) (*3)	166,378	163,770	2,144
Other (*2)	441	396	6
Total	¥ 444,420	¥ 500,877	\$ 5,727

(*1) Unlisted equity securities do not carry quoted market prices. Since it is extremely difficult to estimate the fair value of these securities, their fair value is not disclosed.

(*2) With respect to unlisted equity securities, an impairment loss of ¥3,094 million (\$40 million) and ¥10,321 million was recorded for the six-month period ended September 30, 2012 and for the year ended March 31, 2012, respectively.

(*3) Investments in partnerships mainly include anonymous partnerships and investment business partnerships, etc. Since it is extremely difficult to estimate the fair value of these securities, their fair value is not disclosed.

21. DERIVATIVES

The Bank has the following derivative contracts outstanding as of September 30, 2012 and March 31, 2012:

Derivative contracts to which hedge accounting is not applied:

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

(1) Interest rate related derivatives

		Millions of Yen			
		September 30, 2012			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchanges:					
Interest rate futures	Sold	¥ 1,490,967	¥ 1,040,405	¥ (3,010)	¥ (3,010)
	Bought	772,779	577,327	334	334
Interest rate options	Sold	32,720,285	–	(1,658)	1,486
	Bought	20,657,191	–	2,002	(2,160)
OTC transactions:					
Forward rate agreements	Sold	537,836	–	(2)	(2)
	Bought	501,063	18,468	(60)	(60)
Interest rate swaps	Receivable fixed rate/ Payable floating rate	87,975,588	67,479,405	3,424,502	3,424,502
	Receivable floating rate/ Payable fixed rate	89,039,086	66,888,885	(3,287,986)	(3,287,986)
	Receivable floating rate/ Payable floating rate	31,298,619	24,169,621	20,714	20,714
	Receivable fixed rate/ Payable fixed rate	433,785	289,927	(749)	(749)
Interest rate swaptions	Sold	8,694,334	3,444,331	(125,826)	(111,412)
	Bought	4,230,328	2,474,807	89,466	81,831
Other	Sold	2,164,476	1,827,301	(5,740)	(3,219)
	Bought	1,961,158	1,782,139	10,563	9,059
Total		–	–	¥ 122,548	¥ 129,327

		Millions of Yen			
		March 31, 2012			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchanges:					
Interest rate futures	Sold	¥ 2,028,885	¥ 1,546,519	¥ (1,120)	¥ (1,120)
	Bought	888,993	405,789	361	361
Interest rate options	Sold	37,546,493	63,864	(5,198)	5,283
	Bought	19,775,285	63,864	7,059	(4,433)
OTC transactions:					
Forward rate agreements	Sold	640,342	–	–	–
	Bought	731,573	–	–	–
Interest rate swaps	Receivable fixed rate/ Payable floating rate	101,642,641	72,884,681	3,158,847	3,158,847
	Receivable floating rate/ Payable fixed rate	97,651,382	71,271,048	(3,041,762)	(3,041,762)
	Receivable floating rate/ Payable floating rate	30,529,981	23,026,585	40,164	40,164
	Receivable fixed rate/ Payable fixed rate	433,234	289,927	(788)	(788)
Interest rate swaptions	Sold	11,278,963	3,627,181	(119,374)	(69,272)
	Bought	5,650,818	3,172,496	87,512	60,435
Other	Sold	2,062,349	1,650,559	(8,093)	(1,613)
	Bought	1,850,434	1,675,404	13,919	3,706
Total		–	–	¥ 131,525	¥ 149,806

		Millions of U.S. Dollars			
		September 30, 2012			
		Contract amount			Valuation gain
		Total	Over one year	Fair value	(loss)
Transactions listed on exchanges:					
Interest rate futures	Sold	\$ 19,213	\$ 13,407	\$ (39)	\$ (39)
	Bought	9,958	7,440	4	4
Interest rate options	Sold	421,653	–	(21)	19
	Bought	266,201	–	26	(28)
OTC transactions:					
Forward rate agreements	Sold	6,931	–	(0)	(0)
	Bought	6,457	238	(1)	(1)
Interest rate swaps	Receivable fixed rate/ Payable floating rate	1,133,706	869,580	44,130	44,130
	Receivable floating rate/ Payable fixed rate	1,147,411	861,970	(42,371)	(42,371)
	Receivable floating rate/ Payable floating rate	403,333	311,464	267	267
	Receivable fixed rate/ Payable fixed rate	5,590	3,736	(10)	(10)
Interest rate swaptions	Sold	112,040	44,386	(1,621)	(1,435)
	Bought	54,515	31,892	1,153	1,055
Other	Sold	27,893	23,548	(74)	(41)
	Bought	25,273	22,966	136	117
Total		–	–	\$ 1,579	\$ 1,667

Notes:

