Annual Securities Report

"Yukashoken Hokokusho"

(Excerpt)

for the fiscal year ended March 31, 2018

MUFG Bank, Ltd.

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[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
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[Accounting Period]	The 13th Fiscal Year (from April 1, 2017 to March 31, 2018)
[Company Name]	Kabushiki-Kaisha Mitsubishi UFJ Ginko (Former company name: Kabushiki-Kaisha Mitsubishi Tokyo UFJ Ginko)
[Company Name in English]	MUFG Bank, Ltd. (Former company name in English: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)
[Position and Name of Representative]	Kanetsugu Mike, President & CEO
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[Place Available for Public Inspection]	Available only at the Head Office

(Note) Kabushiki-Kaisha Mitsubishi Tokyo UFJ Ginko changed its company name to "Kabushiki-Kaisha Mitsubishi UFJ Ginko" and its company name in English to "MUFG Bank, Ltd." on April 1, 2018.

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 2013 From April 1, 2013 to March 31, 2014	Fiscal 2014 From April 1, 2014 to March 31, 2015	Fiscal 2015 From April 1, 2015 to March 31, 2016	Fiscal 2016 From April 1, 2016 to March 31, 2017	Fiscal 2017 From April 1, 2017 to March 31, 2018
Consolidated ordinary income	3,599,428	4,028,944	4,033,796	4,237,395	4,277,820
Consolidated ordinary profit	1,217,534	1,221,200	1,083,701	992,055	901,550
Net income attributable to the shareholders of MUFG Bank	754,323	731,622	685,835	689,929	575,260
Consolidated comprehensive income	1,157,696	2,622,793	453,557	266,086	859,875
Consolidated total equity	11,741,453	13,201,844	13,118,288	12,427,078	12,708,722
Consolidated total assets	201,614,685	219,313,264	222,797,387	229,108,371	239,228,925
Total equity per share (yen)	798.38	954.03	952.16	933.06	964.46
Net income per common share (yen)	59.62	59.24	55.53	55.86	46.57
Diluted net income per common share (yen)	59.62	59.23	55.53	55.86	46.57
Capital ratio (%)	5.08	5.37	5.27	5.02	4.97
Consolidated return on equity (%)	7.79	6.75	5.82	5.92	4.90
Net cash provided by (used in) operating activities	(5,283,802)	(6,631,043)	1,382,275	6,800,032	5,285,575
Net cash provided by (used in) investing activities	6,257,777	7,237,326	2,580,849	6,512,818	(1,324,719)
Net cash used in financing activities	(918,046)	(1,061,490)	(82,996)	(721,099)	(271,096)
Cash and cash equivalents at end of period	3,998,556	3,712,330	7,513,181	20,086,245	23,727,241
Number of employees [Besides the above, average number of temporary employees]	78,105 [21,000]	79,146 [23,000]	80,088 [22,800]	84,025 [22,500]	86,058 [22,100]

(Notes)
1. National and local consumption taxes of MUFG Bank, Ltd. (hereinafter referred to as the “Bank”) and its domestic consolidated subsidiaries are accounted for using the tax-excluded method.
2. Capital ratio is calculated by dividing (“total equity at the end of fiscal year” - “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 2013 was 6,700, during fiscal 2014 was 5,400, during fiscal 2015 was 5,500, during fiscal 2016 was 5,500 and during fiscal 2017 was 5,400.

(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	9th Term	10th Term	11th Term	12th Term	13th Term
Period of account	March 2014	March 2015	March 2016	March 2017	March 2018
Ordinary income	2,921,537	2,856,450	2,925,593	3,072,712	3,067,560
Ordinary profit	1,002,109	902,632	863,736	632,205	637,091
Net income	650,257	571,778	586,066	481,455	437,710
Capital stock	1,711,958	1,711,958	1,711,958	1,711,958	1,711,958
Total number of shares issued (thousands of shares)	Common stock 12,350,038 1st series Class 2 preferred stock 100,000 1st series Class 4 preferred stock 79,700 1st series Class 6 preferred stock 1,000 1st series Class 7 preferred stock 177,000	Common stock 12,350,038 1st series Class 2 preferred stock 100,000 1st series Class 4 preferred stock 79,700 1st series Class 6 preferred stock 1,000 1st series Class 7 preferred stock 177,000	Common stock 12,350,038 1st series Class 2 preferred stock 100,000 1st series Class 4 preferred stock 79,700 1st series Class 6 preferred stock 1,000 1st series Class 7 preferred stock 177,000	Common stock 12,350,038 1st series Class 2 preferred stock 100,000 1st series Class 4 preferred stock 79,700 1st series Class 6 preferred stock 1,000 1st series Class 7 preferred stock 177,000	Common stock 12,350,038 1st series Class 2 preferred stock 100,000 1st series Class 4 preferred stock 79,700 1st series Class 6 preferred stock 1,000 1st series Class 7 preferred stock 177,000
Total equity	9,398,694	10,488,611	10,627,781	10,231,499	10,420,190
Total assets	181,692,063	194,652,431	200,261,895	204,190,574	212,246,573
Balance of deposits	119,636,522	124,590,909	131,986,582	139,164,104	145,492,629
Balance of loans and bills discounted	79,495,010	82,740,384	86,691,727	81,394,063	79,213,244
Balance of securities	56,790,753	52,873,408	48,913,432	42,235,515	43,375,328
Total equity per share (yen)	728.72	849.27	860.54	828.45	843.73
Dividends per share (yen) [Of the above, interim dividends per share (yen)]	Common stock 17.85 [7.35] 1st series Class 7 preferred stock 115.00 [57.50]	Common stock 32.57 [13.18]	Common stock 30.00 [7.80]	Common stock 35.66 [8.13]	Common stock 31.92 [12.12]
Net income per common share (yen)	51.19	46.29	47.45	38.98	35.44
Diluted net income per common share (yen)	–	–	–	–	–
Capital ratio (%)	5.17	5.38	5.30	5.01	4.90
Return on equity (%)	7.21	5.86	5.55	4.61	4.23
Dividend payout ratio (%)	34.86	70.34	63.21	91.47	90.06
Number of employees [Besides the above, average number of temporary employees]	37,527 [12,603]	35,214 [12,486]	34,865 [12,399]	34,276 [12,407]	34,101 [11,996]

(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 13th Term were resolved at the Board of Directors' meeting held on November 14,

2017.

4. Dividends per share for the 10th Term, the 11th Term, the 12th Term and the 13th Term include the special dividends of ¥6.27, ¥13.64, ¥19.87 and ¥13.64, respectively.
5. The Bank paid dividends in kind in the 9th Term, 11th Term and 13th 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 9th Term was 2,962, during the 10th Term was 2,839, during the 11th Term was 2,814, during the 12th Term was 2,800 and during the 13th Term was 2,744.

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	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.
	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.
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.

(Note) The Bank of Tokyo-Mitsubishi UFJ, Ltd. changed its company name to MUFG Bank, Ltd. as of April 1, 2018.

3. Business Outline

Under its parent company, Mitsubishi UFJ Financial Group, Inc., the Group (MUFG Bank, Ltd. and its subsidiaries and affiliates) comprises the Bank, 126 consolidated subsidiaries, and 48 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, 2018)
*consolidated subsidiaries, ** equity method investees

Parent	Company / Unit	Subsidiary / Affiliate	Business
Mitsubishi UFJ Financial Group, Inc. (Parent Company)	**The Bank of Tokyo-Mitsubishi UFJ, Ltd.** *1		**Banking**
	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
		* Banco de Tokyo-Mitsubishi UFJ Brasil S/A *1	Banking
		* Bank of Tokyo-Mitsubishi UFJ (Mexico), S.A. *1	Banking
		* AO Bank of Tokyo-Mitsubishi UFJ (Eurasia) *1	Banking
		* MUFG Bank (Europe) N.V.	Banking
		* Bank of Tokyo-Mitsubishi UFJ (Turkey) Anonim Sirketi *1	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. • The Bank of Tokyo-Mitsubishi UFJ, Ltd. changed its company name to MUFG Bank, Ltd. as of April 1, 2018.
• Banco de Tokyo-Mitsubishi UFJ Brasil S/A changed its company name to Banco MUFG Brasil S.A. as of April 1, 2018.
• Bank of Tokyo-Mitsubishi UFJ (Mexico), S.A. changed its company name to MUFG Bank Mexico, S.A. as of April 1, 2018.
• AO Bank of Tokyo-Mitsubishi UFJ (Eurasia) changed its company name to AO MUFG Bank (Eurasia) as of April 3, 2018.
• Bank of Tokyo-Mitsubishi UFJ (Turkey) Anonim Sirketi changed its company name to MUFG Bank Turkey Anonim Sirketi as of April 2, 2018.

*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 (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 (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, the United States	95.1
Banco de Tokyo-Mitsubishi UFJ Brasil S/A	Sao Paulo, Sao Paulo, Federative Republic of Brazil	99.6
Bank of Tokyo-Mitsubishi UFJ (Mexico), S.A.	Mexico City, United Mexican States	100.0 (0.1)
AO Bank of Tokyo-Mitsubishi UFJ (Eurasia)	Moscow, the Russian Federation	100.0
MUFG Bank (Europe) N.V.	Amsterdam, Kingdom of the Netherlands	100.0
BTMU Lease (Deutschland) GmbH	Dusseldorf, Federal Republic of Germany	94.9
Bank of Tokyo-Mitsubishi UFJ (Turkey) Anonim Sirketi	Istanbul, Republic of Turkey	99.9
Bank of Ayudhya Public Company Limited	Bangkok, Kingdom of Thailand	76.8
Bank of Tokyo-Mitsubishi UFJ (China), Ltd.	Shanghai, People’s Republic of China	100.0
Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad	Kuala Lumpur, Malaysia	100.0
PT U Finance Indonesia	Jakarta, Republic of Indonesia	65.0
BTMU Participation (Thailand) Co., Ltd.	Bangkok, Kingdom of Thailand	12.2 (2.2) [57.3]
BTMU Preferred Capital 9 Limited	Grand Cayman, The Cayman Islands	100.0
105 Other companies		

(Equity method investees)

Company name	Address	Ratio of voting rights holding (held) (%)
JACCS CO., LTD.	Hakodate City, Hokkaido	20.2
Jibun Bank Corporation	Chuo-ku, Tokyo	50.0
JALCARD, INC.	Shinagawa-ku, Tokyo	49.3
BOT Lease Co., LTD.	Chuo-ku, Tokyo	17.5 (12.5)
Mitsubishi UFJ Capital Co., Ltd.	Chuo-ku, Tokyo	27.8 (5.2)
The Mitsubishi Asset Brains Company, Limited	Minato-ku, Tokyo	25.0
The Chukyo Bank, Limited	Naka-ku, Nagoya City	39.6 (0.0)
Nippon Mutual Housing Loan Co., Ltd.	Taito-ku, Tokyo	4.7 [37.6]
Vietnam Joint Stock Commercial Bank for Industry and Trade	Hanoi, the Socialist Republic of Vietnam	19.7
Dah Sing Financial Holdings Limited	Hong Kong, People’s Republic of China	15.1
Security Bank Corporation	Makati, Republic of the Philippines	20.0
Bangkok BTMU Limited	Bangkok, Kingdom of Thailand	20.0 (10.0)
BTMU Holding (Thailand) Co., Ltd.	Bangkok, Kingdom of Thailand	11.1 [29.8]
35 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 ¥627,117 million, ¥145,171 million, ¥112,305 million, ¥1,767,060 million and ¥17,924,851 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. • Banco de Tokyo-Mitsubishi UFJ Brasil S/A changed its company name to Banco MUFG Brasil S.A. as of April 1, 2018.

• Bank of Tokyo-Mitsubishi UFJ (Mexico), S.A. changed its company name to MUFG Bank Mexico, S.A. as of

April 1, 2018.

- AO Bank of Tokyo-Mitsubishi UFJ (Eurasia) changed its company name to AO MUFG Bank (Eurasia) as of April 3, 2018.
- Bank of Tokyo-Mitsubishi UFJ (Turkey) Anonim Sirketi changed its company name to MUFG Bank Turkey Anonim Sirketi as of April 2, 2018.
- Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad changed its company name to MUFG Bank (Malaysia) Berhad as of April 2, 2018.
- BTMU Participation (Thailand) Co., Ltd. changed its company name to MUFG Participation (Thailand) Co., Ltd. as of April 1, 2018.
- Bangkok BTMU Limited changed its company name to Bangkok MUFG Limited as of April 1, 2018.
- BTMU Holding (Thailand) Co., Ltd. changed its company name to MUFG Holding (Thailand) Co., Ltd. as of April 1, 2018.

5. Employees

(1) Number of employees in consolidated companies

As of March 31, 2018

	Retail Banking Business Unit	Corporate Banking Business Unit	Global Business Unit	Global Markets Unit	Other units	Total
Number of employees	15,652 [8,500]	9,390 [1,900]	51,203 [4,400]	1,100 [0]	8,713 [7,200]	86,058 [22,100]

(Notes) 1. Number of employees includes locally hired overseas staff members, but excludes 3,856 contract employees and 21,400 temporary employees.

2. Numbers within brackets indicate average number of temporary employees for 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 4,800 at the end of the current fiscal year while 5,400 on average over the year (numbers are rounded to the nearest hundred).

(2) Employees of the Bank

As of March 31, 2018

Number of employees	Average age (Years)	Average years of service (Years)	Average annual salary (Thousands of yen)
34,101 [11,996]	37.5	14.1	7,733

	Retail Banking Business Unit	Corporate Banking Business Unit	Global Business Unit	Global Markets Unit	Other units	Total
Number of employees	14,683 [8,111]	7,777 [1,457]	6,185 [627]	1,100 [38]	4,356 [1,763]	34,101 [11,996]

(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 1,609 contract employees and 11,347 temporary employees.

2. Number of employees excludes 91 Executive Officers (13 of whom serving as Directors concurrently).

3. Numbers within brackets indicate average number of temporary employees for the current fiscal year.

4. Number of temporary employees includes contractors. Number of contractors was 2,306 at the end of the current fiscal year and 2,744 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 31,849. No significant issues exist between the union and the management. The Bank of Tokyo-Mitsubishi UFJ Union changed its company name to The MUFG Bank Union on April 1, 2018.

II. Business Overview

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

Forward-looking statements in this section reflect the Bank's view as of the end of the current fiscal year.

(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 MUFG Group announced its new Medium-term Business Plan for the three-year period beginning in fiscal 2018.

The global economy has achieved steady recovery over the last few years. However, going forward, markets merit close watch for changes which could be triggered by market fluctuations and/or signs of a turning point in a credit cycle driven by the shifts in central banks' monetary policies, as well as growing uncertainty caused by geopolitical risks. Meanwhile, Japan's low growth and ultra-low interest-rate environment are seen as likely to continue on the back of serious challenges such as its aging population, declining birthrate and deceasing population. In addition, the ongoing wave of digital technology-fueled transformations is poised to drastically change society and entire industries – including the financial industry.

The MUFG Group publicly announced the outline of its "MUFG Re-Imagining Strategy" in May 2017. This plan aims to swiftly and flexibly respond to the above-mentioned changes and put the Group on a growth track and, to this end, clarifies the Group's policies for forward-looking reforms. In April 2018, the Group launched the new Medium-term Business Plan that identifies specific initiatives that it intends to execute over the coming years.

(2) Business environment

An overview of the financial and economic environment for the current fiscal year reveals the global economy was exposed to political and geopolitical risks, such as a change in U.S. policy under the new administration, national elections in major European countries and a rise in tensions in the Middle East and surrounding North Korea. Despite this, the global economy continued to recover and grow with comparative stability. In the U.S., an improvement in the labor market, a rise in wages and a recovery of corporations' production activities allowed the U.S. economy's self-sustained growth to continue. The European economies remained solid, supported by a strong labor market, increased wages and low interest rates, despite underlying uncertainty about the UK's decision to leave the EU. In addition, it appears that the economies of ASEAN (Association of Southeast Asian Nations) and NIEs (Newly Industrialized Economies) remained robust, even China's, which has been experiencing downward pressure from structural adjustments. A recovery of exports, attributed to growth in developed economies, and strong demand for infrastructure provided support for Asian economies. Meanwhile, the Japanese economy remained unshaken, despite movements in the political sphere, such as elections for the Tokyo Metropolitan Assembly and the House of Representatives. It continued to expand gradually throughout the fiscal year, becoming the second-longest post-war period of economic growth, surpassing the "Izanagi Boom." In the corporate sector, capital expenditure maintained its strong growth due to a high level of corporate profits and a recovery of production, which was aided by completion of inventory adjustments. In the household sector, private consumption remained solid due to a favorable labor market and a rise in wages, supported by corporations' strong hiring appetite. In addition, implementation of large-scale economic policies by the government contributed to economic growth throughout the first half of the fiscal year.

In terms of financial conditions, the U.S. dollar-to-Japanese yen exchange rate remained relatively unchanged and stock prices followed an upward trend, supported by a recovery in the global economy until the third quarter. However, in the fourth quarter, concerns about inflation in the U.S. came to the fore and uncertainty about its trade policies rose, leading to appreciation of the Japanese yen and a downward correction of stock prices. In June and December 2017 and March 2018, the US Federal Reserve raised interest rates, and in April 2017 and January 2018, the European Central Bank reduced the size of its asset purchases. On the other hand, the Bank of Japan maintained its "Quantitative and Qualitative Monetary Easing with Yield Curve Control," and long-term interest rates remained low.

(3) Issues to be Addressed

Based on the Medium-term Business Plan, we aim to deliver the best value to all stakeholders through "simple, speedy and transparent group-integrated operations."

We will move from "group collaboration" and "group-driven management" to "group-based, integrated management" to foster business transformation. Specifically, in responding to shifting customers' needs in an appropriate manner, we will reorganize business groups into new customer segments in July. At the same time, we will clarify the roles of group companies by functional realignment, strengthening the functionality of products and services as well as increasing the capacity to provide solutions.

We believe that by making full use of management resources, much of the business transformation process can be accomplished in the first half of the new Medium-term Business Plan. During this three-year period, we seek to lay a solid foundation for a new future-oriented business platform. By the third year, we hope to realize a tangible sense of success. From there, we seek to establish a new business growth model which meets everyone's expectations within six years (the end of the next Medium-term Business Plan).

The MUFG Group's Vision ～ Our Corporate Vision Beyond "Re-Imagining" Initiative

We aim to deliver the best value to all stakeholders through simple, speedy and transparent* group-integrated operations. Also, we will contribute to the realization of sustainable growth and a better society by promoting solution-oriented business.

(1) Engage in the needs and issues of customers and society, and provide optimized solutions.
(2) Redefine ideal legal entities and the group, and develop a sustainable business model unique to MUFG.
(3) Provide a workplace where each employee can realize his or her talent development.
(4) Based on the results achieved above, respond to shareholders' expectations and enhance a reliable relationship with them.

* Transparent: universal, barrier-free open personnel communications between legal entities, and between company branches and the Head Office, regardless of title and position. It also implies an understanding of the Group's corporate vision.

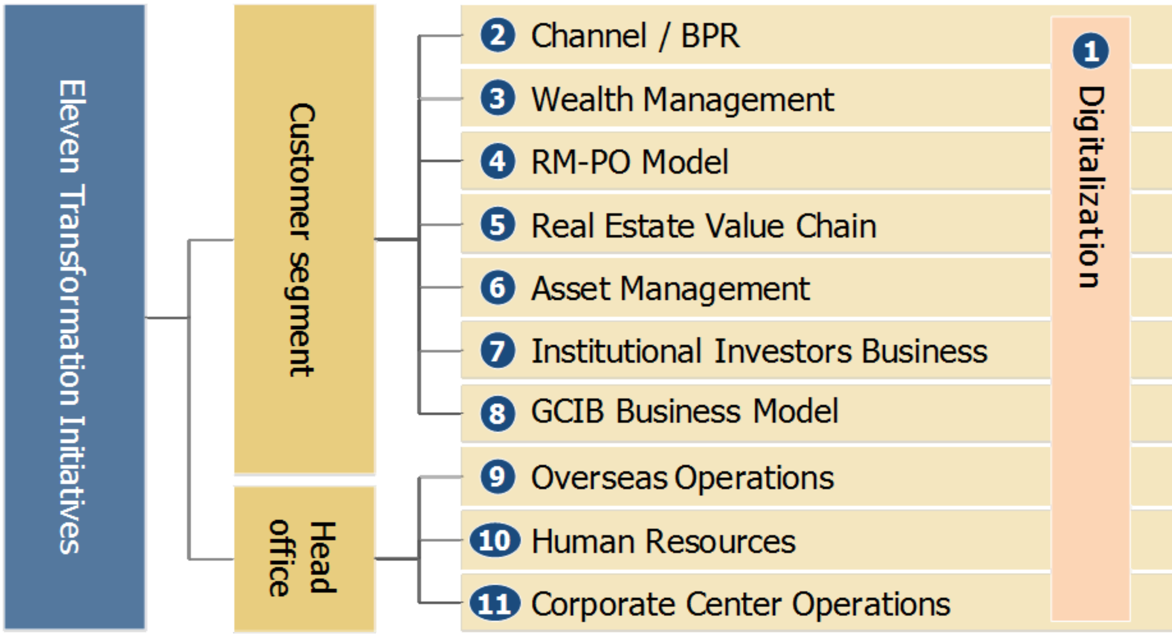
(Group business strategies)

"Eleven Transformation Initiatives" have been outlined in the new Medium-term Business Plan as specific initiatives to help the Company to weather a difficult business environment, and to get back to a sustainable growth track. Each initiative shares the following features: 1) A large growth potential, 2) The power to enable the MUFG Group to demonstrate its capabilities, 3) The promise to become a main business of the MUFG Group, or a support function of a main business.

Each legal entity of the MUFG Group, business groups and the Corporate Center will promote these initiatives together, with the goal of boosting net operating profits by approximately ¥250.0 billion.

Additionally, we will establish a new business group focused on Retail and local corporations and SME banking business outside of Japan, aiming to surely and steadily capture the market growth in the U.S. and Southeast Asia. Under the previous Medium-term Business Plan, we expanded the business of Bank of Ayudhya Public Company Limited, a consolidated subsidiary in Thailand. We also built a solid business platform in Southeast Asia through our strategic investment in Security Bank Corporation, a large commercial bank in the Philippines, and PT Bank Danamon Indonesia, Tbk., a large commercial bank in Indonesia. Raising the enterprise value of each of our partner banks – as well as ourselves – is an important goal. In the process, we'll realize synergies by sharing and deploying the advantages and expertise of each partner bank, including MUFG Union Bank N.A. in the U.S., VietinBank in Vietnam.

[Eleven Transformation Initiatives]



1) Digitalization

The use of digital technology is a critical part of our transformation goals. We will develop and implement a wide variety of initiatives to improve top-line results and optimize business processes. "Big data" will be employed to improve our capabilities in marketing and consulting. Meanwhile, in-branch operations will be streamlined by redeploying our corporate online banking system, shifting to a digital channel for our housing loan business, and by actively using robotics and AI to improve productivity.

2) Channel / BPR

We strive to create a well-balanced UI/UX*1 and productivity improvements by fully utilizing digital technology and BPR*2. Specifically, we will improve the viability of our online channel, and encourage customers to use it. The entire channel will be developed both online and offline by introducing the function-specific "MUFG NEXT" bank branch, optimizing branches, and implementing Group co-located branch where a full range of services provided by the Bank, the Trust Bank and the Securities HD*3 is available at a single location.

*1 Abbreviation for User Interface (usability of system) and User Experience (users' service experience), respectively.
*2 Abbreviation for Business Process Re-engineering, a radical restructuring of all existing businesses, including business details and flows.
*3 The Bank, the Trust Bank, and the Securities HD are short forms of the names of the following legal entities, respectively: the Bank, Mitsubishi UFJ Trust and Banking, and Mitsubishi UFJ Securities Holdings.

3) Wealth Management

With the integration of the retail and commercial banking units, as well as the "group-based, integrated approach" by the Bank, the Trust Bank and the Securities HD, we can support rising customer needs for asset management and inheritance services. This is an important consideration for Japan's aging society with low birthrates. Additionally, we will pursue a consistently profitable business structure by focusing on fee based asset management. Professionals of the Bank, the Trust Bank and the Securities HD will develop and implement a business model which seamlessly provides various business solutions.

4) RM-PO Model

In implementing restructuring measures by business function, the corporate loan businesses of the Bank and the Trust Bank have been consolidated. Additionally, the RMs*1 are now referred to as "MUFG's RMs" – those who itemize customers' business issues. Meanwhile, the PO*2 will extend its expertise, providing optimized solutions for customer needs.

*1 Abbreviation for Relationship Manager.
*2 Abbreviation for Product Office, which plans, develops and provides products and services.

5) Real Estate Value Chain

The Group, in an integrated and continuous manner, provides solutions to satisfy various customer needs with regard to the real estate value chain*. Branches will assess customer needs so that it can be maximized to enhance brokerage businesses and asset management businesses, adding more value.

* The course of business regarding real estate from "sales" to "development" to "tenant leasing" to "asset management."

6) Asset Management

We will offer asset management services to the MUFG Group's customers on an integrated group-basis. We will develop competitive products, supply a full product lineup, and expand our talent portfolio to support these moves. Additionally, we will upgrade our asset management business by pushing to be a more globally recognized industry player and by enhancing our talent, products and solutions.

7) Institutional Investors Business

We will provide a wide range of services to satisfy various professional needs for asset management on an integrated group-basis, while extending business relationships with institutional investors of each legal entity and business group across the Group.

8) GCIB Business Model

In order to realize sustainable growth of the global CIB* business, we will respond to the needs of global corporate customers, and improve portfolio return by constantly recycling loan assets, etc. In addition, we will be shifting value to "quality" over "quantity" through origination and distribution under the integrated platform of the Bank and the Securities HD.

* Abbreviation for Corporate and Investment Banking. This business consists of traditional corporate banking (e.g. deposits and loans) and investment banking (e.g. capital markets and M&A, etc.), and provides sophisticated financial services.

9) Overseas Operations

We will shift our business focus from "region-/ legal entity-based" to "customer-/ business-based," and reinforce business-driven operations across the Group. Our global branch network will also be upgraded, centralized, and standardized for business administration and systems in order to establish a structure to flexibly address environmental changes.

10) Human Resources

In addition to the acceleration of personnel allocation and transfers across the Group to drive strategy, the HR Division will be set up to manage domestic and international HR operations, creating a globally integrated HR capability.

11) Corporate Center Operations

The Corporate Center function will be reorganized from integrated operations by "MUFG and the Bank" to that of "MUFG, the Bank, the Trust bank and the Securities HD" to effectively take advantage of our business resources on a group-integrated basis and actualize low cost operations.

We commit to steadily improving our business model to satisfy all stakeholders -- customers, shareholders and employees -- while maintaining a strong business base in Japan and tapping into global growth.

(4) Financial Targets

The Bank's parent company, Mitsubishi UFJ Financial Group, has set a medium- to long-term financial targets, along with fiscal 2020 targets, as follows:

	FY2017 results	FY2020 targets	Mid-to long-term targets
ROE	7.53%	Approx. 7%～8%	9%～10%
Expense ratio	68.0%	Below FY2017 results	Approx. 60%
CET1 ratio (Finalized Basel III reforms basis*)	11.7%	Approx. 11%	

* Estimated CET1 ratio reflecting the RWA increase calculated on the finalized Basel III reforms basis

2. Risks Related to Business

The Bank has described below the major matters that the Bank believes may have a material impact on investors' 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 investors 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' 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 ("MUFG Americas Holdings") (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 MUFG Americas Holdings

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

(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, 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, undermine the Bank's confidence, or harm its reputation, subject the Bank to administrative sanctions, and result in the Bank's incurring additional costs to deal with the consequences. Measures to deal with cyber-attacks, unauthorized access, computer viruses and other risks, along with compliance with increasingly stringent relevant regulations could involve sizable costs as well as constraints on the Bank's business operations, which could, if materialized, 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 and other financial institutions are further integrating and reorganizing their operations, and U.S. and European financial institutions are regaining their competitiveness. Furthermore, development of AI, blockchain and other new technologies is accelerating the pace of entry of non-financial institutions into the financial services industry. Thus, the Bank may face an increasingly competitive environment in the future. 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 is subject to various regulatory inquiries or investigations on a continuous basis 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 NYDFS, to resolve issues relating to certain U.S. dollar payments that were routed through New York from 2002 to 2007. Under the terms of the agreement with NYDFS, the Bank agreed to make a civil monetary payment to NYDFS and 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 NYDFS to resolve issues relating to instructions given to PricewaterhouseCoopers LLP, or PwC, and the disclosures made to NYDFS in connection with the Bank's 2007 and 2008 voluntary investigation of its 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 NYDFS, the Bank made a payment of the stipulated amount to NYDFS, and agreed to take actions on persons involved in the matter at that time, relocate its U.S. BSA/AML and OFAC sanctions compliance programs to New York, and extend, if regarded as necessary by NYDFS, the period during which an independent consultant is responsible for assessing the Bank's internal controls regarding compliance with applicable laws and regulations related to U.S. economic sanctions. On November 9, 2017 (U.S. time), the Bank entered into a consent agreement with the Office of Currency Comptroller, or OCC, that OCC would be engaged in the monitoring of the Bank's internal controls regarding compliance with applicable laws and regulations related to U.S. economic sanctions. This agreement was associated with the change in the U.S. regulatory regime on November 7, 2017 (U.S. time), in which the supervisory authority over the licensed banking business of U.S. branches and agencies of the Bank and Mitsubishi UFJ Trust and Banking Corporation, including the Bank's New York Branch, was taken over by OCC from the New York state authority, including NYDFS, whereby OCC effectively succeeded the aforementioned agreements reached between the Bank and NYDFS in June 2013 and November 2014. The Bank is undertaking necessary actions relating to events and associated matters as described above. In addition, the Bank is currently in a lawsuit with NYDFS in relation to the change of the supervisory authority over the licensed banking business of its New York Branch and the alleged violation of applicable laws and regulations before the change of the supervisory authority. 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 operates, as well as global financial regulatory standards) and risks associated with changes in such regulations. Future regulatory changes and situations arising as a result of such changes may therefore adversely impact the Bank's business, financial condition and results of operations. However, the type, nature and extent of the impact of any future 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.

The U.S. sanctions against Iran prohibit, among other things, U.S. persons from conducting transactions relating to Iran. Furthermore, following its withdrawal in May 2018 from the Joint Comprehensive Plan of Action for Iran, the U.S. could begin re-imposing strict secondary sanctions on non-U.S. persons for engaging in any of a wide range of transactions and activities involving Iran. In light of the increased risk of imposition on the Bank of sanctions including secondary sanctions by the U.S., the Bank will continue monitoring such risks and implementing measures.

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 have been in place, 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 may require the Bank to take a variety of corrective actions, including restriction on capital distribution and 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. ("Mitsubishi UFJ Financial Group") 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 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 drop.

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.

In accordance with the FSA's explanatory paper published in April 2016 and revised in April 2018 outlining its approach for the introduction of the TLAC framework in Japan, senior debt securities of Mitsubishi UFJ Financial Group 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 Act and the Financial Instruments and Exchange Act 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.

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

(1) Overview of Results of Operations, etc.

(Financial position and results of operations)

Results for the current fiscal year are as follows:

Assets as of the end of the current fiscal year increased by ¥10,120.5 billion to ¥239,228.9 billion. Major components were loans and bills discounted of ¥93,816.5 billion, cash and due from banks of ¥57,688.6 billion and securities of ¥44,687.6 billion. Liabilities as of the end of the current fiscal year increased by ¥9,838.9 billion to ¥226,520.2 billion. Major components were deposits and negotiable certificates of deposit of ¥167,744.9 billion.

As for profits and losses, ordinary income increased by ¥40.4 billion over the previous fiscal year to ¥4,277.8 billion and ordinary expenses increased by ¥130.9 billion over the previous fiscal year to ¥3,376.2 billion. As a result, the Bank posted ordinary profit of ¥901.5 billion, with a decrease of ¥90.5 billion from the previous fiscal year and net income attributable to the shareholders of MUFG Bank of ¥575.2 billion, with a decrease of ¥114.6 billion from the previous fiscal year.

Results by reportable segment are as follows:

1. Retail Banking Business Unit
   Net operating income was ¥53.7 billion, with a decrease of ¥1.4 billion from the previous fiscal year.
2. Corporate Banking Business Unit
   Net operating income was ¥316.6 billion, with a decrease of ¥19.5 billion from the previous fiscal year.
3. Global Business Unit
   Net operating income was ¥405.6 billion, with a decrease of ¥54.9 billion from the previous fiscal year.
4. Global Markets Unit
   Net operating income was ¥157.3 billion, with a decrease of ¥103.3 billion from the previous fiscal year.
5. Other units
   Net operating loss was ¥90.3 billion, with a decrease of ¥2.1 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 the allocation method of income and expenses of business segments.

Restated segment information for the previous fiscal year is provided in “Segment Information” under the Section entitled “Notes to Consolidated Financial Statements” of “V. Financial Information.”

(Summary of cash flows)

Operating activities generated net cash of ¥5,285.5 billion, with a decrease of ¥1,514.4 billion in cash inflows from the previous fiscal year. Investing activities resulted in net cash outflow of ¥1,324.7 billion, with an increase of ¥7,837.5 billion in cash outflows from the previous fiscal year. Financing activities used net cash of ¥271.0 billion, with a ¥450.0 billion decrease in cash outflows from the previous fiscal year.

Cash and cash equivalents at the end of the current fiscal year were ¥23,727.2 billion, with an increase of ¥3,640.9 billion from the end of the previous fiscal year.

The consolidated total risk-adjusted capital ratio based on the uniform international standards as of March 31, 2018 was 15.90%.

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 ¥2,612.3 billion, with a decrease of ¥145.1 billion from the previous fiscal year. Of this, domestic operations posted an income of ¥1,413.2 billion, with a decrease of ¥73.3 billion from the previous fiscal year, and overseas operations posted an income of ¥1,474.4 billion, with an increase of ¥14.1 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	822,851	934,299	(44,275)	1,712,876
	Current fiscal year	775,327	957,112	(146,209)	1,586,230
Of which, interest income	Previous fiscal year	1,047,358	1,506,177	(118,245)	2,435,290
	Current fiscal year	1,063,300	1,747,340	(215,430)	2,595,210
Of which, interest expenses	Previous fiscal year	224,506	571,878	(73,970)	722,414
	Current fiscal year	287,973	790,227	(69,220)	1,008,979
Net fees and commissions	Previous fiscal year	459,889	408,553	(138,633)	729,808
	Current fiscal year	447,349	404,508	(128,694)	723,163
Of which, fees and commissions income	Previous fiscal year	607,006	472,495	(186,794)	892,707
	Current fiscal year	599,111	478,368	(174,022)	903,457
Of which, fees and commissions expenses	Previous fiscal year	147,117	63,941	(48,160)	162,899
	Current fiscal year	151,761	73,859	(45,327)	180,294
Net trading income	Previous fiscal year	60,352	49,769	(3,370)	106,750
	Current fiscal year	37,395	46,802	(1,209)	82,988
Of which, trading income	Previous fiscal year	60,352	88,921	(39,688)	109,585
	Current fiscal year	38,419	80,056	(34,500)	83,974
Of which, trading expenses	Previous fiscal year	–	39,151	(36,317)	2,834
	Current fiscal year	1,023	33,254	(33,291)	986
Net other operating income	Previous fiscal year	143,491	67,631	(3,116)	208,006
	Current fiscal year	153,199	66,026	713	219,939
Of which, other operating income	Previous fiscal year	358,982	234,867	(106,018)	487,831
	Current fiscal year	245,947	148,037	(49,283)	344,701
Of which, other operating expenses	Previous fiscal year	215,491	167,235	(102,901)	279,825
	Current fiscal year	92,748	82,010	(49,996)	124,762

(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

(i) Domestic

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

The average balance of interest-earning assets in the current fiscal year was ¥124,644.0 billion, with a decrease of ¥3,766.9 billion from the previous fiscal year. Yield on interest-earning assets rose by 0.03% to 0.85% and the total interest income stood at ¥1,063.3 billion, with an increase of ¥15.9 billion from the previous fiscal year. The average balance of interest-bearing liabilities in the current fiscal year was ¥141,978.1 billion, with an increase of ¥8,205.3 billion from the previous fiscal year. Yield on interest-bearing liabilities rose by 0.03% to 0.20% and total interest expenses stood at ¥287.9 billion, with an increase of ¥63.4 billion from the previous fiscal year.

(Millions of yen)

Item	Fiscal year	Average balance	Interest	Yield
		Amount	Amount	(%)
Interest-earning assets	Previous fiscal year	128,410,971	1,047,358	0.81
	Current fiscal year	124,644,022	1,063,300	0.85
Of which, loans and bills discounted	Previous fiscal year	57,980,232	546,082	0.94
	Current fiscal year	55,245,500	568,687	1.02
Of which, securities	Previous fiscal year	40,095,634	426,573	1.06
	Current fiscal year	37,187,640	419,076	1.12
Of which, call loans and bills bought	Previous fiscal year	14,930	7	0.05
	Current fiscal year	264,038	168	0.06
Of which, receivables under resale agreements	Previous fiscal year	5,816	0	0.00
	Current fiscal year	7,011	(11)	(0.16)
Of which, receivables under securities borrowing transactions	Previous fiscal year	1,617,912	163	0.01
	Current fiscal year	3,962,678	396	0.01
Of which, due from banks	Previous fiscal year	24,751,570	24,442	0.09
	Current fiscal year	24,700,001	22,647	0.09
Interest-bearing liabilities	Previous fiscal year	133,772,833	224,506	0.16
	Current fiscal year	141,978,161	287,973	0.20
Of which, deposits	Previous fiscal year	115,118,842	32,350	0.02
	Current fiscal year	122,844,455	45,528	0.03
Of which, negotiable certificates of deposit	Previous fiscal year	1,288,282	505	0.03
	Current fiscal year	1,141,857	326	0.02
Of which, call money and bills sold	Previous fiscal year	71,989	509	0.70
	Current fiscal year	34,109	571	1.67
Of which, payables under repurchase agreements	Previous fiscal year	8,144,306	56,457	0.69
	Current fiscal year	5,403,814	69,683	1.28
Of which, payables under securities lending transactions	Previous fiscal year	3,959,772	395	0.00
	Current fiscal year	3,776,840	396	0.01
Of which, commercial paper	Previous fiscal year	–	–	–
	Current fiscal year	–	–	–
Of which, borrowed money	Previous fiscal year	12,868,319	103,180	0.80
	Current fiscal year	17,185,740	120,349	0.70

(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.

(ii) Overseas

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

The average balance of interest-earning assets in the current fiscal year increased by ¥2,269.6 billion compared to the previous fiscal year to ¥65,990.2 billion. Yield on interest-earning assets rose by 0.28% to 2.64% and total interest income stood at ¥1,747.3 billion, with an increase of ¥241.1 billion from the previous fiscal year. The average balance of interest-bearing liabilities in the current fiscal year increased by ¥2,049.4 billion compared to the previous fiscal year to ¥65,997.7 billion. Yield on interest-bearing liabilities rose by 0.30% to 1.19% and total interest expenses stood at ¥790.2 billion, with an increase of ¥218.3 billion from the previous fiscal year.

(Millions of yen)

Item	Fiscal year	Average balance	Interest	Yield
		Amount	Amount	(%)
Interest-earning assets	Previous fiscal year	63,720,600	1,506,177	2.36
	Current fiscal year	65,990,285	1,747,340	2.64
Of which, loans and bills discounted	Previous fiscal year	42,524,268	1,102,616	2.59
	Current fiscal year	42,078,364	1,217,000	2.89
Of which, securities	Previous fiscal year	6,534,400	143,586	2.19
	Current fiscal year	6,776,404	146,521	2.16
Of which, call loans and bills bought	Previous fiscal year	697,485	10,493	1.50
	Current fiscal year	613,075	11,529	1.88
Of which, receivables under resale agreements	Previous fiscal year	1,704,419	38,810	2.27
	Current fiscal year	2,907,594	66,469	2.28
Of which, receivables under securities borrowing transactions	Previous fiscal year	251,814	1,679	0.66
	Current fiscal year	539,605	6,627	1.22
Of which, due from banks	Previous fiscal year	7,549,480	57,417	0.76
	Current fiscal year	8,106,084	101,944	1.25
Interest-bearing liabilities	Previous fiscal year	63,948,228	571,878	0.89
	Current fiscal year	65,997,722	790,227	1.19
Of which, deposits	Previous fiscal year	37,075,114	244,050	0.65
	Current fiscal year	38,065,773	347,560	0.91
Of which, negotiable certificates of deposit	Previous fiscal year	4,680,877	48,794	1.04
	Current fiscal year	4,748,636	66,689	1.40
Of which, call money and bills sold	Previous fiscal year	342,837	3,288	0.95
	Current fiscal year	514,228	7,683	1.49
Of which, payables under repurchase agreements	Previous fiscal year	2,245,410	17,870	0.79
	Current fiscal year	3,586,590	48,774	1.35
Of which, payables under securities lending transactions	Previous fiscal year	22,220	–	–
	Current fiscal year	50,107	1,127	2.24
Of which, commercial paper	Previous fiscal year	1,395,771	11,144	0.79
	Current fiscal year	1,489,698	20,570	1.38
Of which, borrowed money	Previous fiscal year	2,325,026	28,078	1.20
	Current fiscal year	2,204,215	31,337	1.42

(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.

(iii) 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	192,131,572	(7,868,680)	184,262,892	2,553,536	(118,245)	2,435,290	1.32
	Current fiscal year	190,634,308	(7,605,073)	183,029,234	2,810,640	(215,430)	2,595,210	1.41
Of which, loans and bills discounted	Previous fiscal year	100,504,501	(2,885,141)	97,619,359	1,648,698	(64,375)	1,584,323	1.62
	Current fiscal year	97,323,865	(2,137,520)	95,186,345	1,785,687	(51,975)	1,733,712	1.82
Of which, securities	Previous fiscal year	46,630,034	(2,943,662)	43,686,372	570,160	(41,053)	529,106	1.21
	Current fiscal year	43,964,044	(3,217,163)	40,746,881	565,597	(142,143)	423,454	1.03
Of which, call loans and bills bought	Previous fiscal year	712,416	(144,651)	567,764	10,501	(169)	10,332	1.81
	Current fiscal year	877,113	(126,966)	750,147	11,698	(578)	11,120	1.48
Of which, receivables under resale agreements	Previous fiscal year	1,710,236	(3,173)	1,707,062	38,810	10	38,821	2.27
	Current fiscal year	2,914,605	–	2,914,605	66,457	–	66,457	2.28
Of which, receivables under securities borrowing transactions	Previous fiscal year	1,869,726	–	1,869,726	1,842	–	1,842	0.09
	Current fiscal year	4,502,284	–	4,502,284	7,023	–	7,023	0.15
Of which, due from banks	Previous fiscal year	32,301,051	(1,579,195)	30,721,855	81,860	(9,980)	71,879	0.23
	Current fiscal year	32,806,085	(1,827,753)	30,978,332	124,592	(14,897)	109,694	0.35
Interest-bearing liabilities	Previous fiscal year	197,721,062	(4,950,192)	192,770,869	796,384	(73,970)	722,414	0.37
	Current fiscal year	207,975,884	(4,417,218)	203,558,666	1,078,200	(69,220)	1,008,979	0.49
Of which, deposits	Previous fiscal year	152,193,957	(1,262,875)	150,931,081	276,401	(5,284)	271,116	0.17
	Current fiscal year	160,910,229	(1,466,691)	159,443,538	393,088	(8,449)	384,639	0.24
Of which, negotiable certificates of deposit	Previous fiscal year	5,969,160	–	5,969,160	49,300	(0)	49,299	0.82
	Current fiscal year	5,890,493	–	5,890,493	67,016	–	67,016	1.13
Of which, call money and bills sold	Previous fiscal year	414,826	(81,751)	333,074	3,797	(794)	3,002	0.90
	Current fiscal year	548,338	(157,229)	391,109	8,255	(2,460)	5,794	1.48
Of which, payables under repurchase agreements	Previous fiscal year	10,389,716	(3,173)	10,386,542	74,328	10	74,338	0.71
	Current fiscal year	8,990,404	–	8,990,404	118,458	–	118,458	1.31
Of which, payables under securities lending transactions	Previous fiscal year	3,981,993	–	3,981,993	395	–	395	0.00
	Current fiscal year	3,826,947	–	3,826,947	1,524	–	1,524	0.03
Of which, commercial paper	Previous fiscal year	1,395,771	–	1,395,771	11,144	–	11,144	0.79
	Current fiscal year	1,489,698	–	1,489,698	20,570	–	20,570	1.38
Of which, borrowed money	Previous fiscal year	15,193,346	(2,769,447)	12,423,898	131,259	(60,447)	70,811	0.56
	Current fiscal year	19,389,956	(2,030,658)	17,359,297	151,686	(51,789)	99,897	0.57

(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 ¥599.1 billion, with a decrease of ¥7.8 billion from the previous fiscal year, while fees and commissions expenses were ¥151.7 billion, with an increase of ¥4.6 billion from the previous fiscal year, resulting in a net fees and commissions income of ¥447.3 billion, with a decrease of ¥12.5 billion from the previous fiscal year. Fees and commissions income of overseas offices for the current fiscal year was ¥478.3 billion, with an increase of ¥5.8 billion from the previous fiscal year, while fees and commissions expenses were ¥73.8 billion, with an increase of ¥9.9 billion from the previous fiscal year, resulting in a net fees and commissions income of ¥404.5 billion, with a decrease of ¥4.0 billion from the previous fiscal year.