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

(2) Currency related derivatives

		Millions of Yen			
		September 30, 2012			
		Contract amount			Valuation gain
		Total	Over one year	Fair value	(loss)
Transactions listed on exchanges:					
Currency futures	Sold	¥ 89,460	¥ –	¥ 266	¥ 266
	Bought	18,676	–	72	72
OTC transactions:					
Currency swaps		23,873,802	17,521,324	(33,736)	(33,736)
Forward contracts on foreign exchange	Sold	30,948,255	1,154,519	217,520	217,520
	Bought	29,287,822	1,264,329	(256,852)	(256,852)
Currency options	Sold	7,104,228	3,197,040	(166,482)	149,366
	Bought	6,938,777	3,244,924	307,502	15,338
Total		–	–	¥ 68,290	¥ 91,975

		Millions of Yen			
		March 31, 2012			
		Contract amount			Valuation gain
		Total	Over one year	Fair value	(loss)
Transactions listed on exchanges:					
Currency futures	Sold	¥ 21,645	¥ –	¥ 27	¥ 27
	Bought	14,970	–	58	58
OTC transactions:					
Currency swaps		23,948,764	17,470,952	28,884	28,884
Forward contracts on foreign exchange	Sold	31,753,388	1,052,850	(330,948)	(330,948)
	Bought	29,533,455	1,111,327	229,208	229,208
Currency options	Sold	6,919,640	3,286,726	(265,475)	60,293
	Bought	6,755,766	3,351,053	409,078	124,652
Total		–	–	¥ 70,833	¥ 112,176

		Millions of U.S. Dollars			
		September 30, 2012			
		Contract amount			Valuation gain (loss)
		Total	Over one year	Fair value	
Transactions listed on exchanges:					
Currency futures	Sold	\$ 1,153	\$ –	\$ 3	\$ 3
	Bought	241	–	1	1
OTC transactions:					
Currency swaps		307,652	225,790	(435)	(435)
Forward contracts on foreign exchange	Sold	398,818	14,878	2,803	2,803
	Bought	377,420	16,293	(3,310)	(3,310)
Currency options	Sold	91,549	41,199	(2,145)	1,925
	Bought	89,417	41,816	3,963	198
Total		–	–	\$ 880	\$ 1,185

Notes:

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

(3) Equity related derivatives

		Millions of Yen			
		September 30, 2012			
		Contract amount			Valuation gain (loss)
		Total	Over one year	Fair value	
Transactions listed on exchanges:					
Stock index futures	Sold	¥ 1,386	¥ –	¥ 11	¥ 11
	Bought	1,579	–	(14)	(14)
OTC transactions:					
OTC options on securities	Sold	134,136	132,159	(7,077)	(6,811)
	Bought	134,136	132,159	7,077	6,811
Total		–	–	¥ (3)	¥ (3)

		Millions of Yen			
		March 31, 2012			
		Contract amount			Valuation gain (loss)
		Total	Over one year	Fair value	
Transactions listed on exchanges:					
Stock index futures	Sold	¥ –	¥ –	¥ –	¥ –
	Bought	252	–	0	0
OTC transactions:					
OTC options on securities	Sold	118,208	114,676	(6,746)	(5,561)
	Bought	118,208	114,676	6,746	5,561
Total		–	–	¥ 0	¥ 0

		Millions of U.S. Dollars			
		September 30, 2012			
		Contract amount			Valuation gain (loss)
		Total	Over one year	Fair value	
Transactions listed on exchanges:					
Stock index futures	Sold	\$ 18	\$ –	\$ 0	\$ 0
	Bought	20	–	(0)	(0)
OTC transactions:					
OTC options on securities	Sold	1,729	1,703	(91)	(88)
	Bought	1,729	1,703	91	88
Total		–	–	\$ (0)	\$ (0)

Notes:

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

(4) Bond related derivatives

		Millions of Yen			
		September 30, 2012			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchanges:					
Bond futures	Sold	¥ 584,607	¥ –	¥ (1,376)	¥ (1,376)
	Bought	674,929	–	1,503	1,503
Bond futures options	Sold	777,048	–	(1,300)	2,645
	Bought	458,115	–	1,659	(2,718)
OTC transactions:					
Bond forward agreements	Sold	84,396	–	(457)	(457)
	Bought	204,533	–	1,895	1,895
Total		–	–	¥ 1,924	¥ 1,492

		Millions of Yen			
		March 31, 2012			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchanges:					
Bond futures	Sold	¥ 809,619	¥ –	¥ (209)	¥ (209)
	Bought	777,102	–	1,101	1,101
Bond futures options	Sold	533,702	–	(1,836)	(378)
	Bought	648,232	–	1,763	(1,734)
OTC transactions:					
Bond forward agreements	Sold	82,190	–	(391)	(391)
	Bought	152,051	–	(424)	(424)
Total		–	–	¥ 3	¥ (2,036)

		Millions of U.S. Dollars			
		September 30, 2012			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchanges:					
Bond futures	Sold	\$ 7,534	\$ –	\$ (18)	\$ (18)
	Bought	8,698	–	19	19
Bond futures options	Sold	10,014	–	(17)	34
	Bought	5,904	–	22	(35)
OTC transactions:					
Bond forward agreements	Sold	1,088	–	(6)	(6)
	Bought	2,636	–	25	25
Total		–	–	\$ 25	\$ 19

Notes:

1. The above transactions are stated at fair value and the related valuation gain (loss) is reported in the semi-annual consolidated statements of income.
2. Fair values are calculated using the last quoted market price at the Tokyo Stock Exchange or others.