Consequently, total net fees and commissions income for the current fiscal year stood at ¥723.1 billion, with a decrease of ¥6.6 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	607,006	472,495	(186,794)	892,707
	Current fiscal year	599,111	478,368	(174,022)	903,457
Of which, domestic and foreign exchange services	Previous fiscal year	150,366	13,159	(330)	163,194
	Current fiscal year	150,905	13,162	(322)	163,744
Of which, other commercial banking services	Previous fiscal year	261,380	268,714	(3,861)	526,233
	Current fiscal year	250,434	249,050	(3,741)	495,743
Of which, guarantee services	Previous fiscal year	48,489	32,461	(16,545)	64,405
	Current fiscal year	46,841	33,634	(16,102)	64,373
Of which, securities-related services	Previous fiscal year	45,740	25,070	(64)	70,745
	Current fiscal year	49,758	52,825	(114)	102,470
Fees and commissions expenses	Previous fiscal year	147,117	63,941	(48,160)	162,899
	Current fiscal year	151,761	73,859	(45,327)	180,294
Of which, domestic and foreign exchange services	Previous fiscal year	33,146	7,954	(328)	40,772
	Current fiscal year	32,909	9,729	(299)	42,339

(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 ¥38.4 billion, with a decrease of ¥21.9 billion from the previous fiscal year. Trading expenses of domestic offices were ¥1.0 billion, an increase of ¥1.0 billion from the previous fiscal year. As a result, net trading income for the current fiscal year was ¥37.3 billion, with a decrease of ¥22.9 billion from the previous fiscal year. Trading income of overseas offices for the current fiscal year was ¥80.0 billion, with a decrease of ¥8.8 billion from the previous fiscal year. Trading expenses of overseas offices were ¥33.2 billion, a decrease of ¥5.8 billion from the previous fiscal year. As a result, net trading income for the current fiscal year was ¥46.8 billion, with a decrease of ¥2.9 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 ¥82.9 billion, with a decrease of ¥23.7 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	60,352	88,921	(39,688)	109,585
	Current fiscal year	38,419	80,056	(34,500)	83,974
Of which, income from trading securities	Previous fiscal year	2,879	18,351	(20,069)	1,161
	Current fiscal year	1,401	44,878	(24,612)	21,667
Of which, income from securities related to trading transactions	Previous fiscal year	1,427	(877)	(549)	–
	Current fiscal year	–	–	–	–
Of which, income from trading-related financial derivatives	Previous fiscal year	55,719	71,447	(19,068)	108,097
	Current fiscal year	36,550	35,177	(9,888)	61,840
Of which, income from other trading transactions	Previous fiscal year	326	0	–	326
	Current fiscal year	467	–	–	467
Trading expenses	Previous fiscal year	–	39,151	(36,317)	2,834
	Current fiscal year	1,023	33,254	(33,291)	986
Of which, expenses on trading securities	Previous fiscal year	–	20,069	(20,069)	–
	Current fiscal year	–	24,612	(24,612)	–
Of which, expenses on securities related to trading transactions	Previous fiscal year	–	3,384	(549)	2,834
	Current fiscal year	1,023	(36)	–	986
Of which, expenses on trading-related financial derivatives	Previous fiscal year	–	15,698	(15,698)	–
	Current fiscal year	–	8,678	(8,678)	–
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	119,885,688	36,558,280	(1,733,839)	154,710,129
	Current fiscal year	125,047,261	39,520,672	(2,294,683)	162,273,249
Of which, liquid deposits	Previous fiscal year	86,949,425	21,264,170	(614,198)	107,599,397
	Current fiscal year	93,301,441	22,364,655	(692,290)	114,973,806
Of which, fixed-term deposits	Previous fiscal year	26,464,217	15,240,390	(659,508)	41,045,098
	Current fiscal year	26,064,035	17,093,543	(1,593,409)	41,564,169
Of which, other deposits	Previous fiscal year	6,472,045	53,719	(460,132)	6,065,633
	Current fiscal year	5,681,783	62,473	(8,983)	5,735,273
Negotiable certificates of deposit	Previous fiscal year	1,345,435	5,294,625	–	6,640,060
	Current fiscal year	1,262,885	4,208,764	–	5,471,650
Total	Previous fiscal year	121,231,123	41,852,906	(1,733,839)	161,350,190
	Current fiscal year	126,310,147	43,729,436	(2,294,683)	167,744,900

(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 (Millions of yen)	Composition ratio (%)	Amount (Millions of yen)	Composition ratio (%)
Domestic (excluding Japan offshore market account)	54,637,005	100.00	52,943,832	100.00
Manufacturing	8,554,143	15.66	7,806,480	14.74
Construction	671,563	1.23	646,217	1.22
Wholesale and retail	5,560,677	10.18	5,643,819	10.66
Finance and insurance	5,958,706	10.90	5,754,053	10.87
Real estate, goods rental and leasing	8,300,239	15.19	8,469,919	16.00
Services	2,430,885	4.45	2,634,022	4.98
Other industries	23,160,789	42.39	21,989,319	41.53
Overseas and Japan offshore market account	40,484,260	100.00	40,872,732	100.00
Governments and public organizations	864,555	2.13	790,924	1.94
Financial institutions	9,184,391	22.69	8,841,194	21.63
Others	30,435,313	75.18	31,240,613	76.43
Total	95,121,265	–	93,816,565	–

(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 Act, the Bank calculates both consolidated and non-consolidated risk-adjusted capital ratios, based on the computation method defined by the Standards to Determine the Adequacy of its Capital Base in Light of the Assets Held by the Bank (Financial Services Agency Notification No. 19, 2006, 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, 2018
1. Consolidated Total Capital Ratio (4/7)	15.90
2. Consolidated Tier 1 Capital Ratio (5/7)	13.59
3. Consolidated Common Equity Tier 1 Capital Ratio (6/7)	11.85
4. Consolidated Total Capital	14,470.2
5. Consolidated Tier 1 Capital	12,374.0
6. Consolidated Common Equity Tier 1 Capital	10,788.3
7. Risk-weighted Assets	91,007.1
8. Consolidated Total Capital Requirements	7,280.5

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

(Billions of yen, %)

	As of March 31, 2018
1. Non-consolidated Total Capital Ratio (4/7)	16.90
2. Non-consolidated Tier 1 Capital Ratio (5/7)	14.51
3. Non-consolidated Common Equity Tier 1 Capital Ratio (6/7)	12.54
4. Non-consolidated Total Capital	13,211.3
5. Non-consolidated Tier 1 Capital	11,344.0
6. Non-consolidated Common Equity Tier 1 Capital	9,802.4
7. Risk-weighted Assets	78,155.7
8. Non-consolidated Total Capital Requirements	6,252.4

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

Forward-looking statements described below reflect the view of the Bank's parent company, Mitsubishi UFJ Financial Group as of the end of the current fiscal year.

In order to meet customers' various financial needs, Mitsubishi UFJ Financial Group has built an integrated group-based organizational structure which transcend existing businesses boundaries and offer financial products and services as one group, and introduced a business group system where group companies closely cooperate to set out a unified strategy and promote their business. Initiatives taken by each business group for the current fiscal year are as follows:

(Retail Banking Business Group)

To support one of our major initiatives "shifts from savings to stable asset building," we stepped up efforts to meet wealth management needs and asset building needs according to the life stages of customers. From November last year, we started offering fund wraps at all branches of the Bank. We also started handling "Tsumitate NISA" (Nippon (Japan) Individual Savings Account, a tax exemption program for small investments by individuals) from January of this year. In addition, as a result of growth of other installment-type products, the assets under management increased by approximately ¥0.6 trillion from the end of the previous fiscal year to ¥26.4 trillion.

As for contribution to "revitalizing personal consumption," from November last year, we began handling "Mitsubishi UFJ-JCB Debit" with an eye to expanding the lineup of debit cards in response to various payment needs of customers.

(Corporate Banking Business Group)

For large corporate customers, M&A-related event finance performed well. Also, we ranked top class in equities and bonds underwriter league tables.

For small and medium business customers, we focused on making proposals for capital strategies that contribute to the smooth succession and growth strategies of business aligned with the growth stage of companies. We also held large business conferences and theme-based business conferences focused on specific needs. In addition to participation by investment promotion agencies from China, Indonesia, Malaysia and other countries at a large business conference held in Osaka, MUFG Union Bank, N.A. and the Bank of Ayudhya Public Company Limited of Thailand also joined the conference with their exhibition stands. The conference was well-received by many participating companies.

(Global Banking Business Group)

As part of the growth strategy in Asia and Oceania, the Bank announced the strategic investment in PT Bank Danamon Indonesia, Tbk. ("Bank Danamon"), a major Indonesian commercial bank, in December last year and acquired 19.9% of Bank Danamon's shares. In the future, the Bank plans to acquire additional shares on two more occasions upon seeking regulatory and other relevant approval. With the completion of such acquisition, it is expected to acquire a majority of shares of Bank Danamon. We will build a strong business foundation in Indonesia through strategic investment in Bank Danamon while strengthening our network in Asia and Oceania as we aim at further development and accelerated growth.

(Asset Management & Investor Services Business Group)

In the global area, we developed a structure to meet diversifying customer needs mainly through one-stop offering of various services to global asset management institutions in the investor services business under the MUFG Investor Services brand. In addition, in the asset management field, we focused on expanding the customer base by utilizing MUFG's global network.

In the pension area, the Group maintained a top-class share in its pension trust balance, and in defined contribution pensions as well, achieved growth in the balance of assets under administration and the balance of investment management product sales. In addition, the Group actively made efforts in fields other than conventional products, such as being appointed the management trustee for domestic real estate by the world's largest institutional investor.

In the investment trust area, we focused on efforts to promote "shifts from savings to stable asset building" as evidenced by Mitsubishi UFJ Kokusai Asset Management Co., Ltd. providing the largest number of qualifying "Tsumitate NISA" products in the industry.

(Global Markets Business Group)

The MUFG Group began integrated operations of the sales function of banks and securities companies and trading function of Japan and overseas in full scale. We have conducted one-stop offering of high quality services and products to customers ranging from business corporations to institutional investors on a global basis.

In ALM operation, we made Group-wide efforts to bolster our ability to respond to environmental changes and to enhance balance sheet management mainly by further reinforcing global integrated management of the U.S. dollar and better foreign currency liquidity management. We also reinforced the business base by making use of ICT and FinTech.

We commit to steadily transforming our business model to ramp up our efforts to satisfy our stakeholders -- customers, shareholders and employees -- while maintaining a strong business base in Japan and tapping into global growth.

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 ¥145.3 billion from the previous fiscal year, primarily reflecting an increase in interest expenses. Meanwhile, general and administrative expenses increased by ¥35.0 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 ¥847.3 billion, with a decrease of ¥180.4 billion from the previous fiscal year.

Meanwhile, net income attributable to the shareholders of MUFG Bank was ¥575.2 billion, with a decrease of ¥114.6 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 (A)	Current fiscal year (B)	Change (B - A)
Interest income	(1)	2,435.2	2,595.2	159.9
Interest expenses (after deduction of expenses related to money held in trust)	(2)	722.4	1,008.9	286.5
Trust fees	(3)	13.8	13.6	(0.2)
Of which, credit costs for trust accounts	(4)	–	–	–
Fees and commissions income	(5)	892.7	903.4	10.7
Fees and commissions expenses	(6)	162.8	180.2	17.3
Trading income	(7)	109.5	83.9	(25.6)
Trading expenses	(8)	2.8	0.9	(1.8)
Other operating income	(9)	487.8	344.7	(143.1)
Other operating expenses	(10)	279.8	124.7	(155.0)
Consolidated gross operating income (= (1) - (2) + (3) + (5) - (6) + (7) - (8) + (9) - (10))	(11)	2,771.3	2,625.9	(145.3)
General and administrative expenses (after deduction of non-recurring expenses)	(12)	1,743.5	1,778.6	35.0
Consolidated net business profit (loss) (before provision for general allowance for credit losses = (11) + (4) - (12))		1,027.7	847.3	(180.4)
Other ordinary expenses (Provision for general allowance for credit losses)	(13)	–	–	–
Consolidated net business profit (loss) (= (11) - (12) - (13))		1,027.7	847.3	(180.4)
Other ordinary income	(14)	298.1	336.8	38.7
Of which, reversal of allowance for credit losses		11.0	59.5	48.5
Of which, gains on collection of bad debts		44.1	58.3	14.1
Of which, gains on sales of equity securities and other securities		142.9	133.2	(9.6)
Interest expenses (expenses related to money held in trust)	(15)	0.0	0.0	(0.0)
General and administrative expenses (non-recurring expenses)	(16)	53.9	62.0	8.1
Other ordinary expenses (after deduction of provision for general allowance for credit losses)	(17)	279.8	220.5	(59.3)
Of which, credit costs		126.9	103.2	(23.6)
Of which, losses on sales of equity securities and other securities		44.7	35.2	(9.5)
Of which, losses on write-down of equity securities and other securities		2.0	5.9	3.8
Net non-recurring gains (losses) (= (14) - (15) - (16) - (17))		(35.6)	54.2	89.9
Ordinary profit		992.0	901.5	(90.5)
Net extraordinary gains (losses)		(2.5)	(57.8)	(55.3)
Of which, impairment loss of long-lived assets		(5.7)	(53.4)	(47.7)
Income before income taxes		989.5	843.6	(145.8)
Total income taxes		245.1	225.6	(19.4)
Net income before attribution of noncontrolling interests		744.4	617.9	(126.4)
Net income attributable to noncontrolling interests		54.4	42.6	(11.7)
Net income attributable to the shareholders of		689.9	575.2	(114.6)

	Previous fiscal year (A)	Current fiscal year (B)	Change (B - A)
MUFG Bank			

1) Analysis of Results of Operations

(i) Credit costs

Total credit costs for the current fiscal year decreased by ¥86.3 billion compared to the previous fiscal year to a reversal of ¥14.6 billion, primarily reflecting an increase of reversal of allowance for credit losses and a decrease of credit costs.

(Billions of yen)

		Previous fiscal year (A)	Current fiscal year (B)	Change (B - A)
Of the trust fees, credit costs for trust accounts	(1)	–	–	–
Of other ordinary income, reversal of allowance for credit losses	(2)	11.0	59.5	48.5
Of other ordinary income, reversal of reserve for contingent losses	(3)	–	–	–
Of other ordinary income, gains on collection of bad debts	(4)	44.1	58.3	14.1
Of other ordinary expenses, provision for general allowance for credit losses	(5)	–	–	–
Of other ordinary expenses, credit costs	(6)	126.9	103.2	(23.6)
Write-offs of loans		71.5	78.3	6.7
Provision for specific allowance for credit losses		–	–	–
Other credit costs		55.4	24.9	(30.4)
Total credit costs (= (1) - (2) - (3) - (4) + (5) + (6))		71.7	(14.6)	(86.3)
Consolidated net business profit (loss) (before credit costs for trust accounts and provision for general allowance for credit losses)		1,027.7	847.3	(180.4)
Consolidated net business profit (loss) (after deduction of total credit costs)		956.0	861.9	(94.0)

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

The Bank posted ¥92.0 billion gains on equity securities and other securities for the current fiscal year with a decrease of ¥4.0 billion from the previous fiscal year.

Gains on sales of equity securities and other securities decreased by ¥9.6 billion compared to the previous fiscal year to ¥133.2 billion while losses on sales of equity securities and other securities decreased by ¥9.5 billion compared to the previous fiscal year to ¥35.2 billion. Losses on write-down of equity securities and other securities increased by ¥3.8 billion compared to the previous fiscal year to ¥5.9 billion.

(Billions of yen)

	Previous fiscal year (A)	Current fiscal year (B)	Change (B - A)
Net gains (losses) on equity securities and other securities	96.0	92.0	(4.0)
Of other ordinary income, gains on sales of equity securities and other securities	142.9	133.2	(9.6)
Of other ordinary expenses, losses on sales of equity securities and other securities	44.7	35.2	(9.5)
Of other ordinary expenses, losses on write-down of equity securities and other securities	2.0	5.9	3.8

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 ¥216.3 billion from the end of the previous fiscal year to ¥890.7 billion.

The percentage of disclosed claims to total claims decreased by 0.23 percentage points from the end of the previous fiscal year to 0.99%.

Claims by borrowers' classification show claims against bankrupt or de facto bankrupt borrowers decreased by ¥0.3 billion, doubtful claims decreased by ¥79.5 billion, and claims in need of special attention decreased by ¥136.4 billion.

With regard to the status of coverage at the end of the current fiscal year for these disclosed claims totaling ¥890.7 billion, the amount secured by allowance for credit losses was ¥267.3 billion and the amount secured by collaterals, guarantees and others was ¥451.2 billion, representing a percentage of covered claims to total disclosed claims (coverage ratio) of 80.66%.

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

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

(Billions of yen)

Category	Loan amount (A)	Allowance for credit losses (B)	Covered by collateral and/or guarantees (C)	Allowance ratio for unsecured portion (B) / [(A) - (C)]	Coverage ratio [(B) + (C)] / (A)
Claims against bankrupt or de facto bankrupt borrowers	117.4 (117.7)	7.8 (10.6)	109.5 (107.0)	100.00% (100.00%)	100.00% (100.00%)
Doubtful claims	338.4 (418.0)	95.4 (104.5)	168.6 (236.8)	56.20% (57.73%)	78.03% (81.68%)
Claims in need of special attention	434.9 (571.4)	164.0 (210.1)	173.0 (226.9)	62.63% (61.01%)	77.49% (76.49%)
Subtotal	890.7 (1,107.1)	267.3 (325.4)	451.2 (570.8)	60.82% (60.68%)	80.66% (80.95%)
Normal claims	88,874.3 (89,636.1)	–	–	–	–
Total	89,765.0 (90,743.2)	–	–	–	–
Percentage of disclosed claims to total claims	0.99% (1.22%)	–	–	–	–

(Note) The upper figures are as of March 31, 2018. The lower figures with parentheses are as of March 31, 2017.

3) Cash Flows

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

4) Results of Operations by Business Unit

Results of operations for the current 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, Krungsri	:	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	MUAH	Krungsri (Note 2)	Customer business units subtotal (Note 3)	Global Markets Unit	Other units (Note 4)	Total
Gross operating income	451.1	779.8	1,248.4	450.7	324.7	2,298.0	247.2	10.3	2,555.5
Non-consolidated	408.3	685.6	408.9	–	–	1,394.2	196.1	76.0	1,666.4
Net interest income	317.6	270.6	198.5	–	–	732.5	25.2	200.9	958.6
Net non-interest income	90.7	415.0	210.4	–	–	661.7	170.9	(124.8)	707.8
Subsidiaries	42.8	94.1	839.4	450.7	324.7	903.7	51.1	(65.7)	889.0
Expenses	397.3	463.2	842.7	310.3	164.3	1,551.6	89.9	100.6	1,742.2
Net operating income (Note 1)	53.7	316.6	405.6	140.3	160.4	746.3	157.3	(90.3)	813.3

(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 Krungsri 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 ¥181.4 billion, ¥151.7 billion and ¥29.6 billion, respectively.
4. Other units' gross operating income excludes dividends from subsidiaries and income from the loans to Mitsubishi UFJ Financial Group, Inc.

(i) 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.

(ii) Corporate Banking Business Unit

Both gross operating income and net operating income fell below those of the previous fiscal year due to a decrease in income from loans and a sluggish growth in fees and commissions income.

(iii) Global Business Unit

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

(iv) Global Markets Unit

While income fell below that of the previous fiscal year due to portfolio rebalancing and other factors amid rising overseas long-term interest rates, the unit effectively minimized an increase in valuation loss on foreign bonds and strived for agile management in response to changes in the external environment.

4. Critical Contracts for Operation

(1) Transfer of the corporate loan-related business of Mitsubishi UFJ Trust and Banking Corporation

On October 31, 2017, the Bank and Mitsubishi UFJ Trust and Banking Corporation (the "Trust Bank") entered into an absorption-type corporate split agreement to transfer the Trust Bank's domestic corporate loan-related businesses(*) to the Bank (the "Absorption-type Corporate Split"). In addition, on the same day, the Bank and the Trust Bank, along with the Absorption-type Corporate Split, entered into business transfer agreements to transfer the corporate loan-related businesses carried on by the Trust Bank's overseas locations to the Bank (the "Business Transfers," and the Absorption-type Corporate Split and Business Transfers are collectively referred to as the "Corporate Restructuring").

(*) These businesses include the corporate loan business, products in project finance as well as real estate finance, any loan-related foreign exchange and remittance services, and all positions as bond managers, fiscal agents and issuing and paying agents regarding bonds, specified bonds and foreign bonds entrusted to the Trust Bank, but do not include pension-related services, the corporate agency business, or real estate related businesses.

1) Purposes of the Corporate Restructuring

Mitsubishi UFJ Financial Group ("MUFG") determined to conduct the "functional realignment" with the dual aims of expeditiously adapting to the domestic and global structural changes in the business environment surrounding MUFG, and of providing outperforming value to customers' diversified and sophisticated needs.

MUFG, the Bank and the Trust Bank, taking into account the laws and regulations in the relevant jurisdictions and other various consideration, implemented the aforementioned functional realignment through the Absorption-type Corporate Split for the domestic corporate loan-related business, and through the Business Transfers for the overseas corporate loan-related businesses.

Through the Corporate Restructuring, the corporate loan-related business within the MUFG Group will be integrated in the Bank. The Trust Bank will then focus on its domestic and global asset management and administration business, which is one of the important growth segments of the Group, and strengthen its real estate business, pension service, shareholder service and estate administration service, thereby integrating its high level of expertise with the Group's wide customer base and developing a "trust-oriented consulting and solution business."

2) Overview of the Absorption-type Corporate Split

(i) Timeline of the Absorption-type Corporate Split

Resolutions by the Boards of Directors (at the Bank and the Trust Bank): October 30, 2017
Execution of the absorption-type corporate split agreement: October 31, 2017
Extraordinary general meeting of shareholders (of the Trust Bank) for approval of absorption-type corporate split: November 30, 2017
Effective date of the Absorption-type Corporate Split: April 16, 2018

(*) The Bank conducted the Absorption-type Corporate Split without obtaining shareholder's approval, as it constituted a simplified absorption-type corporate split (*kan'i kyushu bunkatsu*) under Article 796, Paragraph 2 of the Companies Act.

(ii) Method of the Absorption-type Corporate Split

The Absorption-type Corporate Split was conducted on the effective date, with the Trust Bank as the splitting company and the Bank as the successor company.

3) Overview of the Business Transfers

(i) Timeline of the Business Transfers

Resolutions by the Boards of Directors (at the Bank and the Trust Bank): October 30, 2017
Execution of the business transfer agreements: October 31, 2017
Effective Date of the Business Transfers: April 16, 2018

(*) The Trust Bank conducted the Business Transfers without obtaining shareholder's approval, as the Business Transfers constituted simplified business transfers (*kan'i jigyou joto*) set forth in the provision in the parentheses under Article 467, Paragraph 1, Item 2 of the Companies Act.

(ii) Method of the Business Transfers

The Bank and the Trust Bank entered into respective business transfer agreements regarding the corporate loan-related businesses carried on by each of the Trust Bank's overseas branches located in New York, London, Hong Kong and Singapore and executed the Business Transfers on the effective date.

(2) Strategic investment in a leading Indonesian commercial bank PT Bank Danamon Indonesia, Tbk.

On December 26, 2017, the Bank concluded conditional share purchase agreements (the "Agreements") with

Asia Financial (Indonesia) Pte. Ltd. ("AFI"), a wholly-owned subsidiary of Fullerton Financial Holdings Pte. Ltd. ("FFH") based in the Republic of Singapore ("Singapore"), and other affiliated entities (collectively referred to as the "Sellers" with AFI), to acquire their shareholding interests (a total of 73.8%) in PT Bank Danamon Indonesia, Tbk. ("Danamon"), a leading commercial bank in the Republic of Indonesia ("Indonesia"), subject to applicable regulatory approvals (the "Acquisition of Shares").

The Acquisition of Shares will be executed in three steps, and completion of the acquisition will allow the Bank to become the largest shareholder in Danamon.

1) Strategic rationale

The Bank's investment in Danamon represents another critical milestone for its business strategic plans in Asia & Oceania. The Bank has greatly expanded its presence, diversified its business mix in the region and strengthened its commercial banking business by concluding similar strategic partnership agreements with prominent banks across the region through the local commercial banks operating as part of the Group. In Indonesia, the Bank has been operating for 50 years and currently has a full services branch in Jakarta, one sub-branch in Surabaya, and nine service points across the country.

Indonesia is the largest economy in ASEAN, with promising growth potentials underpinned by favorable demographics, rich natural resources and a stable political climate. The Bank's investment in Danamon demonstrates its commitment to the establishment of its business base that provides broader and more comprehensive services to clients aiming to make inroads into Indonesia's burgeoning economy, as well as those planning to expand their existing business in the local market, through developing a platform for expanding transactions that involve the local SMEs and retail businesses.

Danamon is currently the fifth most profitable Indonesian commercial bank by earnings, renowned for its highly experienced and capable management team, sound business platform and high profitability in the local banking industry. The Acquisition of Shares will allow Danamon to tap the Bank's financial strength, relationships with Japan's top corporates, global network as well as the Group's sectorial expertise. The Bank, as a supportive and long-term shareholder, will foster greater synergies and enhance Danamon's position as a leading and prominent Indonesian bank, delivering high quality services to its customers.

2) Outline of the Acquisition of Shares[*1]

(i) Step 1

On December 29, 2017, the Bank acquired from the Sellers a 19.9% stake in Danamon, at the price of IDR8,323 per share (IDR: Indonesian rupiah)[*2] which is equivalent to approximately US$0.61 or ¥70 per share, and at the total acquisition cost of IDR15.875 trillion (approximately US$1.171 billion or ¥133.4 billion). AFI will continue to be the majority shareholder in Danamon, upon closing of Step 1.

(ii) Step 2[*2, *3]

The Bank intends to seek regulatory and other relevant approvals to acquire from the Sellers an additional 20.1% to increase its stake to 40%. Step 2 is expected to close during the second and third quarters in the fiscal year ending March 31, 2019, subject to receiving these approvals.

(iii) Step 3[*2, *3]

Upon completion of Step 2, the Bank intends to seek the necessary approvals to increase its stake in Danamon beyond 40%, and this will provide an opportunity for all other existing Danamon shareholders including AFI to select whether to remain as shareholders, or receive cash[*4]. With the closing of Step 3, the Bank will hold over 73.8% in Danamon.

*1 The Acquisition of Shares is subject to regulatory and shareholders' approvals and has closing conditions customary for a transaction of this nature. Shareholders are advised to exercise caution when trading their shares.

*2 The prices for Danamon's shares in Steps 2 and 3 will be based on a similar approach as Step 1. There is no certainty as to whether the price at each step will be higher, lower or the same as the steps preceding it. The Step 2 and Step 3 prices are yet to be decided.

*3 In accordance with Indonesian regulations, there will not be a mandatory tender offer in Step 2 and Step 3.

*4 Further details of the transactions in Step 3 are yet to be decided.

3) Overview of FFH

FFH is a strategic and operating investor in financial and related services in Emerging Markets. FFH seeks to create shareholder value by being committed to building differentiated business models focused on the Mass Market and SME segments, and being an enabler of digital innovation for our portfolio companies.

FFH is a wholly owned portfolio company of Temasek Holdings (Private) Limited, an investment company headquartered in Singapore.

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 ¥276.4 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, 2018)	Number of shares issued as of the date of submission (June 28, 2018)	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, 2018

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

By number of voting rights held

As of March 31, 2018

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, 2018

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, 2018

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

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

2. 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 ¥18.28 per share for common stock (comprising an interim dividend of ¥12.12 and a year-end dividend of ¥6.16). In line with the capital policy of Mitsubishi UFJ Financial Group, Inc., the Bank distributed the special dividends of ¥6.82 per share for common stock and ¥6.82 per share for common stock as of August 2, 2017 and February 2, 2018, respectively. Furthermore, in accordance with the business investment strategies of the Bank and Mitsubishi UFJ Financial Group, Inc., the Bank distributed dividends in kind of the common stock of Mitsubishi UFJ Kokusai Asset Management Co., Ltd. and Mitsubishi UFJ Asset Management (UK) Ltd. as of April 2, 2018.

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, 2017 Resolution by the Board of Directors' meeting	¥149,682 million	Common stock	¥12.12
May 15, 2018 Resolution by the Board of Directors' meeting	¥76,076 million	Common stock	¥6.16

Date of resolution	Aggregate amount of dividend	Dividend per share	
July 31, 2017 Resolution by the Board of Directors' meeting	¥84,227 million	Common stock	¥6.82
January 31, 2018 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, 2018 Resolution by the Board of Directors' meeting	¥6,198 million	31,757 shares of common stock of Mitsubishi UFJ Kokusai Asset Management Co., Ltd. (*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.
	¥99 million	400,000 shares of common stock of Mitsubishi UFJ Asset Management (UK) Ltd. (*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: 26 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 2018	-	Of Counsel of Anderson Mori & Tomotsune LPC Auditor of NEW KANSAI INTERNATIONAL AIRPORT COMPANY, LTD. Board of trustees of Showa Women's University
Director Audit & Supervisory Committee Member		Kenji Matsuo	June 22, 1949	Two years from June 2018	-	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		Shigeo Ohyagi	May 17, 1947	Two years from June 2018	-	Senior Advisor of TEIJIN LIMITED
Director Audit & Supervisory Committee Member		Shuzo Sumi	July 11, 1947	Two years from June 2018	-	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		Hiroaki Fujisue	November 1, 1960	Two years from June 2018	-	-
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 2018	-	-
Director		Shinichi Koide	October 1, 1958	One year from June 2018	-	Chairman, President and CEO of salesforce.com Co., Ltd.
Chairman of the Board of Directors	(Representative of the Board of Directors)	Nobuyuki Hirano	October 23, 1951	One year from June 2018	-	Representative Corporate Executive and President & Group CEO of Mitsubishi UFJ Financial Group, Inc.
Deputy Chairman of the Board of Directors	(Representative of the Board of Directors) CAO (In charge of Internal Audit & Credit Examination Division)	Kiyoshi Sono	April 18, 1953	One year from June 2018	-	Director, Representative Corporate Executive and Chairman of Mitsubishi UFJ Financial Group, Inc.
President & CEO	(Representative of the Board of Directors)	Kanetsugu Mike	November 4, 1956	One year from June 2018	-	Director, Representative Corporate Executive and Deputy Chairman of Mitsubishi UFJ Financial Group, Inc.
Member of the Board of Directors, Deputy President (Director)	(Representative of the Board of Directors) In charge of Western Region of Japan	Hidekazu Fukumoto	November 6, 1955	One year from June 2018	-	-

Title	Position	Name	Date of birth	Term	Number of shares of the Company held	Major concurrent positions
Member of the Board of Directors, Deputy President (Director)	(Representative of the Board of Directors) 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 2018	-	Senior Managing Corporate Executive & Group Head, Global Business Group of Mitsubishi UFJ Financial Group, Inc.
Member of the Board of Directors, Deputy President (Director)	(Representative of the Board of Directors) In charge of Central Region of Japan	Akihiko Nakamura	November 21, 1959	One year from June 2018	-	-
Member of the Board of Directors, Deputy President (Director)	(Representative of the Board of Directors) Chief Executive, Corporate Banking Business Unit	Kenji Yabuta	April 27, 1960	One year from June 2018	-	Senior Managing Corporate Executive & Group Head, Corporate Banking Business Group of Mitsubishi UFJ Financial Group, Inc.
Member of the Board of Directors, Senior Managing Executive Officer	(Representative of the Board of Directors) CFO (In charge of Corporate Planning Division (Budget & Resource Management Department) and Financial Planning Division)	Muneaki Tokunari	March 6, 1960	One year from June 2018	-	Senior Managing Corporate Executive of Mitsubishi UFJ Financial Group, Inc.
Member of the Board of Directors, Senior Managing Executive Officer	(Representative of the Board of Directors) CCO (In charge of Global Compliance Division and Global Financial Crimes Division) and CLO (In charge of Legal Division)	Akira Hamamoto	May 19, 1960	One year from June 2018	-	Senior Managing Corporate Executive of Mitsubishi UFJ Financial Group, Inc.
Member of the Board of Directors, Senior Managing Executive Officer	(Representative of the Board of Directors) Chief Executive, Retail Banking Business Unit and Deputy Chief Executive, Corporate Banking Business Unit	Naoki Hori	January 27, 1961	One year from June 2018	-	Senior Managing Corporate Executive & Group Head, Retail Banking Business Group of Mitsubishi UFJ Financial Group, Inc.
Member of the Board of Directors, Senior Managing Executive Officer	(Representative of the Board of Directors) CRO (In charge of Corporate Risk Management Division and Credit Policy & Planning Division)	Masamichi Yasuda	August 22, 1960	One year from June 2018	-	Senior Managing Corporate Executive of Mitsubishi UFJ Financial Group, Inc.
Member of the Board of Directors, Senior Managing Executive Officer	(Representative of the Board of Directors) Chief Executive, Corporate Services, CIO (In charge of Information Systems Group) and CDTO (In charge of Digital Transformation Division)	Hironori Kamezawa	November 18, 1961	One year from June 2018	-	Senior Managing Corporate Executive of Mitsubishi UFJ Financial Group, Inc.
Member of the Board of Directors, Senior Managing Executive Officer	(Representative of the Board of Directors) Co-Chief Executive, Global Business Unit (Mainly in charge of MUFG Americas Holdings, Headquarters for Europe, Middle East and Africa)	Masato Miyachi	June 14, 1960	One year from June 2018	-	Managing Executive Officer & Deputy Group Head, Global Business Group of Mitsubishi UFJ Financial Group, Inc.
Member of the Board of Directors, Managing Executive Officer	(Representative of the Board of Directors) CHRO (In charge of Human Resources Division)	Masakazu Ikeda	October 17, 1961	One year from June 2018	-	Managing Executive Officer of Mitsubishi UFJ Financial Group, Inc.

Title	Position	Name	Date of birth	Term	Number of shares of the Company held	Major concurrent positions
Member of the Board of Directors, Managing Executive Officer	(Representative of the Board of Directors) Chief Executive, Global Markets Unit	Kazuto Uchida	July 12, 1960	One year from June 2018	-	Managing Executive Officer & Deputy Group Head, Global Markets Business Group of Mitsubishi UFJ Financial Group, Inc.
Member of the Board of Directors, Managing Executive Officer	(Representative of the Board of Directors) CSO (In charge of Corporate Planning Division (excluding Budget & Resource Management Department)), in charge of Corporate Administration Division and Corporate Communications Division, and in sub-charge of Digital Transformation Division	Naomi Hayashi	March 16, 1965	One year from June 2018	-	Managing Executive Officer of Mitsubishi UFJ Financial Group, Inc.
Total		26 members				

(Notes)
1. Directors Masahito Monguchi, Kenji Matsuo, Tadayuki Matsushige, Shigeo Ohyagi 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 108 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, Kenji Matsuo, Tadayuki Matsushige, Shigeo Ohyagi, Shuzo Sumi, Naoto Hirota, Hiroaki Fujisue, 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), Kenji Matsuo, Tadayuki Matsushige, Shigeo Ohyagi, Shuzo Sumi, Naoto Hirota, Hiroaki Fujisue, 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, has since its establishment worked to build a stable and highly effective corporate governance structure, giving priority to an external perspective. MUFG has adopted the structure of a company with three committees, with a view to strengthening the oversight function of the Board of Directors by separating the functions of oversight and execution in the holding company, and to developing a more effective and efficient governance framework that will be more visible and acceptable to its global stakeholders, in line with its status as a G-SIB (Global Systemically Important Bank). 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.

The Bank has made a transition to a Company with an Audit & Supervisory Committee and is striving to further strengthen its corporate governance structure by developing an effective framework for management oversight by the Board of Directors, and 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 body. The Bank is aiming for higher 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, while also establishing and releasing the MUFG Bank Corporate Governance Policies that outlines the Bank's principles of corporate governance and its framework.

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 26 Directors, including 9 Directors who are Members of the Audit & Supervisory Committee, as of the submission date of the Annual Securities Report. Of the 6 Outside Directors, 5 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.

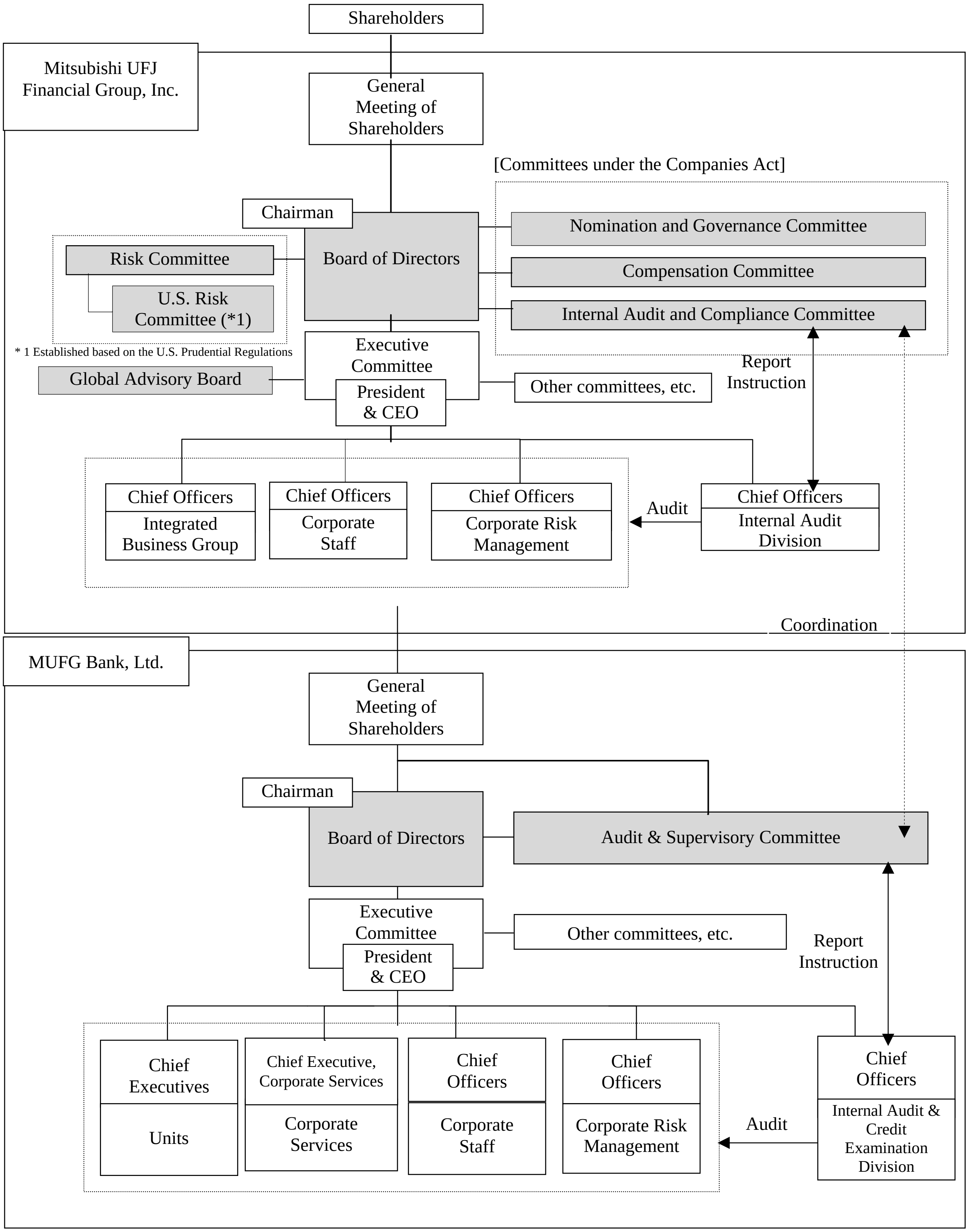
c) Executive Committee

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, CSR Promotion Committee and Fiduciary Duty Promotion Committee have been established.

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, in light of the heightened expectation from supervisory authorities around the world in the areas of activities including anti-money laundering efforts, economic sanction compliance and anti-bribery and corruption programs, the Global Financial Crimes Division has been established as part of head office functions in New York in the U.S. where expertise on financial crimes and economic sanctions is concentrated, to ensure an enhanced framework across the Bank.

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 provisions in the Companies Act and the Ordinance for Enforcement of the said Act, the Bank made a resolution on a system to ensure the properness of operations of the Company (Internal Control System). In line with the resolution, the Bank is working to ensure that a sound and robust management structure is in place by creating Bank rules, establishing departments in charge, formulating plans and policies and other structures.

The Bank is committed to enhancing its corporate governance through appropriate responses to address enactments and revisions of the applicable 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
		Basic compensation	Stock compensation	Bonuses	Retirement benefits	
Directors other than Audit & Supervisory Committee Members (excluding Outside Directors)	937	465	330	130	10	18
Directors who are Audit & Supervisory Committee Members (excluding Outside Directors)	370	370	-	-	-	12
Outside Officers	104	104	-	-	-	6

(Notes) 1. In addition to the above, the Bank paid retirement pension of ¥159 million and ¥7 million to the Inside Directors and Inside Corporate Auditors, respectively, who retired prior to June 2007.

2. 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, 2018.

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. Composition and Contents of Compensation, etc.

(1) Composition

- The compensation package paid by the Bank to its Officers includes, in principle, three different forms of compensation (remuneration): basic compensation (fixed), stock compensation (linked to stock price and medium-to-long-term performance) and executive bonuses (linked to short-term performance). The respective percentage of each compensation is determined appropriately in consideration of the aforementioned principles, objectives and the duties of each of the Officers, etc.
- The President’s compensation package is balanced among these three types: “basic compensation : stock compensation : executive bonuses = 1 : 1 : 1”. (Since fiscal 2018, in case the stock compensation and executive bonuses are paid in base amount).
- Outside Directors and Directors who serve as Audit & Supervisory Committee Members are excluded from the recipients of stock compensation and bonuses, in light of the nature of their duties.

(2) Contents of each compensation, etc.

1) Basic compensation

- Basic 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.

2) Stock compensation

- Stock compensation was introduced in fiscal 2016 as a new medium-to-long-term incentive plan shared within the MUFG Group, aiming at further motivating Officers, etc. to contribute to the improvement of medium-to-long-term financial performance of the 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:

a) 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.

•Benchmarks and methods used for evaluating the degree of achievement of performance targets are as follows, based on the MUFG Medium-term Business Plan (from fiscal 2018).

(i) Single-year evaluation portion (Evaluation weight: 50%)

Comparison of year-on-year growth rate of indicators below with competitors

- Consolidated net business profit of MUFG (Evaluation weight: 25%)
- Net income attributable to the shareholders of MUFG (Evaluation weight: 25%)

(ii) Medium-to-long-term evaluation portion (Evaluation weight: 50%)

Target attainment rate of indicators below in MUFG Medium-term Business Plan

- Consolidated ROE of MUFG (Evaluation weight: 25%)
- Consolidated expense ratio of MUFG (Evaluation weight: 25%)

•In principle, officers continue to hold MUFG shares acquired during their term of office until expiry of service term.

b) 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.

•Regarding stock compensation, confiscation of the share issuance points granted or the return of an amount equivalent to the shares issued, etc. may be requested to Officers, etc. who commit a material breach of delegation agreements, etc. between the Company and Officers, etc. in regard to the duties of Officers, etc., and who resign for personal reasons during their term of office.

3) Executive bonuses

•Executive bonuses, as short-term performance-based compensation to further motivate Officers, etc. to contribute to the improvement of financial performance for each fiscal year, are determined by using the Balanced Score Card, etc., based on the Group's performance and performance of individual Officers, etc. in executing 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.

- Quantitative weight is 60% and qualitative weight is 40% in evaluating the President's performance. The rate of year-on-year change and target attainment rate of the four indicators below are used as evaluation criteria and evaluation approach.

•The Bank's consolidated net operating profits (Evaluation weight: 20%)

•Net income attributable to the shareholders of MUFG Bank (Evaluation weight: 10%)

•The Bank's consolidated ROE (Evaluation weight: 20%)

•The Bank's consolidated expense ratio (Evaluation weight: 10%)

Overall evaluation including qualitative evaluation is determined only by independent Outside Directors at MUFG's Compensation Committee.