(5) Commodity related derivatives

		Millions of Yen			
		September 30, 2012			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchanges:					
Commodity futures	Sold	¥ 142	¥ –	¥ 1	¥ 1
	Bought	–	–	–	–
OTC transactions:					
Commodity swaps	Receivable index volatility/ Payable floating rate	128,463	81,561	(26,810)	(26,810)
	Receivable floating rate/ Payable index volatility	147,961	93,070	30,270	30,270
Commodity options	Sold	159,170	117,465	(5,725)	(5,719)
	Bought	159,168	117,465	5,727	5,721
Total		–	–	¥ 3,463	¥ 3,463

		Millions of Yen			
		March 31, 2012			
		Contract amount			Valuation gain (loss)
		Total	Over one year	Fair value	
OTC transactions:					
Commodity swaps	Receivable index volatility/ Payable floating rate	¥ 124,326	¥ 96,393	¥ (39,150)	¥ (39,150)
	Receivable floating rate/ Payable index volatility	142,683	108,162	39,610	39,610
Commodity options	Sold	136,664	130,340	(6,319)	(6,303)
	Bought	136,661	130,340	6,325	6,310
Total		–	–	¥ 466	¥ 467

		Millions of U.S. Dollars			
		September 30, 2012			
		Contract amount			Valuation gain (loss)
		Total	Over one year	Fair value	
Transactions listed on exchanges:					
Commodity futures	Sold	\$ 2	\$ –	\$ 0	\$ 0
	Bought	–	–	–	–
OTC transactions:					
Commodity swaps	Receivable index volatility/ Payable floating rate	1,655	1,051	(345)	(345)
	Receivable floating rate/ Payable index volatility	1,907	1,199	390	390
Commodity options	Sold	2,051	1,514	(74)	(74)
	Bought	2,051	1,514	74	74
Total		–	–	\$ 45	\$ 45

Notes:

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

(6) Credit related derivatives

		Millions of Yen			
		September 30, 2012			
		Contract amount			Valuation gain (loss)
		Total	Over one year	Fair value	
OTC transactions:					
Credit default options	Sold	¥ 630,339	¥ 463,560	¥ (8,123)	¥ (8,123)
	Bought	1,029,956	667,924	11,779	11,779
Total		–	–	¥ 3,655	¥ 3,655

		Millions of Yen			
		March 31, 2012			
		Contract amount			Valuation gain (loss)
		Total	Over one year	Fair value	
OTC transactions:					
Credit default options	Sold	¥ 703,392	¥ 426,590	¥ 1,108	¥ 1,108
	Bought	1,163,370	654,010	4,675	4,675
Total		–	–	¥ 5,783	¥ 5,783

3) Information on loss on impairment of fixed assets by reportable segment

Loss on impairment of fixed assets is not allocated to the reportable segments. The loss on impairment was ¥2,020 million (\$26 million) and ¥2,560 million for the six-month periods ended September 30, 2012 and 2011, respectively.

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

Millions of Yen

Six-month period ended September 30, 2012	Retail Banking Business Unit	Corporate Banking Business Unit	Global Business Unit		Global Markets Unit	Other units	Total
			Total	(of which UNBC)			
Amortization	¥ 92	¥ 1	¥ 7,038	¥ 7,008	¥ -	¥ -	¥ 7,132
Unamortized balance	2,782	46	219,537	218,373	-	-	222,366

Millions of Yen

Six-month period ended September 30, 2011	Retail Banking Business Unit	Corporate Banking Business Unit	Global Business Unit		Global Markets Unit	Other units	Total
			Total	(of which UNBC)			
Amortization	¥ 92	¥ 0	¥ 7,109	¥ 6,975	¥ -	¥ -	¥ 7,203
Unamortized balance	2,965	0	231,963	231,963	-	-	234,929

Note: Amortization of goodwill not allocated to the reportable segment as of September 30, 2011 was ¥88 million.

Millions of U.S. Dollars

Six-month period ended September 30, 2012	Retail Banking Business Unit	Corporate Banking Business Unit	Global Business Unit		Global Markets Unit	Other units	Total
			Total	(of which UNBC)			
Amortization	\$ 1	\$ 0	\$ 91	\$ 90	\$ -	\$ -	\$ 92
Unamortized balance	36	1	2,829	2,814	-	-	2,866

24. SUBSEQUENT EVENTS

Cash dividends

The following cash dividends applicable to the reporting period ended September 30, 2012 were approved at the Board of Directors' meeting held on November 14, 2012:

	Millions of Yen	Millions of U.S. Dollars
Interim cash dividends:		
Common stock, ¥5.60 (\$0.07) per share	¥ 69,160	\$ 891
Preferred stock—first series of Class 6, ¥105.45 (\$1.36) per share	105	1
Preferred stock—first series of Class 7, ¥57.50 (\$0.74) per share	8,970	116
Total	¥ 78,235	\$ 1,008

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