(3) Other

- 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 the nature and characteristics of their duties, local compensation regulations and practices, and 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 321 staff members as of the end of March 2018. 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. Hiroyuki Hamahara and Mr. Daisuke Konishi, who belong to Deloitte Touche Tohmatsu LLC. In addition, 89 certified public accountants, 60 persons who passed the certified public accountant examination, etc. and 51 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	2,310	51	2,490	10
Consolidated subsidiaries	128	5	116	5
Total	2,439	57	2,607	15

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 ¥3,294 million, and that for the current fiscal year was ¥2,654 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.

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated balance sheets of MUFG Bank, Ltd. (formerly, The Bank of Tokyo-Mitsubishi UFJ, Ltd.) (the "Bank") and its subsidiaries as of March 31, 2018 and 2017, 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, 2018, 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, 2018 and 2017, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2018, 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.

Deloitte Touche Tohmatsu LLC

June 26, 2018

Member of
Deloitte Touche Tohmatsu Limited

Consolidated Financial Statements

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

Consolidated Balance Sheets
As of March 31, 2018 and 2017

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2018	2017	2018
ASSETS:			
Cash and due from banks (Notes 3, 4, 11 and 26)	¥ 57,688,651	¥ 49,105,070	$ 543,003
Call loans and bills bought (Note 26)	1,532,654	554,313	14,426
Receivables under resale agreements (Note 26)	3,360,738	2,473,291	31,633
Receivables under securities borrowing transactions (Note 26)	5,058,458	6,225,799	47,613
Monetary claims bought (Notes 4, 11 and 26)	4,247,072	4,612,670	39,976
Trading assets (Notes 4, 11 and 26)	6,017,998	6,697,587	56,645
Money held in trust (Notes 5 and 26)	32,496	27,640	306
Securities (Notes 4, 6, 10, 11 and 26)	44,687,618	43,287,183	420,629
Loans and bills discounted (Notes 7, 11, 12, 26 and 29)	93,816,565	95,121,265	883,063
Foreign exchange (Note 26)	2,849,236	2,006,259	26,819
Tangible fixed assets (Note 8):	1,092,280	1,076,740	10,281
Buildings	233,453	264,903	2,197
Land (Note 9)	576,843	592,497	5,430
Lease assets (Note 23)	6,499	7,592	61
Construction in progress	118,902	46,226	1,119
Other tangible fixed assets	156,581	165,519	1,474
Intangible fixed assets:	869,663	876,781	8,186
Software	328,577	349,673	3,093
Goodwill	242,333	244,348	2,281
Lease assets (Note 23)	80	130	1
Other intangible fixed assets	298,671	282,628	2,811
Asset for retirement benefits (Note 15)	557,673	337,225	5,249
Deferred tax assets (Note 22)	28,831	25,213	271
Customers’ liabilities for acceptances and guarantees (Note 10)	8,636,884	8,492,151	81,296
Other assets (Note 29)	9,411,441	8,985,185	88,587
Allowance for credit losses (Note 26)	(659,338)	(796,010)	(6,206)
Total assets	¥ 239,228,925	¥ 229,108,371	$ 2,251,778

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

Consolidated Balance Sheets
As of March 31, 2018 and 2017

	Millions of Yen				Millions of U.S. Dollars (Note 1)	
		2018		2017		2018
LIABILITIES:						
Deposits (Notes 11 and 26)	¥	162,273,249	¥	154,710,129	$	1,527,421
Negotiable certificates of deposit (Note 26)		5,471,650		6,640,060		51,503
Call money and bills sold (Notes 11 and 26)		405,061		394,119		3,813
Payables under repurchase agreements (Notes 11 and 26)		10,227,941		7,382,733		96,272
Payables under securities lending transactions (Notes 11 and 26)		5,741,181		3,119,310		54,040
Commercial paper (Notes 13 and 26)		1,441,060		1,692,088		13,564
Trading liabilities (Notes 11 and 26)		3,151,991		4,276,059		29,669
Borrowed money (Notes 11, 13, 26 and 29)		16,351,843		16,352,022		153,914
Foreign exchange (Note 26)		2,188,725		2,159,004		20,602
Bonds payable (Notes 14 and 26)		3,545,657		4,310,796		33,374
Reserve for employee bonuses		44,357		39,297		418
Reserve for bonuses to directors		96		114		1
Reserve for stocks payment		5,296		5,003		50
Liability for retirement benefits (Note 15)		49,598		49,023		467
Reserve for retirement benefits to directors		412		463		4
Reserve for loyalty award credits		10,536		9,911		99
Reserve for contingent losses (Note 16)		172,709		167,316		1,626
Deferred tax liabilities (Notes 6 and 22)		611,334		454,032		5,754
Deferred tax liabilities for land revaluation (Note 9)		112,872		120,147		1,062
Acceptances and guarantees (Note 10)		8,636,884		8,492,151		81,296
Other liabilities (Notes 13 and 29)		6,077,740		6,307,505		57,208
Total liabilities	¥	226,520,203	¥	216,681,292	$	2,132,156
EQUITY (Notes 17, 18 and 25):						
Capital Stock						
Common stock:						
Authorized, 33,000,000 thousand shares; issued, 12,350,038 thousand shares in 2018 and 2017, with no stated value	¥	1,586,958	¥	1,586,958	$	14,937
Preferred stock:						
Authorized, 1,157,700 thousand shares; issued, 357,700 thousand shares in 2018 and 2017, with no stated value		125,000		125,000		1,177
Capital surplus		3,670,941		3,668,009		34,553
Retained earnings		4,766,414		4,578,772		44,865
Treasury stock—at cost, 357,700 thousand shares in 2018 and 2017		(645,700)		(645,700)		(6,078)
Total shareholders’ equity		9,503,614		9,313,039		89,454
Accumulated other comprehensive income:						
Net unrealized gain on available-for-sale securities (Notes 4 and 6)		1,829,670		1,610,220		17,222
Net deferred gain on derivatives under hedge accounting		55,767		142,155		525
Land revaluation surplus (Note 9)		217,295		228,160		2,045
Foreign currency translation adjustments		233,942		283,319		2,202
Defined retirement benefit plans (Note 15)		70,886		(53,525)		667
Total accumulated other comprehensive income		2,407,562		2,210,330		22,662
Noncontrolling interests		797,545		903,707		7,507
Total equity		12,708,722		12,427,078		119,623
Total liabilities and equity	¥	239,228,925	¥	229,108,371	$	2,251,778

See the accompanying notes to consolidated financial statements.

Consolidated Statements of Income
For the Fiscal Years Ended March 31, 2018, 2017 and 2016

	Millions of Yen			Millions of U.S. Dollars (Note 1)
	2018	2017	2016	2018
INCOME:				
Interest income:				
Interest on loans and bills discounted	¥ 1,733,712	¥ 1,584,323	¥ 1,534,360	$ 16,319
Interest and dividends on securities	423,454	529,106	494,065	3,986
Interest on call loans and bills bought	11,120	10,332	9,553	105
Interest on receivables under resale agreements	66,457	38,821	27,351	626
Interest on receivables under securities borrowing transactions	7,023	1,842	68	66
Interest on due from banks	109,694	71,879	71,776	1,033
Other interest income	243,747	198,984	186,598	2,294
Trust fees	13,652	13,865	13,150	129
Fees and commissions	903,457	892,707	877,046	8,504
Trading income	83,974	109,585	135,629	790
Other operating income	344,701	487,831	427,679	3,245
Other income (Note 20)	341,740	314,967	293,466	3,217
Total income	4,282,736	4,254,248	4,070,746	40,312
EXPENSES:				
Interest expenses:				
Interest on deposits	384,639	271,116	265,514	3,620
Interest on negotiable certificates of deposit	67,016	49,299	36,783	631
Interest on call money and bills sold	5,794	3,002	5,713	55
Interest on payables under repurchase agreements	118,458	74,338	41,303	1,115
Interest on payables under securities lending transactions	1,524	395	1,007	14
Interest on commercial paper	20,570	11,144	4,121	194
Interest on borrowed money	99,897	70,811	44,163	940
Interest on bonds payable	93,067	99,677	108,883	876
Other interest expenses	218,019	142,641	28,152	2,052
Fees and commissions	180,294	162,899	159,249	1,697
Trading expenses	986	2,834	–	9
Other operating expenses	124,762	279,825	149,591	1,174
General and administrative expenses	1,840,713	1,797,515	1,763,459	17,326
Provision of allowance for credit losses	–	–	121,665	–
Other expenses (Note 21)	283,339	299,205	241,733	2,667
Total expenses	3,439,084	3,264,708	2,971,342	32,371
Income before income taxes	843,651	989,540	1,099,404	7,941
Income taxes (Note 22):				
Current	224,634	242,420	326,223	2,114
Refund	(19,219)	(7,681)	(3,253)	(181)
Deferred	20,280	10,391	27,237	191
Total income taxes	225,695	245,130	350,207	2,124
Net income before attribution of noncontrolling interests	617,956	744,409	749,196	5,817
Net income attributable to noncontrolling interests	42,695	54,480	63,360	402
Net income attributable to the shareholders of The Bank of Tokyo-Mitsubishi UFJ	¥ 575,260	¥ 689,929	¥ 685,835	$ 5,415

	Yen			U.S. Dollars
	2018	2017	2016	2018
Per share of common stock (Notes 18 and 25):				
Basic earnings per common share	¥ 46.57	¥ 55.86	¥ 55.53	$ 0.44
Diluted earnings per common share	46.57	55.86	55.53	0.44
Cash dividends applicable to the year per common share	31.92	35.66	30.00	0.30

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, 2018, 2017 and 2016

	Millions of Yen			Millions of U.S. Dollars (Note 1)
	2018	2017	2016	2018
Net income before attribution of noncontrolling interests	¥ 617,956	¥ 744,409	¥ 749,196	$ 5,817
Other comprehensive income (loss) (Note 24):				
Net unrealized gain (loss) on available-for-sale securities	225,347	(194,316)	(289,857)	2,121
Net deferred (loss) gain on derivatives under hedge accounting	(83,500)	(280,843)	259,582	(786)
Land revaluation surplus	(57)	(21)	6,811	(1)
Foreign currency translation adjustments	(33,900)	(96,209)	(199,099)	(319)
Defined retirement benefit plans	137,958	111,233	(69,794)	1,299
Share of other comprehensive income in affiliates accounted for using the equity method	(3,928)	(18,165)	(3,280)	(37)
Total other comprehensive income (loss)	241,919	(478,322)	(295,638)	2,277
Comprehensive income	¥ 859,875	¥ 266,086	¥ 453,557	$ 8,094
Total comprehensive income attributable to:				
The shareholders of The Bank of Tokyo-Mitsubishi UFJ	¥ 804,273	¥ 211,562	¥ 408,180	$ 7,570
Noncontrolling interests	55,602	54,524	45,377	523

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, 2018, 2017 and 2016

	Millions of Yen												
						Accumulated other comprehensive income							
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gain on available-for-sale securities	Net deferred gain on derivatives under hedge accounting	Land revaluation surplus	Foreign currency translation adjustments	Defined retirement benefit plans	Total accumulated other comprehensive income	Noncontrolling interests	Total equity
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, APRIL 1, 2017	1,711,958	3,668,009	4,578,772	(645,700)	9,313,039	1,610,220	142,155	228,160	283,319	(53,525)	2,210,330	903,707	12,427,078
Dividends paid	–	–	(419,321)	–	(419,321)	–	–	–	–	–	–	–	(419,321)
Net income attributable to the shareholders of The Bank of Tokyo-Mitsubishi UFJ	–	–	575,260	–	575,260	–	–	–	–	–	–	–	575,260
Reversal of land revaluation surplus	–	–	10,808	–	10,808	–	–	–	–	–	–	–	10,808
Changes in equity of consolidated subsidiaries	–	2,932	–	–	2,932	–	–	–	–	–	–	–	2,932
Effects due to revision of accounting standards for foreign affiliates	–	–	20,895	–	20,895	–	–	–	–	–	–	–	20,895
Other changes in the year	–	–	–	–	–	219,450	(86,388)	(10,865)	(49,377)	124,412	197,231	(106,162)	91,069
BALANCE, MARCH 31, 2018	¥ 1,711,958	¥ 3,670,941	¥ 4,766,414	¥ (645,700)	¥ 9,503,614	¥ 1,829,670	¥ 55,767	¥ 217,295	¥ 233,942	¥ 70,886	¥ 2,407,562	¥ 797,545	¥ 12,708,722

	Millions of U.S. Dollars (Note 1)												
						Accumulated other comprehensive income							
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gain on available-for-sale securities	Net deferred gain on derivatives under hedge accounting	Land revaluation surplus	Foreign currency translation adjustments	Defined retirement benefit plans	Total accumulated other comprehensive income	Noncontrolling interests	Total equity
BALANCE, APRIL 1, 2017	$ 16,114	$ 34,526	$ 43,098	$ (6,078)	$ 87,660	$ 15,156	$ 1,338	$ 2,148	$ 2,667	$ (504)	$ 20,805	$ 8,506	$ 116,972
Dividends paid	–	–	(3,947)	–	(3,947)	–	–	–	–	–	–	–	(3,947)
Net income attributable to the shareholders of The Bank of Tokyo-Mitsubishi UFJ	–	–	5,415	–	5,415	–	–	–	–	–	–	–	5,415
Reversal of land revaluation surplus	–	–	102	–	102	–	–	–	–	–	–	–	102
Changes in equity of consolidated subsidiaries	–	28	–	–	28	–	–	–	–	–	–	–	28
Effects due to revision of accounting standards for foreign affiliates	–	–	197	–	197	–	–	–	–	–	–	–	197
Other changes in the year	–	–	–	–	–	2,066	(813)	(102)	(465)	1,171	1,856	(999)	857
BALANCE, MARCH 31, 2018	$ 16,114	$ 34,553	$ 44,865	$ (6,078)	$ 89,454	$ 17,222	$ 525	$ 2,045	$ 2,202	$ 667	$ 22,662	$ 7,507	$ 119,623

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, 2018, 2017 and 2016

	Millions of Yen			Millions of U.S. Dollars (Note 1)
	2018	2017	2016	2018
OPERATING ACTIVITIES:				
Income before income taxes	¥ 843,651	¥ 989,540	¥ 1,099,404	$ 7,941
Adjustments for:				
Income taxes paid	(167,655)	(336,852)	(382,454)	(1,578)
Income taxes refunds	28,885	15,018	27,945	272
Depreciation and amortization	220,839	221,352	212,656	2,079
Impairment loss on long-lived assets	53,493	5,778	11,011	504
Amortization of goodwill	16,368	15,498	15,943	154
Equity in earnings of the equity method investees	(25,456)	(21,891)	(25,000)	(240)
(Decrease) increase in allowance for credit losses	(142,118)	(118,455)	72,924	(1,338)
Increase (decrease) in reserve for bonuses	4,527	(287)	1,106	43
(Decrease) increase in reserve for bonuses to directors	(17)	4	(33)	(0)
Increase in reserve for stocks payment	293	5,003	–	3
Increase in asset for retirement benefits	(74,172)	(71,463)	(62,310)	(698)
Increase (decrease) in liability for retirement benefits	424	(1,390)	(1,038)	4
(Decrease) increase in reserve for retirement benefits to directors	(50)	(17)	56	(0)
Increase in reserve for loyalty award credits	77	621	946	1
Increase in reserve for contingent losses	5,824	108,259	6,726	55
Interest income (accrual basis)	(2,595,210)	(2,435,290)	(2,323,774)	(24,428)
Interest expenses (accrual basis)	1,008,988	722,428	535,643	9,497
Gains on securities	(105,819)	(140,734)	(205,579)	(996)
Losses (gains) on money held in trust	1,193	9,079	(10,361)	11
Foreign exchange losses	245,750	204,957	972,403	2,313
Losses (gains) on disposition of fixed assets	4,404	(10,734)	(11,006)	41
Decrease (increase) in trading assets	651,876	688,224	(501,055)	6,136
(Decrease) increase in trading liabilities	(1,114,905)	(1,201,866)	616,234	(10,494)
Adjustment of unsettled trading accounts	(49,526)	31,359	63,757	(466)
Net decrease (increase) in loans and bills discounted	1,353,447	5,186,201	(4,202,947)	12,740
Net increase in deposits	7,527,916	7,564,819	7,388,315	70,858
Net decrease in negotiable certificates of deposit	(1,165,347)	(382,300)	(4,225,550)	(10,969)
Net (decrease) increase in borrowed money (excluding subordinated borrowings)	(516,173)	4,967,205	(956,435)	(4,859)
Net (increase) decrease in due from banks (excluding cash equivalents)	(4,952,304)	615,979	272,560	(46,614)
Net (increase) decrease in call loans, bills bought and receivables under resale agreements	(1,516,866)	64,210	(123,246)	(14,278)
Net decrease (increase) in receivables under securities borrowing transactions	1,147,703	(5,271,053)	(105,091)	10,803
Net increase (decrease) in call money, bills sold and payables under repurchase agreements	2,924,116	(5,712,409)	703,927	27,524
Net (decrease) increase in commercial paper	(250,111)	130,570	(12,679)	(2,354)
Net increase (decrease) in payables under securities lending transactions	2,621,767	1,144,793	(476,449)	24,678
Net (increase) decrease in foreign exchange assets	(828,866)	(261,835)	392,549	(7,802)
Net increase in foreign exchange liabilities	28,151	12,640	578,595	265
Decrease in straight bonds issuance and redemption	(650,441)	(758,333)	(171,238)	(6,122)
Interest and dividends received (cash basis)	2,632,706	2,497,647	2,386,627	24,781
Interest paid (cash basis)	(994,204)	(708,610)	(529,531)	(9,358)
Other-net	(887,583)	(967,633)	348,722	(8,355)
Total adjustments	4,441,924	5,810,491	282,871	41,810
Net cash provided by operating activities	¥ 5,285,575	¥ 6,800,032	¥ 1,382,275	$ 49,751

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

Consolidated Statements of Cash Flows
For the Fiscal Years Ended March 31, 2018, 2017 and 2016

	Millions of Yen			Millions of U.S. Dollars (Note1)
	2018	2017	2016	2018
INVESTING ACTIVITIES:				
Purchases of securities	¥ (64,624,666)	¥ (47,273,289)	¥ (77,155,763)	$ (608,289)
Proceeds from sales of securities	27,565,799	31,627,922	54,055,807	259,467
Proceeds from redemption of securities	36,004,827	22,345,088	25,840,658	338,901
Payments for increase in money held in trust	(25,290)	(16,310)	(21,206)	(238)
Proceeds from decrease in money held in trust	19,097	28,977	5,000	180
Purchases of tangible fixed assets	(133,308)	(87,688)	(78,894)	(1,255)
Purchases of intangible fixed assets	(138,122)	(146,011)	(134,956)	(1,300)
Proceeds from sales of tangible fixed assets	8,041	29,431	35,288	76
Proceeds from sales of intangible fixed assets	697	2,890	166	7
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)	–	–
Proceeds from sales of stocks of subsidiaries resulting in change in the scope of consolidation	–	2,761	34,341	–
Payments for sales of stocks of subsidiaries resulting in change in the scope of consolidation	(1,329)	–	–	(13)
Other-net	(464)	(328)	(367)	(4)
Net cash (used in) provided by investing activities	(1,324,719)	6,512,818	2,580,849	(12,469)
FINANCING ACTIVITIES:				
Proceeds from subordinated borrowings	663,000	694,000	697,000	6,241
Repayments of subordinated borrowings	(209,186)	(20,000)	(26,500)	(1,969)
Proceeds from issuance of subordinated bonds and bonds with subscription rights to shares	110,434	32,416	377	1,039
Payments for redemption of subordinated bonds and bonds with subscription rights to shares	(242,296)	(459,643)	(270,960)	(2,281)
Proceeds from issuance of common stock to noncontrolling interests	3,363	4,283	3,442	32
Repayments to noncontrolling interests	(16)	–	–	(0)
Payments for redemption of preferred stocks and others	(150,000)	(468,956)	–	(1,412)
Cash dividends paid	(412,738)	(451,517)	(426,817)	(3,885)
Cash dividends paid to noncontrolling interests	(33,657)	(51,683)	(59,539)	(317)
Net cash used in financing activities	(271,096)	(721,099)	(82,996)	(2,552)
Effect of foreign exchange rate changes on cash and cash equivalents	(50,364)	(27,386)	(79,277)	(474)
Net increase in cash and cash equivalents	3,639,395	12,564,365	3,800,851	34,256
Cash and cash equivalents, beginning of year	20,086,245	7,513,181	3,712,330	189,065
Increase in cash and cash equivalents due to new consolidation (Note 3)	1,600	8,698	–	15
Cash and cash equivalents, end of year (Note 3)	¥ 23,727,241	¥ 20,086,245	¥ 7,513,181	$ 223,336

See the accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements
For the Fiscal Years Ended March 31, 2018, 2017 and 2016

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. ("MUFG"), have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations concerning preparation of 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 2017 and 2016 consolidated financial statements to conform to the classifications used in 2018.

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 ¥106.24 to U.S. $1, the approximate rate of exchange as of March 31, 2018. Such translations should not be construed as representations that the Japanese yen amounts can be converted into U.S. dollars at that or any other rate.

All U.S. dollar amounts in the consolidated financial statements have been rounded off to the nearest million U.S. dollar, except for per share information. Accordingly, the total of each account may not be equal to the combined total of individual items.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Consolidation

The consolidated financial statements include the accounts of the Bank and its subsidiaries (together, the "Group"). There were 126 and 127 subsidiaries as of March 31, 2018 and 2017, respectively.

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

Investments in 48 and 50 affiliates were accounted for using the equity method as of March 31, 2018 and 2017, 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, 2018 and 2017 were as follows:

As of March 31, 2018 and 2017:
MUFG Americas Holdings Corporation ("MUAH")
Bank of Ayudhya Public Company Limited ("Krungsri")

Changes in the subsidiaries in the fiscal year ended March 31, 2018 were as follows:
MUFG Investor Services (US), LLC and other three 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, 2017. BTMU Preferred Capital 4 Limited and other four companies were excluded from the scope of consolidation due to liquidation, etc.

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

b) There were no unconsolidated subsidiaries as of March 31, 2018 and 2017.

c) The company which was not regarded as subsidiaries, although the majority of voting rights were owned by the Bank as of March 31, 2018 was as follows:

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

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.

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, 2018 and 2017.

2) Application of the equity method

a) There were no unconsolidated subsidiaries accounted for using the equity method as of March 31, 2018 and 2017.

b) Major affiliates accounted for using the equity method as of March 31, 2018 and 2017 were as follows:

As of March 31, 2018 and 2017:
Dah Sing Financial Holdings Limited
Vietnam Joint Stock Commercial Bank for Industry and Trade

Changes in the affiliates accounted for using the equity method in the fiscal year ended March 31, 2018 were as follows:
BOT LEASE MEXICO S.A. DE C.V. was newly included in affiliates accounted for using the equity method due to new incorporation. Mitsubishi UFJ Investor Services & Banking (Luxembourg) S.A. and other two 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 dividends-in-kind of shares.

Changes in the affiliates accounted for using the equity method in the fiscal year ended March 31, 2017 were as follows:
Security Bank Corporation ("Security Bank") was newly 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.

c) There were no unconsolidated subsidiaries not accounted for using the equity method as of March 31, 2018 and 2017.

d) There were no affiliates not accounted for using the equity method as of March 31, 2018 and 2017.

e) 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 consolidated subsidiaries held such shares 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, 2018:
EDP Corporation
Eil Inc.
Fun Place Co., Ltd.

As of March 31, 2017:
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	
	2018	2017
October 31	1	1
December 31	82	86
January 24	4	6
March 31	39	34

(Change in the fiscal year ending date of consolidated subsidiaries)
In the fiscal year ended March 31, 2018, MUFG Bank (Europe) N.V. and other three companies changed their fiscal year ending date from December 31 to March 31, which is same as the consolidated fiscal year ending date.

The subsidiaries' fiscal period corresponding to the fiscal year ended March 31, 2018 is fifteen months from January 1, 2017 through March 31, 2018.

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, 2018 and 2017.

(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. The residual value of “Lease assets” is determined using the guaranteed residual value provided by the lease contracts or otherwise no value.

(7) Deferred Charges

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

(8) Allowance for Credit Losses

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

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

For claims on borrowers that are not currently bankrupt but are likely to become bankrupt, 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 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 ¥326,093 million ($3,069 million), ¥344,163 million and ¥353,042 million as of March 31, 2018, 2017 and 2016, 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 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 earnings per common share are computed by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding for the period.

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

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) Changes in presentation

(Consolidated Statements of Income)

"Refund" which had been included in "Income taxes" in the fiscal year ended March 31, 2017 and 2016 has been stated separately from the fiscal year ended March 31, 2018 due to increased significance. In order to reflect these changes in presentation, consolidated financial statements for the fiscal year ended March 31, 2017 and 2016 has been reclassified.

As a result, "Income taxes" in the consolidated statements of income for the fiscal year ended March 31, 2017 and 2016 of ¥234,738 million and ¥322,969 million have been reclassified into "Current" of ¥242,420 million and ¥326,223 million and "Refund" of ¥(7,681) million and ¥(3,253) million, respectively.

(24) Additional Information

(Strategic investment in Danamon)

1) Outline of the investment

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

2) Objectives of the transaction

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

3) Outline of proposed transaction

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

Step 1: On December 29, 2017, the Bank acquired an initial 19.9% equity interest in Danamon from the Sellers based on a price of IDR 8,323 (approximately ¥70) per share and at an investment amount of IDR 15,875 billion (approximately ¥133 billion). The price was based on a price book-value ratio of 2.0 calculated on the basis of Danamon's net assets as of September 30, 2017, with certain adjustments applied. AFI remained the majority shareholder in Danamon upon closing of Step 1.
The Bank classifies the shares it holds in Danamon as available-for-sale securities.

Step 2: The Bank intends to seek regulatory approvals and other relevant approvals to acquire an additional 20.1% to increase its equity interest in Danamon to 40%. This step is expected to close by September of 2018.
The price for Danamon's shares in Step 2 will be based on a similar approach as Step 1.

Step 3: Upon completion of Step 2, the Bank intends to seek the necessary approvals to increase its equity interest in Danamon above 40%, and this will provide an opportunity for all other existing Danamon shareholders to either remain as shareholders or receive cash from the Bank. With the closing of Step 3, the Bank's final equity interest in Danamon is expected to be over 73.8%.
The price for Danamon's shares in Step 3 will be based on a similar approach as Step 1.

4) Overview of Danamon

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

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

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

Notes:

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

(Accounting Standards Update ("ASU") 2018-02 of the Financial Accounting Standards Board ("FASB"))

In the fiscal year ended March 31, 2018, the Group early adopted ASU 2018-02 (Income Statement ー Reporting Comprehensive Income (Topic 220)) for the financial statements of its overseas affiliates, to which US GAAP apply.

Upon the adoption described above, the Group reclassified income tax effects of Tax Cuts and Jobs Act on items within accumulated comprehensive income to retained earnings, in accordance with the ASU.

As a result, retained earnings increased by ¥20,895million ($197 million), net unrealized gain on available-for-sale securities decreased by ¥4,394 million ($41 million), net deferred gain on derivatives under hedge accounting decreased by ¥3,325 million ($31 million), foreign currency translation adjustments decreased by ¥352 million ($3 million) and defined retirement benefit plans decreased by ¥12,822 million ($121 million) in the fiscal year ended March 31, 2018.

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, 2018 and 2017 was as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2018	March 31, 2017	March 31, 2018
Cash and due from banks	¥ 57,688,651	¥ 49,105,070	$ 543,003
Less: Time deposits and negotiable certificates of deposit included in due from banks	(33,961,409)	(29,018,825)	(319,667)
Cash and cash equivalents at the end of year	¥ 23,727,241	¥ 20,086,245	$ 223,336

Significant Non-cash Transaction for the Fiscal Year ended March 31, 2018
There was no significant non-cash transaction to be noted for the year ended March 31, 2018.

Significant Non-cash Transaction for the Fiscal Year ended March 31, 2017
As the two subsidiaries of Mitsubishi UFJ Trust and Banking Corporation (“the Trust Bank”) and Mitsubishi UFJ Securities Holdings, Co., Ltd. (“the Securities HD”) in the United States were newly consolidated after being transferred to MUAH, a U.S. subsidiary of the Bank, the assets and liabilities that increased were as follows:

	Millions of Yen
Assets (excluding cash and cash equivalents)	¥ 2,878,191
Liabilities	(2,820,309)
Net assets	(66,580)
Net increase in cash and cash equivalents due to new consolidation	¥ 8,698

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, 2018 and 2017 include equity securities in affiliates of ¥385,139 million ($3,625 million) and ¥389,295 million, respectively and capital subscriptions to entities such as limited liability companies of ¥5,120 million ($48 million) and ¥3,629 million, respectively.

Securities loaned under unsecured securities lending transactions amounted to ¥270,595 million ($2,547 million) and ¥341,352 million as of March 31, 2018 and 2017, respectively.

For securities borrowed and purchased under resale agreements where the secured parties are permitted to sell or re-pledge the securities without restrictions, ¥7,770,620 million ($73,142 million) and ¥7,698,491 million of such securities were re-pledged as of March 31, 2018 and 2017, respectively.

The remaining ¥4,675,498 million ($44,009 million) and ¥5,692,199 million of these securities were held without disposition as of March 31, 2018 and 2017, 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 gains on trading securities were ¥1,084 million ($10 million) for the fiscal year ended March 31, 2018 and net unrealized losses on trading securities were ¥609 million for the fiscal year ended March 31, 2017.

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

	Millions of Yen				
	March 31, 2018				
	Carrying amount	Fair value	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Japanese government bonds	¥ 1,100,828	¥ 1,141,040	¥ 40,211	¥ 40,211	¥ –
Foreign bonds	1,116,942	1,107,245	(9,696)	6,149	(15,846)
Other	864,305	868,817	4,511	5,186	(674)
Total	¥ 3,082,075	¥ 3,117,102	¥ 35,026	¥ 51,548	¥ (16,521)

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

	Millions of U.S. Dollars				
	March 31, 2018				
	Carrying amount	Fair value	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Japanese government bonds	$ 10,362	$ 10,740	$ 378	$ 378	$ —
Foreign bonds	10,513	10,422	(91)	58	(149)
Other	8,135	8,178	42	49	(6)
Total	$ 29,010	$ 29,340	$ 330	$ 485	$ (156)

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

	Millions of Yen				
	March 31, 2018				
	Carrying amount	Acquisition cost	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Domestic equity securities	¥ 4,501,180	¥ 1,980,885	¥ 2,520,294	¥ 2,560,314	¥ (40,019)
Domestic bonds	23,612,295	23,338,290	274,004	279,954	(5,950)
Japanese government bonds	19,270,980	19,042,187	228,793	229,724	(931)
Municipal bonds	1,536,343	1,531,062	5,280	7,800	(2,520)
Corporate bonds	2,804,971	2,765,041	39,930	42,429	(2,499)
Foreign equity securities	244,561	198,133	46,427	78,320	(31,892)
Foreign bonds	10,999,095	11,115,912	(116,816)	54,188	(171,005)
Other	3,107,642	3,123,815	(16,172)	28,209	(44,382)
Total	¥ 42,464,775	¥ 39,757,037	¥ 2,707,737	¥ 3,000,988	¥ (293,250)

Note:

Net unrealized gain (loss) in the table above includes a gain of ¥106,193 million which was recognized in profit or loss by applying the fair value hedge accounting.

	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 U.S. Dollars				
	March 31, 2018				
	Carrying amount	Acquisition cost	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Domestic equity securities	$ 42,368	$ 18,645	$ 23,723	$ 24,099	$ (377)
Domestic bonds	222,254	219,675	2,579	2,635	(56)
Japanese government bonds	181,391	179,237	2,154	2,162	(9)
Municipal bonds	14,461	14,411	50	73	(24)
Corporate bonds	26,402	26,026	376	399	(24)
Foreign equity securities	2,302	1,865	437	737	(300)
Foreign bonds	103,531	104,630	(1,100)	510	(1,610)
Other	29,251	29,403	(152)	266	(418)
Total	$ 399,706	$ 374,219	$ 25,487	$ 28,247	$ (2,760)

Note:

Net unrealized gain (loss) in the table above includes a gain of $1,000 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, 2018 and 2017 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2018	March 31, 2017	March 31, 2018
Sales proceeds	¥ 27,625,154	¥ 31,076,137	$ 260,026
Realized gains	252,036	428,660	2,372
Realized losses	122,524	273,915	1,153

(5) Reclassified securities

In the fiscal year ended March 31, 2018, there were no reclassified securities.

In the fiscal year ended March 31, 2017, certain securitized instruments amounting to ¥14,142 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, 2018 and 2017 were ¥8,730 million ($82 million) consisting of ¥3,730 million ($35 million) on equity securities and ¥4,999 million ($47 million) on debt securities and others and ¥667 million consisting of ¥551 million on equity securities and ¥116 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, 2018 and 2017 was as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2018	March 31, 2017	March 31, 2018
Carrying amount	¥ 26,572	¥ 23,645	$ 250
Net unrealized gain (loss)	(2,385)	632	(22)

There was no "Money held in trust" classified as held-to-maturity as of March 31, 2018 and 2017.

"Money held in trust" classified as other than trading and held-to-maturity as of March 31, 2018 and 2017 was as follows:

	Millions of Yen				
	March 31, 2018				
	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	¥ 5,924	¥ 5,924	¥ –	¥ –	¥ –

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

	Millions of U.S. Dollars				
	March 31, 2018				
	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	$ 56	$ 56	$ –	$ –	$ –

6. UNREALIZED GAIN ON AVAILABLE-FOR-SALE SECURITIES

Unrealized gain on available-for-sale securities as of March 31, 2018 and 2017 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2018	March 31, 2017	March 31, 2018
Unrealized gain:	¥ 2,593,056	¥ 2,266,708	$ 24,408
Available-for-sale securities	2,602,665	2,280,021	24,498
Money held in trust except for trading and held-to-maturity purpose	–	–	–
Securities reclassified from available-for-sale securities into held-to-maturity debt securities	(9,609)	(13,313)	(90)
Deferred tax liabilities	(757,900)	(652,280)	(7,134)
Unrealized gain on available-for-sale securities before adjustments by ownership share	1,835,155	1,614,428	17,274
Noncontrolling interests	(3,145)	(1,916)	(30)
Bank's ownership share in unrealized (loss) gain on available-for-sale securities held by affiliates accounted for using the equity method	(2,338)	(2,290)	(22)
Unrealized gain on available-for-sale securities	¥ 1,829,670	¥ 1,610,220	$ 17,222

Notes:
1. Unrealized gain in the table above excludes ¥106,193 million ($1,000 million) of gains as of March 31, 2018 and ¥38,886 million of gains as of March 31, 2017 which were recognized in profit or loss by the fair value hedge accounting respectively.
2. Unrealized gain in the table above includes ¥1,121 million ($11 million) and ¥2,642 million of unrealized gain on available-for-sale securities invested in limited partnerships as of March 31, 2018 and 2017, respectively.

7. LOANS AND BILLS DISCOUNTED

Bills discounted and rediscounted are accounted for as financial transactions in accordance with “Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry” (JICPA Industry Audit Committee Report No. 24). The Bank has rights to sell or pledge these bills discounted. The total face value of bills discounted was ¥1,407,038 million ($13,244 million) and ¥1,367,577 million as of March 31, 2018 and 2017 respectively. Of these, the total face value of foreign exchange bills bought which were transferred due to rediscounts of bills amounted to ¥3,065 million ($29 million) and ¥3,936 million as of March 31, 2018 and 2017, respectively.

“Loans and bills discounted” as of March 31, 2018 and 2017 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2018	March 31, 2017	March 31, 2018
Loans to bankrupt borrowers	¥ 42,568	¥ 40,177	$ 401
Non-accrual delinquent loans	507,964	637,459	4,781
Loans past due for three months or more	24,130	41,934	227
Restructured loans	479,324	577,766	4,512
Total	¥ 1,053,988	¥ 1,297,338	$ 9,921

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, 2018 and 2017 amounted to ¥990,820 million ($9,326 million) and ¥958,932 million, respectively.

Deferred gains on “Tangible fixed assets” not recognized for tax purposes as of March 31, 2018 and 2017 amounted to ¥72,924 million ($686 million) and ¥73,213 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, 2018 and 2017 were ¥461,898 million ($4,348 million) and ¥543,661 million, respectively.

11. ASSETS PLEDGED AS COLLATERAL

Assets pledged as collateral and their relevant liabilities as of March 31, 2018 and 2017 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2018	March 31, 2017	March 31, 2018
Assets pledged as collateral:			
Securities	¥ 691,066	¥ 3,431,812	$ 6,505
Loans and bills discounted	10,557,556	8,718,526	99,375
Total	¥ 11,248,622	¥ 12,150,339	$ 105,879
Relevant liabilities to above assets:			
Deposits	¥ 547,501	¥ 756,477	$ 5,153
Call money and bills sold	4,930	–	46
Trading liabilities	18,473	17,224	174
Borrowed money	10,504,217	11,450,352	98,873
Total	¥ 11,075,123	¥ 12,224,054	$ 104,246

In addition to the above, the following assets were pledged as collateral for cash settlements and other transactions or as deposits for margin accounts of futures and other transactions:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2018	March 31, 2017	March 31, 2018
Assets pledged as collateral:			
Cash and due from banks	¥ 2,605	¥ 4,319	$ 25
Monetary claims bought	–	252,692	–
Trading assets	364,089	–	3,427
Securities	10,290,711	6,157,416	96,863
Loans and bills discounted	7,254,401	6,049,750	68,283
Total	¥ 17,911,808	¥ 12,464,178	$ 168,598

Furthermore, trading assets and securities sold under repurchase agreements or loaned under securities lending with cash collateral were ¥1,286,272 million ($12,107 million) and ¥11,729,368 million ($110,404 million), respectively, as of March 31, 2018 and ¥1,093,455 million and ¥11,052,042 million, respectively, as of March 31, 2017.

Relevant payables under repurchase agreements were ¥4,858,667 million ($45,733 million) and ¥3,171,049 million as of March 31, 2018 and 2017, respectively.

Relevant payables under securities lending transactions were ¥5,272,337 million ($49,627 million) and ¥3,044,039 million as of March 31, 2018 and 2017, 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 ¥73,001,167 million ($687,134 million) and ¥76,920,178 million as of March 31, 2018 and 2017, respectively.

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

13. BORROWED MONEY, LEASE LIABILITIES AND COMMERCIAL PAPER

“Borrowed money,” “Lease liabilities” and “Commercial paper” as of March 31, 2018 and 2017 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2018	March 31, 2017	March 31, 2018
Borrowings from banks and other, due 2017-2033, 0.79% on the average	¥ 16,351,843	¥ 16,352,022	$ 153,914
Bills rediscounted	–	–	–
Total borrowed money	¥ 16,351,843	¥ 16,352,022	$ 153,914
Lease liabilities, due 2017-2038	7,257	8,374	68
Commercial paper, 1.85% on the average	1,441,060	1,692,088	13,564

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 ¥2,365,888 million ($22,269 million) and ¥1,895,550 million as of March 31, 2018 and 2017, 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, 2018 were as follows:

Year ending March 31	Millions of Yen	Millions of U.S. Dollars
2019	¥ 2,256,672	$ 21,241
2020	609,792	5,740
2021	7,808,106	73,495
2022	1,377,949	12,970
2023	669,345	6,300
2024 and thereafter	3,629,976	34,168
Total	¥ 16,351,843	$ 153,914

Annual maturities of lease liabilities as of March 31, 2018 were as follows:

Year ending March 31	Millions of Yen	Millions of U.S. Dollars
2019	¥ 1,691	$ 16
2020	1,080	10
2021	792	7
2022	500	5
2023	251	2
2024 and thereafter	2,941	28
Total	¥ 7,257	$ 68

14. BONDS PAYABLE

Bonds payable as of March 31, 2018 and 2017 consisted of the following:

Description	Issued	Millions of Yen 2018	Millions of Yen 2017	Millions of U.S. Dollars 2018	Coupon rate (%)	Secured or unsecured	Due
The Bank:							
Straight bonds payable in yen	Feb. 2000-Jul. 2014	¥ 349,100 [113,900]	¥ 479,200 [130,100]	$ 3,286 [1,072]	0.14-2.69	Unsecured	Apr. 2017-Apr. 2027
Senior bonds payable in US$	Feb. 2013-Apr. 2017	1,132,527 (USD10,660 million) [318,523]	1,615,539 (USD14,400 million) [420,638]	10,660 [2,998]	1.45-4.70	Unsecured	Sep. 2017-Mar. 2044
Euro senior bonds payable in US$	Jul. 2012-Feb. 2018	371,064 (USD 3,492 million) [–]	291,495 (USD2,598 million) [16,828]	3,493 [–]	0.00-1.36	Unsecured	Jul. 2017-Feb. 2048
Senior bonds payable in Euro	Mar. 11. 2015	97,640 (EUR 748 million)	89,556 (EUR747 million)	919	0.87	Unsecured	Mar. 11. 2022
Euro senior bonds payable in Euro	Dec. 2016-Sep. 2017	14,357 (EUR 110 million)	3,593 (EUR30 million)	135	(0.09)-0.05	Unsecured	Sep. 2032-Aug. 2037
Senior bonds payable in A$	Sep. 19, 2013	– (–) [–]	55,796 (AUD650 million) [55,796]	– [–]	2.82	Unsecured	Sep. 19, 2017
Euro senior bonds payable in A$	Jul. 2012-Mar. 2017	2,578 (AUD 31 million) [–]	18,029 (AUD210 million) [15,451]	24 [–]	0.00-4.05	Unsecured	Jul. 2017-Mar. 2047
Senior bonds payable in RMB	Jan. 16, 2018	16,920 (CNY 1,000 million)	– (–)	159	5.30	Unsecured	Jan. 18, 2021
Euro senior bonds payable in RMB	Jun. 24, 2015	– (–) [–]	5,701 (CNH350 million) [5,701]	– [–]	3.64	Unsecured	Jun. 26, 2017
Subordinated bonds payable in yen	Dec. 2004-Sep. 2012	521,000 [–]	711,000 [50,000]	4,904 [–]	0.93-2.91	Unsecured	Jul. 2017-Jan. 2031
Subsidiaries*1:							
Straight bonds payable	Dec. 1997-Dec. 2017	827,258 (USD 4,379 million) (THB 96,325 million) (–) [394,598]	890,820 (USD5,014 million) (THB89,275 million) (CNY1,000 million) [304,899]	7,787 [3,714]	1.43-4.50	Unsecured	Jan. 2017-Feb. 2025
Subordinated bonds payable	Aug. 1997-Nov. 2017	203,210 (USD 61 million) (THB 42,000 million) [–]	139,978 (USD60 million) (THB24,864 million) [1,000]	1,913 [–]	0.14-10.85	Unsecured	Sep. 2017-Sep. 2036
Undated subordinated bonds payable	Dec. 2000-Dec. 2008	10,000 (–)	10,084 (USD0 million)	94	0.00-7.00	Unsecured	–
Total		¥ 3,545,657	¥ 4,310,796	$ 33,374			

Notes:

1. *1 Subsidiaries include MUAH, BTMU (Curacao) Holdings N.V., Krungsri and Bank of Tokyo-Mitsubishi UFJ (China), Ltd.
2. ( ) denotes the amounts of foreign currency denominated bonds payable.
3. [ ] denotes the amounts expected to be redeemed within one year.
4. The following is a summary of maturities of bonds payable subsequent to March 31, 2018

Year ending March 31	Millions of Yen	Millions of U.S. Dollars
2019	¥ 827,022	$ 7,784
2020	692,768	6,521
2021	327,532	3,083
2022	351,395	3,308
2023	195,109	1,836
2024 and thereafter	1,151,829	10,842
Total	¥ 3,545,657	$ 33,374

15. ASSET OR 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, 2018 and 2017 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2018	March 31, 2017	March 31, 2018
Balance at beginning of year	¥ 1,855,317	¥ 1,898,266	$ 17,463
[of which foreign exchange translation adjustments]	*[9,321]*	*[17,951]*	*[88]*
Service cost	44,340	49,652	417
Interest cost	27,216	26,306	256
Actuarial losses (gains)	68,833	(11,555)	648
Benefits paid	(83,728)	(85,240)	(788)
Past service cost	–	(14,352)	–
Others	246	1,561	2
Balance at end of year	¥ 1,912,225	¥ 1,864,638	$ 17,999

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, 2018 and 2017 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2018	March 31, 2017	March 31, 2018
Balance at beginning of year	¥ 2,141,953	¥ 2,004,011	$ 20,161
[of which foreign exchange translation adjustments]	*[10,887]*	*[18,213]*	*[102]*
Expected return on plan assets	74,223	70,269	699
Actuarial gains	216,715	83,677	2,040
Contributions from the employer	57,009	64,391	537
Benefits paid	(69,332)	(70,610)	(653)
Others	(269)	1,101	(3)
Balance at end of year	¥ 2,420,300	¥ 2,152,841	$ 22,781

(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, 2018 and 2017 was as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2018	March 31, 2017	March 31, 2018
Funded defined benefit obligation	¥ 1,865,027	¥ 1,820,438	$ 17,555
Plan assets	(2,420,300)	(2,152,841)	(22,781)
	(555,273)	(332,403)	(5,227)
Unfunded defined benefit obligation	47,198	44,200	444
Net asset arising from defined benefit obligation	¥ (508,075)	¥ (288,202)	$ (4,782)

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2018	March 31, 2017	March 31, 2018
Liability for retirement benefits	¥ 49,598	¥ 49,023	$ 467
Asset for retirement benefits	(557,673)	(337,225)	(5,249)
Net asset arising from defined benefit obligation	¥ (508,075)	¥ (288,202)	$ (4,782)

(4) The components of net periodic retirement benefit costs for the fiscal years ended March 31, 2018 and 2017 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2018	March 31, 2017	March 31, 2018
Service cost	¥ 44,340	¥ 49,652	$ 417
Interest cost	27,216	26,306	256
Expected return on plan assets	(74,223)	(70,269)	(699)
Amortization of past service cost	(7,233)	(5,320)	(68)
Recognized actuarial losses	57,473	51,798	541
Others (additional temporary severance benefits)	7,576	7,112	71
Net periodic retirement benefit costs	¥ 55,150	¥ 59,280	$ 519

Note:
Retirement benefit costs of some overseas branches of the Bank and some 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, 2018 and 2017 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2018	March 31, 2017	March 31, 2018
Past service cost	¥ (8,075)	¥ 8,243	$ (76)
Actuarial gains	209,646	153,019	1,973
Total	¥ 201,570	¥ 161,263	$ 1,897

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2018 and 2017 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2018	March 31, 2017	March 31, 2018
Unrecognized past service cost	¥ 27,220	¥ 35,296	$ 256
Unrecognized actuarial gains (losses)	82,684	(126,961)	778
Total	¥ 109,905	¥ (91,665)	$ 1,034

(7) Plan assets

a. Components of plan assets

The composition of plan assets by major category as of March 31, 2018 and 2017 was as follows:

	March 31, 2018	March 31, 2017
Domestic equity investments	32.01%	30.39%
Domestic debt investments	17.47	17.63
Foreign equity investments	23.81	23.88
Foreign debt investments	11.62	11.09
General account of life insurance	8.35	9.51
Others	6.74	7.50
Total	100.00	100.00

Note:
Total plan assets include retirement benefit trust of 19.55% and 16.95% which was set up on corporate pension plans as of March 31, 2018 and 2017, 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, 2018 and 2017 were set forth as follows:

	2018	2017
Discount rate:		
Domestic	0.00%-0.83%	0.00%-0.90%
Overseas	1.16%-10.00%	1.80%-11.39%
Expected salary increase rate:		
Domestic	2.90%-4.00%	2.90%-4.00%
Overseas	2.25%-9.00%	2.25%-9.30%
Expected rate of return on plan assets:		
Domestic	0.07%-3.00%	(0.05)%-3.00%
Overseas	1.80%-10.00%	2.40%-11.39%

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 ¥13,755 million ($129 million) and ¥12,464 million for the fiscal years ended March 31, 2018 and 2017, respectively.

16. CONTINGENT LIABILITIES

In the ordinary course of business, the Group is subject to various litigation and regulatory matters. In accordance with applicable accounting guidance, the Group establishes an accrued liability for loss contingencies arising from litigation and regulatory matters when they are determined to be probable in their occurrences and the probable loss amount can be reasonably estimated.
Based upon current knowledge and consultation with counsel, management believes the eventual outcome of such litigation and regulatory matters, where losses are probable and the probable loss amounts can be reasonably estimated, would not have a material adverse effect on the Group's financial position, results of operations or cash flows. Additionally, management believes the amount of loss that is reasonably possible, but not probable, from various litigations and regulatory matters is not material to the Group's financial position, results of operations or cash flows.

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

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

The Banking Law requires that an amount equal to 20% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as capital reserve (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of the aggregate amount of legal reserve and capital reserve equals 100% of capital stock.
Under the Companies Act and the Banking Law, the aggregate amount of capital reserve and legal reserve that exceeds 100% of the capital stock may be made available for dividends by resolution of the shareholders after transferring such excess to other capital surplus and other retained earnings in accordance with the Companies Act. Under the Companies

Act, the total amount of capital reserve and legal reserve may be reversed without limitation. The Companies Act also provides that capital stock, legal reserve, capital reserve, other capital surplus and other retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

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

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

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, 2018 and 2017 were as follows:

	Number of shares in thousands			
	April 1, 2017	Increase	Decrease	March 31, 2018
Outstanding shares issued:				
Common stock	12,350,038	–	–	12,350,038
Preferred stock–first series of Class 2	100,000	–	–	100,000
Preferred stock–first series of Class 4	79,700	–	–	79,700
Preferred stock–first series of Class 6	1,000	–	–	1,000
Preferred stock–first series of Class 7	177,000	–	–	177,000
Total	12,707,738	–	–	12,707,738
Treasury stock:				
Preferred stock–first series of Class 2	100,000	–	–	100,000
Preferred stock–first series of Class 4	79,700	–	–	79,700
Preferred stock–first series of Class 6	1,000	–	–	1,000
Preferred stock–first series of Class 7	177,000	–	–	177,000
Total	357,700	–	–	357,700

	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

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, 2018 and 2017:

Fiscal year ended March 31, 2018:

1. Cash dividends

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

Cash dividends approved at the Board of Directors' meeting held on May 15, 2017:	Total amount (Millions of U.S. Dollars)	Per share amount (U.S. Dollar)	Dividend record date	Effective date
Common stock	$ 890	$ 0.07	Mar. 31, 2017	May 16, 2017

Cash dividends approved at the Board of Directors' meeting held on July 31, 2017:	Total amount (Millions of Yen)	Per share amount (Yen)	Dividend record date	Effective date
Common stock	¥ 84,227	¥ 6.82	–	Aug. 2, 2017

Cash dividends approved at the Board of Directors' meeting held on July 31, 2017:	Total amount (Millions of U.S. Dollars)	Per share amount (U.S. Dollar)	Dividend record date	Effective date
Common stock	$ 793	$ 0.06	–	Aug. 2, 2017

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

Cash dividends approved at the Board of Directors' meeting held on November 14, 2017:	Total amount (Millions of U.S. Dollars)	Per share amount (U.S. Dollar)	Dividend record date	Effective date
Common stock	$ 1,409	$ 0.11	Sep. 30, 2017	Nov. 15, 2017

Cash dividends approved at the Board of Directors' meeting held on January 31, 2018:	Total amount (Millions of Yen)	Per share amount (Yen)	Dividend record date	Effective date
Common stock	¥ 84,227	¥ 6.82	–	Feb. 2, 2018

Cash dividends approved at the Board of Directors' meeting held on January 31, 2018:	Total amount (Millions of U.S. Dollars)	Per share amount (U.S. Dollar)	Dividend record date	Effective date
Common stock	$ 793	$ 0.06	–	Feb. 2, 2018

2. Dividends-in-kind

Dividends-in-kind (securities) on common stock were approved at the Board of Directors' meeting held on January 31, 2017. Total carrying value of the dividends was ¥6,661 million ($63 million) and the effective date was May 31, 2017.

Notes:

1. "Dividends paid" in the consolidated statements of changes in equity for the fiscal year ended March 31, 2018 included an amount of ¥6,583 million ($62 million) of dividends-in-kind after deducting ¥78 million ($1 million) corresponding to accumulated other comprehensive income from the carrying value of the dividends-in-kind.
2. All the dividends-in-kind are allocated to MUFG, which is the sole shareholder of the Bank, owning 12,350,038 thousand shares of common stock and the amount of dividend per share has not been defined.

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 (Millions of Yen)	Per share amount (Yen)	Dividend record date	Effective date
Common stock	¥ 105,716	¥ 8.56	Mar. 31, 2016	May 17, 2016

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

Cash dividends approved at the Board of Directors' meeting held on November 14, 2016:	Total amount (Millions of Yen)	Per share amount (Yen)	Dividend record 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 January 31, 2017:	Total amount (Millions of Yen)	Per share amount (Yen)	Dividend record date	Effective date
Common stock	¥ 84,227	¥ 6.82	–	Feb. 2, 2017

Subject to approval at the Board of Directors' meeting, the Bank paid the following cash dividends on May 16, 2018, to shareholders of record as of March 31, 2018:

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

Cash dividends approved at the Board of Directors' meeting held on May 15, 2018:	Total amount (Millions of U.S. Dollars)	Dividend resource	Per share amount (U.S. Dollar)	Dividend record date	Effective date
Common stock	$ 716	Retained earnings	$ 0.06	Mar. 31, 2018	May 16, 2018

19. STOCK OPTIONS

There were no stock options outstanding as of March 31, 2018 and 2017.

20. OTHER INCOME

Other income for the fiscal years ended March 31, 2018, 2017 and 2016 consisted of the following:

	Millions of Yen			Millions of U.S. Dollars
Fiscal years ended March 31	2018	2017	2016	2018
Gains on sales of equity securities and other securities	¥ 133,289	¥ 142,947	¥ 126,056	$ 1,255
Equity in earnings of the equity method investees	25,456	21,891	25,000	240
Lease income of consolidated subsidiaries operating leasing business	8,934	8,930	6,105	84
Gain on disposal of fixed assets	4,915	16,853	21,243	46
Gain on sales of shares of a subsidiary	–	–	15,595	–
Gain on change in equity	–	–	112	–
Gain on reversal of allowance for credit losses	59,568	11,034	–	561
Gain on collection of bad debts	58,357	44,186	39,170	549
Other	51,218	69,124	60,183	482
Total	¥ 341,740	¥ 314,967	¥ 293,466	$ 3,217

21. OTHER EXPENSES

Other expenses for the fiscal years ended March 31, 2018, 2017 and 2016 consisted of the following:

	Millions of Yen			Millions of U.S. Dollars
Fiscal years ended March 31	2018	2017	2016	2018
Losses on write-down or sales of equity securities and other securities	¥ 41,196	¥ 46,852	¥ 52,083	$ 388
Loss on liquidation of subsidiaries	–	3,236	–	–
Loss on sales of shares of subsidiaries	–	226	–	–
Loss on exchange of shares of affiliates	–	4,007	–	–
Outsourcing expenses of consolidated subsidiaries operating information services	19,793	13,330	22,030	186
Write-offs of loans	78,300	71,520	82,670	737
Provision for contingent losses	14,777	114,717	12,850	139
Loss on forgiveness of loans and others	21,807	11,566	42,371	205
Loss on disposal of fixed assets	9,320	6,118	10,236	88
Impairment loss on long-lived assets	53,493	5,778	11,011	504
Defeasance for borrowings	17,186	–	–	162
Other	27,465	21,849	8,479	259
Total	¥ 283,339	¥ 299,205	¥ 241,733	$ 2,667

Impairment loss on long-lived assets:

The Bank reviewed its domestic operating assets for their profitability in line with the functional realignment from "Retail Banking Business Unit" and "Corporate Banking Business Unit" to "Retail & Commercial Banking Business Group" and "Japanese Corporate & Investment Banking Business Group" based on "MUFG Re-Imagining Strategy" announced on May 15, 2017 as well as business transformation fueled by digital technology. In addition, domestic channels underwent transformation. As a result, no return on investment may be expected for some operating assets.

Accordingly, for the year ended March 31, 2018, the Bank recognized impairment loss in the amounts of ¥43,013 million ($405 million), consisting of ¥25,526 million ($240 million) of buildings, ¥15,931 million ($150 million) of land and ¥1,555 million ($15 million) of other intangible fixed assets on certain operating assets.

The Bank's minimum grouping unit is each operating base for which profit and loss are controlled and monitored on a continuous basis.

The recoverable amount is calculated using net realizable value which is mainly determined by subtracting the expected disposal cost from the appraisal value based on the Real Estate Appraisal Standard.

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%, 30.86% and 33.06% for the fiscal years ended March 31, 2018, 2017 and 2016, respectively.

The tax effects of significant temporary differences which resulted in "Deferred tax assets and liabilities" as of March 31, 2018, 2017 and 2016 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2018	2017	2016	2018
Deferred tax assets:				
Excess over deductible limit of provision of allowance for credit losses and write-offs of loans	¥ 239,405	¥ 313,313	¥ 366,832	$ 2,253
Revaluation loss on securities	82,323	86,735	103,545	775
Liability for retirement benefits	57,681	133,717	185,707	543
Reserve for contingent losses	47,382	40,935	13,058	446
Unrealized losses on available-for-sale securities	18,099	28,610	30,648	170
Tax loss carryforwards	4,495	2,881	7,482	42
Other	276,696	261,086	268,895	2,604
Subtotal	726,084	867,280	976,168	6,834
Less valuation allowances	(117,643)	(127,205)	(174,711)	(1,107)
Total	¥ 608,441	¥ 740,074	¥ 801,456	$ 5,727
Deferred tax liabilities:				
Unrealized gains on available-for-sale securities	¥ (772,542)	¥ (673,197)	¥ (758,670)	$ (7,272)
Unrealized gain on lease transactions	(87,210)	(98,427)	(87,757)	(821)
Retained earnings of affiliates	(77,309)	(64,203)	(40,585)	(728)
Revaluation gain on securities at merger	(60,757)	(62,247)	(62,040)	(572)
Gain on establishment of retirement benefit trust	(47,176)	(48,955)	(49,862)	(444)
Deferred gains on derivatives under hedge accounting	(29,909)	(63,542)	(187,713)	(282)
Other	(116,039)	(158,318)	(182,766)	(1,092)
Total	¥ (1,190,944)	¥ (1,168,892)	¥ (1,369,396)	$ (11,210)
Net deferred tax liabilities	¥ (582,503)	¥ (428,818)	¥ (567,939)	$ (5,483)

Changes in presentation:
"Reserve for contingent losses" which had been included in "Other" under "Deferred tax assets" in the fiscal year ended March 31, 2017 and 2016 has been stated separately from the fiscal year ended March 31, 2018 due to increased significance. In order to reflect these changes in presentation, the notes for the fiscal year ended March 31, 2017 and 2016 have been reclassified.
As a result, the amounts which had been presented as "Other" under "Deferred tax assets" in the fiscal years ended March 31, 2017 and 2016 of ¥302,022 million and ¥281,953 million, respectively, have been reclassified into "Reserve for contingent losses" of ¥40,935 million and ¥13,058 million, and "Other" of ¥261,086 million and ¥268,895 million, respectively.

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, 2018, 2017 and 2016 was as follows:

	2018	2017	2016
Normal effective statutory tax rate	30.86 %	30.86 %	33.06 %
Permanent non-taxable differences (e.g., non-taxable dividend income)	(3.66)	(1.96)	(2.56)
Tax rate difference of overseas subsidiaries	(3.52)	(1.55)	(2.43)
Elimination of dividends received from subsidiaries	2.68	0.92	1.71
Retained earnings of affiliates	1.55	2.38	0.63
Equity in earnings of the equity method investees	(0.93)	(0.68)	(0.75)
Change in valuation allowances	(0.52)	(3.95)	1.25
Addition of deferred tax liabilities resulting from tax rate changes	–	–	1.42
Other	0.29	(1.25)	(0.48)
Actual effective tax rate	26.75 %	24.77 %	31.85 %

As of March 31, 2018
As the US tax reform bill “Tax Cuts and Jobs Act” was enacted on December 22, 2017, the corporate income tax rate applied to the Bank’s consolidated subsidiaries in the United States was reduced from the fiscal years beginning on or after January 1, 2018 from 35% to 21%.
As a result, due to the revaluation of deferred tax assets and deferred tax liabilities of the US consolidated subsidiaries, deferred tax liabilities (net of deferred tax assets) and income taxes – deferred decreased by ¥7,668 million ($72 million) and ¥7,668 million ($72 million), respectively.

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.

23. LEASES

Operating Leases

(1) Lessee

Future lease payments including interest payables under noncancelable operating leases as of March 31, 2018 and 2017 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2018	March 31, 2017	March 31, 2018
Due within one year	¥ 48,632	¥ 48,720	$ 458
Due after one year	229,262	223,676	2,158
Total	¥ 277,895	¥ 272,397	$ 2,616

(2) Lessor

Future lease receivables including interest receivables under noncancelable operating leases as of March 31, 2018 and 2017 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	March 31, 2018	March 31, 2017	March 31, 2018
Due within one year	¥ 4,949	¥ 4,203	$ 47
Due after one year	42,787	63,458	403
Total	¥ 47,736	¥ 67,661	$ 449

24. COMPREHENSIVE INCOME

The components of other comprehensive income for the fiscal years ended March 31, 2018, 2017 and 2016 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2018	2017	2016	2018
Unrealized gain (loss) on available-for-sale securities:				
Gain (loss) arising during the year	¥ 447,364	¥ (87,953)	¥ (217,579)	$ 4,211
Reclassification adjustments to loss	(121,040)	(192,570)	(242,320)	(1,139)
Amount before income tax effect	326,324	(280,523)	(459,900)	3,072
Income tax effect	(100,976)	86,207	170,042	(950)
Total	225,347	(194,316)	(289,857)	2,121
Deferred (loss) gain on derivatives under hedge accounting:				
(Loss) gain arising during the year	(296,156)	(499,136)	363,629	(2,788)
Reclassification adjustments to profit	174,785	92,771	5,436	1,645
Adjustments to acquisition costs of assets	(87)	(2,798)	–	(1)
Amount before income tax effect	(121,458)	(409,162)	369,065	(1,143)
Income tax effect	37,958	128,319	(109,483)	357
Total	(83,500)	(280,843)	259,582	(786)
Land revaluation surplus:				
Gain arising during the year	–	–	–	–
Reclassification adjustments to profit or loss	–	–	–	–
Amount before income tax effect	–	–	–	–
Income tax effect	(57)	(21)	6,811	(1)
Total	(57)	(21)	6,811	(1)
Foreign currency translation adjustments:				
Loss arising during the year	(35,723)	(101,876)	(204,500)	(336)
Reclassification adjustments to profit	2,356	10,369	–	22
Amount before income tax effect	(33,366)	(91,507)	(204,500)	(314)
Income tax effect	(533)	(4,701)	5,400	(5)
Total	(33,900)	(96,209)	(199,099)	(319)
Defined retirement benefit plans:				
Gain (loss) arising during the year	151,331	114,786	(124,040)	1,424
Reclassification adjustments to profit	50,239	46,477	23,795	473
Amount before income tax effect	201,570	161,263	(100,245)	1,897
Income tax effect	(63,612)	(50,030)	30,450	(599)
Total	137,958	111,233	(69,794)	1,299
Share of other comprehensive income (loss) in affiliates accounted for using the equity method:				
Loss arising during the year	(2,985)	(17,264)	(2,679)	(28)
Reclassification adjustments to loss	(942)	(900)	(600)	(9)
Total	(3,928)	(18,165)	(3,280)	(37)
Total other comprehensive income (loss)	¥ 241,919	¥ (478,322)	¥ (295,638)	$ 2,277

25. PER SHARE INFORMATION

	Yen			U.S. Dollars
Fiscal years ended March 31	2018	2017	2016	2018
Basic earnings per common share	¥ 46.57	¥ 55.86	¥ 55.53	$ 0.44
Diluted earnings per common share	46.57	55.86	55.53	0.44

	Yen			U.S. Dollars
	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2018
Total equity per common share	¥ 964.46	¥ 933.06	¥ 952.16	$ 9.08

Notes:

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

	Millions of Yen			Millions of U.S. Dollars
Fiscal years ended March 31	2018	2017	2016	2018
Net income attributable to the shareholders of the Bank	¥ 575,260	¥ 689,929	¥ 685,835	$ 5,415
Net income attributable to the shareholders of the Bank related to common shares	575,260	689,929	685,835	5,415

	Number of shares in thousands		
Fiscal years ended March 31	2018	2017	2016
Average number of common shares during the year	12,350,038	12,350,038	12,350,038

	Millions of Yen			Millions of U.S. Dollars
Fiscal years ended March 31	2018	2017	2016	2018
Diluted earnings per common share				
Adjustment to net income attributable to the shareholders of the Bank	¥ (14)	¥ (16)	¥ (12)	$ (0)

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

	Millions of Yen			Millions of U.S. Dollars
	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2018
Total equity	¥ 12,708,722	¥ 12,427,078	¥ 13,118,288	$ 119,623
Deductions from total equity:				
Noncontrolling interests	797,545	903,707	1,359,055	7,507
Total	797,545	903,707	1,359,055	7,507
Total equity attributable to common shares	¥ 11,911,176	¥ 11,523,370	¥ 11,759,232	$ 112,116

	Number of shares in thousands		
	March 31, 2018	March 31, 2017	March 31, 2016
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 Krungsri are 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 Krungsri, 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 Krungsri 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 ¥3,687 million ($35 million) and ¥5,129 million as of March 31, 2018 and 2017, 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 Krungsri) across the Group was ¥312,799 million ($2,944 million) and ¥329,960 million as of March 31, 2018 and 2017, respectively. As an appropriate identification of interest rate risk is vital to banking activities (excluding strategic equity securities, MUAH and Krungsri), 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, 2017 and 2016 was +3.30% and +0.61%, respectively, at the time of interest rate changes of +200 basis points (+2.00%) and -2.50% and -0.63%, respectively, at the time of interest rate changes of -100 basis points (-1.00%).

EaR of banking activities of Krungsri as of December 31, 2017 and 2016 was -1.22.% and -1.98%, respectively, at the time of interest rate changes of +100 basis points (+1.00%) and -4.01% and -3.58%, 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, 2018 and 2017 was subject to a variation of approximately ¥2,620 million ($25 million) and ¥2,759 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, 2018 and 2017 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 carrying amount and the fair value of financial instruments as of March 31, 2018 and 2017 together with their differences were as follows. 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, 2018		
	Carrying amount	Fair value	Difference
(1) Cash and due from banks	¥ 57,688,651	¥ 57,688,651	¥ –
(2) Call loans and bills bought	1,532,654	1,532,654	–
(3) Receivables under resale agreements	3,360,738	3,360,738	–
(4) Receivables under securities borrowing transactions	5,058,458	5,058,458	–
(5) Monetary claims bought (*1)	4,247,072	4,251,584	4,511
(6) Trading assets	2,947,746	2,947,746	–
(7) Money held in trust	32,496	32,496	–
(8) Securities:			
Held-to-maturity securities	2,217,770	2,248,285	30,515
Available-for-sale securities	41,874,195	41,874,195	–
(9) Loans and bills discounted	93,816,565		
Allowance for credit losses (*1)	(526,757)		
	93,289,808	94,170,874	881,066
(10) Foreign exchange (*1)	2,849,236	2,849,236	–
Total assets	¥ 215,098,828	¥ 216,014,922	¥ 916,093
(1) Deposits	¥ 162,273,249	¥ 162,268,314	¥ (4,935)
(2) Negotiable certificates of deposit	5,471,650	5,489,111	17,460
(3) Call money and bills sold	405,061	405,061	–
(4) Payables under repurchase agreements	10,227,941	10,227,941	–
(5) Payables under securities lending transactions	5,741,181	5,741,181	–
(6) Commercial paper	1,441,060	1,441,060	–
(7) Trading liabilities	351,105	351,105	–
(8) Borrowed money	16,351,843	16,409,770	57,926
(9) Foreign exchange	2,188,725	2,188,725	–
(10) Bonds payable	3,545,657	3,620,462	74,805
Total liabilities	¥ 207,997,477	¥ 208,142,735	¥ 145,257
Derivatives (*2):			
To which hedge accounting is not applied	¥ 276,013	¥ 276,013	¥ –
To which hedge accounting is applied	121,534	121,534	–
Total derivatives	¥ 397,547	¥ 397,547	¥ –

	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)		
	94,458,958	95,246,201	787,242
(10) Foreign exchange (*1)	2,006,259	2,006,259	–
Total assets	¥ 204,827,071	¥ 205,664,583	¥ 837,511
(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	2,159,004	2,159,004	–
(10) Bonds payable	4,310,796	4,404,933	94,137
Total liabilities	¥ 197,032,114	¥ 197,230,817	¥ 198,703
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	¥ 244,511	¥ 244,511	¥ –

	Millions of U.S. Dollars		
	March 31, 2018		
	Carrying amount	Fair value	Difference
(1) Cash and due from banks	$ 543,003	$ 543,003	$ –
(2) Call loans and bills bought	14,426	14,426	–
(3) Receivables under resale agreements	31,633	31,633	–
(4) Receivables under securities borrowing transactions	47,613	47,613	–
(5) Monetary claims bought (*1)	39,976	40,019	42
(6) Trading assets	27,746	27,746	–
(7) Money held in trust	306	306	–
(8) Securities:			
Held-to-maturity securities	20,875	21,162	287
Available-for-sale securities	394,147	394,147	–
(9) Loans and bills discounted	883,063		
Allowance for credit losses (*1)	(4,958)		
	878,104	886,398	8,293
(10) Foreign exchange (*1)	26,819	26,819	–
Total assets	$ 2,024,650	$ 2,033,273	$ 8,623
(1) Deposits	$ 1,527,421	$ 1,527,375	$ (46)
(2) Negotiable certificates of deposit	51,503	51,667	164
(3) Call money and bills sold	3,813	3,813	–
(4) Payables under repurchase agreements	96,272	96,272	–
(5) Payables under securities lending transactions	54,040	54,040	–
(6) Commercial paper	13,564	13,564	–
(7) Trading liabilities	3,305	3,305	–
(8) Borrowed money	153,914	154,459	545
(9) Foreign exchange	20,602	20,602	–
(10) Bonds payable	33,374	34,078	704
Total liabilities	$ 1,957,808	$ 1,959,175	$ 1,367
Derivatives (*2):			
To which hedge accounting is not applied	$ 2,598	$ 2,598	$ –
To which hedge accounting is applied	1,144	1,144	–
Total derivatives	$ 3,742	$ 3,742	$ –

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

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

Notes:

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

Assets

(1) “Cash and due from banks”

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

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

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

(5) “Monetary claims bought”

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

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

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

(6) “Trading assets”

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

(7) “Money held in trust”

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

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

(8) “Securities”

The fair value of equity securities is determined based on the price quoted by the exchange. The fair value of bonds is determined based on the market price, the price quoted by the financial institutions from which they were purchased, or on the amount that can be reasonably calculated. The fair value of investment trusts is determined based on the publicly available price. For privately placed guaranteed bonds held by the Bank, the fair value is determined based on the present value of expected future cash flows, which is adjusted to reflect default risk, amount to be collected from collateral, guarantees, guarantee fees and discounted at an interest rate based on the market 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” 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 financial instruments whose fair value cannot be reliably determined were as follows. These securities are not included in the amount presented under the line item “Assets-Available-for-sale securities” in the table summarizing fair value of financial instruments.

	Carrying amount	
	March 31, 2018	
	Millions of Yen	Millions of U.S. Dollars
Unlisted equity securities (*1) (*2)	¥ 158,445	$ 1,491
Investment in partnerships and others (*2) (*3)	46,863	441
Other (*2)	82	1
Total	¥ 205,391	$ 1,933

	Carrying amount
	March 31, 2017
	Millions of Yen
Unlisted equity securities (*1) (*2)	¥ 154,832
Investment in partnerships and others (*2) (*3)	46,995
Other (*2)	396
Total	¥ 202,224

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

(*2) With respect to unlisted equity securities and others, an impairment loss of ¥2,338 million ($22 million) and ¥1,510 million was recorded in the fiscal years ended March 31, 2018 and 2017, 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, 2018					
	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):	¥12,257,436	¥ 6,691,372	¥ 3,200,462	¥ 4,015,617	¥ 5,249,076	¥ 7,527,147
Held-to-maturity securities:	–	99,296	113,595	1,165,112	434,140	1,263,776
Japanese government bonds	–	–	–	1,100,828	–	–
Foreign bonds	–	64,935	90,795	–	44,082	917,128
Other	–	34,360	22,799	64,284	390,057	346,648
Available-for-sale securities with contractual maturities:	12,257,436	6,592,076	3,086,866	2,850,505	4,814,936	6,263,370
Japanese government bonds	9,999,700	4,626,018	1,057,679	1,743,729	774,810	1,069,042
Municipal bonds	44,986	17,677	181,404	107,062	1,185,050	161
Corporate bonds	128,510	268,222	455,145	312,874	625,182	1,015,036
Foreign bonds	1,895,294	1,553,107	780,904	678,026	2,143,556	3,924,925
Other	188,944	127,050	611,733	8,812	86,336	254,204
Loans (*1) (*3)	38,107,257	16,160,439	12,284,504	5,758,252	5,455,226	15,500,350
Total	¥50,364,694	¥22,851,812	¥15,484,966	¥ 9,773,870	¥10,704,302	¥23,027,498

	Millions of U.S. Dollars					
	March 31, 2018					
	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):	$ 115,375	$ 62,984	$ 30,125	$ 37,798	$ 49,408	$ 70,850
Held-to-maturity securities:	–	935	1,069	10,967	4,086	11,895
Japanese government bonds	–	–	–	10,362	–	–
Foreign bonds	–	611	855	–	415	8,633
Other	–	323	215	605	3,671	3,263
Available-for-sale securities with contractual maturities:	115,375	62,049	29,056	26,831	45,321	58,955
Japanese government bonds	94,124	43,543	9,956	16,413	7,293	10,063
Municipal bonds	423	166	1,707	1,008	11,154	2
Corporate bonds	1,210	2,525	4,284	2,945	5,885	9,554
Foreign bonds	17,840	14,619	7,350	6,382	20,177	36,944
Other	1,778	1,196	5,758	83	813	2,393
Loans (*1) (*3)	358,690	152,113	115,630	54,200	51,348	145,899
Total	$ 474,065	$ 215,096	$ 145,755	$ 91,998	$ 100,756	$ 216,750

(*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 ¥550,533 million ($5,182 million).

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

	Millions of Yen					
	March 31, 2018					
	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
Time deposits and negotiable certificates of deposit (*1)	¥41,457,370	¥ 5,654,644	¥ 887,764	¥ 68,164	¥ 58,038	¥ 5,756
Borrowed money (*1) (*2) (*3)	2,256,672	8,417,899	2,047,294	550,709	1,883,765	1,195,502
Bonds (*1) (*2)	827,022	1,020,300	546,504	324,706	252,230	574,892
Total	¥44,541,066	¥15,092,844	¥ 3,481,563	¥ 943,579	¥ 2,194,034	¥ 1,776,151

	Millions of U.S. Dollars					
	March 31, 2018					
	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
Time deposits and negotiable certificates of deposit (*1)	$ 390,224	$ 53,225	$ 8,356	$ 642	$ 546	$ 54
Borrowed money (*1) (*2) (*3)	21,241	79,235	19,270	5,184	17,731	11,253
Bonds (*1) (*2)	7,784	9,604	5,144	3,056	2,374	5,411
Total	$ 419,249	$ 142,064	$ 32,771	$ 8,882	$ 20,652	$ 16,718

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

(*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, 2018.

27. DERIVATIVES

The Group 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, 2018, 2017 and 2016:

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, 2018			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Interest rate futures	Sold	¥ 2,541,622	¥ 508,485	¥ 612	¥ 612
	Bought	880,841	403,216	27	27
Interest rate options	Sold	1,381,120	–	(36)	32
	Bought	1,830,360	–	68	(51)
Over-the-counter (“OTC”) transactions:					
Forward rate agreement	Sold	2,859,332	–	(652)	(652)
	Bought	2,708,346	–	649	649
Interest rate swaps	Receivable fixed rate/ Payable floating rate	183,823,065	161,061,320	2,828,928	2,828,928
	Receivable floating rate/ Payable fixed rate	185,477,727	160,909,298	(2,711,106)	(2,711,106)
	Receivable floating rate/ Payable floating rate	43,014,522	33,712,434	9,004	9,004
	Receivable fixed rate/ Payable fixed rate	562,354	543,472	7,230	7,230
Interest rate swaptions	Sold	5,173,982	3,331,800	(80,282)	2,093
	Bought	4,639,061	3,182,424	75,948	29,393
Other	Sold	1,930,600	1,715,006	(7,433)	7,642
	Bought	2,354,644	1,992,106	6,957	(14,933)
Total		–	–	¥ 129,916	¥ 158,871

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

		Millions of Yen			
		March 31, 2016			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Interest rate futures	Sold	¥ 856,927	¥ 534,186	¥ (1,091)	¥ (1,091)
	Bought	367,005	149,256	233	233
OTC transactions:					
Forward rate agreement	Sold	17,329,398	–	579	579
	Bought	18,356,986	–	(597)	(597)
Interest rate swaps	Receivable fixed rate/ Payable floating rate	160,769,183	142,233,884	6,506,812	6,506,812
	Receivable floating rate/ Payable fixed rate	160,959,882	141,449,307	(6,322,395)	(6,322,395)
	Receivable floating rate/ Payable floating rate	48,002,292	40,666,565	47,794	47,794
	Receivable fixed rate/ 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 U.S. Dollars			
		March 31, 2018			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Interest rate futures	Sold	$ 23,923	$ 4,786	$ 6	$ 6
	Bought	8,291	3,795	0	0
Interest rate options	Sold	13,000	–	(0)	0
	Bought	17,229	–	1	(0)
OTC transactions:					
Forward rate agreement	Sold	26,914	–	(6)	(6)
	Bought	25,493	–	6	6
Interest rate swaps	Receivable fixed rate/ Payable floating rate	1,730,262	1,516,014	26,628	26,628
	Receivable floating rate/ Payable fixed rate	1,745,837	1,514,583	(25,519)	(25,519)
	Receivable floating rate/ Payable floating rate	404,881	317,323	85	85
	Receivable fixed rate/ Payable fixed rate	5,293	5,116	68	68
Interest rate swaptions	Sold	48,701	31,361	(756)	20
	Bought	43,666	29,955	715	277
Other	Sold	18,172	16,143	(70)	72
	Bought	22,163	18,751	65	(141)
Total		–	–	$ 1,223	$ 1,495

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, 2018			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Currency futures	Sold	¥ 117,263	¥ –	¥ 630	¥ 630
	Bought	428,886	91,925	(915)	(915)
OTC transactions:					
Currency swaps		34,979,470	29,494,261	68,469	68,469
Forward contracts on foreign exchange	Sold	49,403,764	3,863,300	36,831	36,831
	Bought	48,393,226	3,674,147	5,457	5,457
Currency options	Sold	5,975,743	2,257,447	(65,298)	77,487
	Bought	5,976,764	2,295,645	100,074	(20,494)
Total		–	–	¥ 145,248	¥ 167,466

		Millions of Yen			
		March 31, 2017			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Currency futures	Sold	¥ 90,028	¥ 9,028	¥ 643	¥ 643
	Bought	462,836	170,313	(4,394)	(4,394)
OTC transactions:					
Currency swaps		36,023,798	28,187,884	(148,036)	(148,036)
Forward contracts on foreign exchange	Sold	47,290,320	3,672,311	109,264	109,264
	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)
Transactions listed on exchange:									
Currency futures	Sold	¥	411,256	¥	9,116	¥	(3,061)	¥	(3,061)
	Bought		566,313		330,122		10,865		10,865
OTC transactions:									
Currency swaps			31,237,505		23,624,138		(190,281)		(190,281)
Forward contracts on foreign exchange	Sold		46,563,936		2,256,354		265,614		265,614
	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 U.S. Dollars							
		March 31, 2018							
		Contract amount							
			Total		Over one year		Fair value		Valuation gain (loss)
Transactions listed on exchange:									
Currency futures	Sold	$	1,104	$	–	$	6	$	6
	Bought		4,037		865		(9)		(9)
OTC transactions:									
Currency swaps			329,250		277,619		644		644
Forward contracts on foreign exchange	Sold		465,020		36,364		347		347
	Bought		455,509		34,583		51		51
Currency options	Sold		56,248		21,249		(615)		729
	Bought		56,257		21,608		942		(193)
Total			–		–	$	1,367	$	1,576

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, 2018			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Stock index futures	Sold	¥ 2,476	¥ –	¥ 0	¥ 0
	Bought	2,649	–	43	43
Stock index options	Sold	35,758	–	692	34
	Bought	37,727	–	279	(270)
OTC transactions:					
OTC securities option transactions	Sold	68,783	11,603	(15,492)	(13,330)
	Bought	79,910	22,730	14,878	14,576
Swaps on OTC securities index	Receivable index volatility/ Payable interest	1,000	1,000	71	71
	Receivable interest/ Payable index volatility	1,000	1,000	(71)	(71)
Total		–	–	¥ 402	¥ 1,054

		Millions of Yen			
		March 31, 2017			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Stock index futures	Sold	¥ 475	¥ –	¥ 3	¥ 3
	Bought	1,085	–	(2)	(2)
Stock index options	Sold	7,391	–	(70)	31
	Bought	10,085	–	186	50
OTC transactions:					
OTC securities option transactions	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/ Payable interest	1,000	1,000	31	31
	Receivable interest/ Payable index volatility	1,000	1,000	(31)	(31)
Total		–	–	¥ (534)	¥ 1,332

		Millions of Yen			
		March 31, 2016			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Stock index futures	Sold	¥ 312	¥ –	¥ (4)	¥ (4)
	Bought	197	–	4	4
Stock index options	Sold	–	–	–	–
	Bought	517	–	1	(10)
OTC transactions:					
OTC securities option transactions	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 U.S. Dollars			
		March 31, 2018			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Stock index futures	Sold	$ 23	$ –	$ 0	$ 0
	Bought	25	–	0	0
Stock index options	Sold	337	–	7	0
	Bought	355	–	3	(3)
OTC transactions:					
OTC securities option transactions	Sold	647	109	(146)	(125)
	Bought	752	214	140	137
Swaps on OTC securities index	Receivable index volatility/ Payable interest	9	9	1	1
	Receivable interest / Payable index volatility	9	9	(1)	(1)
Total		–	–	$ 4	$ 10

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, 2018			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Bond futures	Sold	¥ 634,405	¥ –	¥ 97	¥ 97
	Bought	109,761	–	106	106
Bond futures options	Sold	27,622	–	(152)	(34)
	Bought	735,453	–	442	(5)
OTC transactions:					
OTC bond options	Sold	131,200	–	(179)	37
	Bought	131,200	–	311	70
Bond forward contracts	Sold	884,655	–	(132)	(132)
	Bought	429,900	–	412	412
Total return swaps	Sold	74,368	74,368	23	23
	Bought	112,000	112,000	2,155	2,155
Total		–	–	¥ 3,086	¥ 2,732

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

		Millions of Yen			
		March 31, 2016			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
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 U.S. Dollars			
		March 31, 2018			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Bond futures	Sold	$ 5,971	$ –	$ 1	$ 1
	Bought	1,033	–	1	1
Bond futures options	Sold	260	–	(1)	(0)
	Bought	6,923	–	4	(0)
OTC transactions:					
OTC bond options	Sold	1,235	–	(2)	0
	Bought	1,235	–	3	1
Bond forward contracts	Sold	8,327	–	(1)	(1)
	Bought	4,046	–	4	4
Total return swaps	Sold	700	700	0	0
	Bought	1,054	1,054	20	20
Total		–	–	$ 29	$ 26

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, 2018			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
OTC transactions:					
Commodity swaps	Receivable index volatility/ Payable floating rate	¥ 34,548	¥ 14,739	¥ (1,387)	¥ (1,387)
	Receivable floating rate/ Payable index volatility	38,054	16,284	3,270	3,270
Commodity options	Sold	35,542	4,621	(428)	(3)
	Bought	35,542	4,621	428	293
Total		–	–	¥ 1,882	¥ 2,173

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

		Millions of Yen							
		March 31, 2016							
		Contract amount							
			Total		Over one year		Fair value		Valuation gain (loss)
OTC transactions:									
Commodity swaps	Receivable index volatility/ Payable floating rate	¥	140,732	¥	60,773	¥	(24,530)	¥	(24,530)
	Receivable floating rate/ 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 U.S. Dollars							
		March 31, 2018							
		Contract amount							
			Total		Over one year		Fair value		Valuation gain (loss)
OTC transactions:									
Commodity swaps	Receivable index volatility/ Payable floating rate	$	325	$	139	$	(13)	$	(13)
	Receivable floating rate/ Payable index volatility		358		153		31		31
Commodity options	Sold		335		43		(4)		(0)
	Bought		335		43		4		3
Total			–		–	$	18	$	20

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 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, 2018 Contract amount Total	Over one year	Fair value	Valuation gain (loss)
OTC transactions:					
Credit default options	Sold	¥ 366,239	¥ 318,708	¥ 6,163	¥ 6,163
	Bought	959,655	798,411	(11,441)	(11,441)
Total		–	–	¥ (5,277)	¥ (5,277)

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

		Millions of Yen March 31, 2016 Contract amount Total	Over one year	Fair value	Valuation gain (loss)
OTC transactions:					
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 U.S. Dollars March 31, 2018 Contract amount Total	Over one year	Fair value	Valuation gain (loss)
OTC transactions:					
Credit default options	Sold	$ 3,447	$ 3,000	$ 58	$ 58
	Bought	9,033	7,515	(108)	(108)
Total		–	–	$ (50)	$ (50)

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, 2018			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
OTC transactions:					
Earthquake derivatives	Sold	¥ 28,000	¥ 21,000	¥ (1,182)	¥ 916
	Bought	28,000	21,000	1,182	(899)
SVF Wrap Products	Sold	582,940	317,058	(7)	(7)
	Bought	–	–	–	–
Other	Sold	–	–	–	–
	Bought	5,017	3,157	763	763
Total		–	–	¥ 755	¥ 772

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

		Millions of Yen			
		March 31, 2016			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
OTC transactions:					
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 U.S. Dollars			
		March 31, 2018			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
OTC transactions:					
Earthquake derivatives	Sold	$ 264	$ 198	$ (11)	$ 9
	Bought	264	198	11	(8)
SVF Wrap Products	Sold	5,487	2,984	(0)	(0)
	Bought	–	–	–	–
Other	Sold	–	–	–	–
	Bought	47	30	7	7
Total		–	–	$ 7	$ 7

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 were 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, 2018		
Hedge accounting method	Transaction type	Major hedged item	Contract amount	Contract amount due after one year	Fair value
Deferred hedge accounting	Interest rate swaps:				
	Receivable fixed rate/ Payable floating rate	Interest bearing financial assets or liabilities such as loans, deposits	¥ 18,854,863	¥ 18,222,678	¥ 47,299
	Receivable floating rate/ Payable fixed rate		4,602,352	4,587,087	1,545
Total			–	–	¥ 48,845

			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:				
	Receivable fixed rate/ Payable floating rate	Interest bearing financial assets or liabilities such as loans, deposits	¥ 18,868,492	¥ 17,716,814	¥ 7,633
	Receivable floating rate /Payable fixed rate		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:				
	Receivable fixed rate/ Payable floating rate	Interest bearing financial assets or liabilities such as loans, deposits	¥ 16,483,390	¥ 15,579,692	¥ 503,949
	Receivable floating rate/ Payable fixed rate		6,992,430	6,814,670	(143,319)
	Interest rate futures		2,192,633	1,441,979	1,278
Total			–	–	¥ 361,909

			Millions of U.S. Dollars		
			March 31, 2018		
Hedge accounting method	Transaction type	Major hedged item	Contract amount	Contract amount due after one year	Fair value
Deferred hedge accounting	Interest rate swaps:				
	Receivable fixed rate/ Payable floating rate	Interest bearing financial assets or liabilities such as loans, deposits	$ 177,474	$ 171,524	$ 445
	Receivable floating rate/ Payable fixed rate		43,320	43,177	15
Total			–	–	$ 460

Notes:

1. 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."
2. Fair values are calculated using the discounted present value or other methods.

(2) Currency-related derivatives

Hedge accounting method	Transaction type	Major hedged item	Millions of Yen March 31, 2018 Contract amount	Contract amount due after one year	Fair value
Deferred hedge accounting	Currency swaps	Loans, securities, deposits and others denominated in foreign currencies	¥ 18,072,361	¥ 10,526,087	¥ 76,565

Hedge accounting method	Transaction type	Major hedged item	Millions of Yen March 31, 2017 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

Hedge accounting method	Transaction type	Major hedged item	Millions of Yen March 31, 2016 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

Hedge accounting method	Transaction type	Major hedged item	Millions of U.S. Dollars March 31, 2018 Contract amount	Contract amount due after one year	Fair value
Deferred hedge accounting	Currency swaps	Loans, securities, deposits and others denominated in foreign currencies	$ 170,109	$ 99,078	$ 721

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

Hedge accounting method	Transaction type	Major hedged item	Millions of Yen March 31, 2018 Contract amount	Contract amount due after one year	Fair value
Fair value hedge accounting	Total return swaps	Available-for-sale securities (equity securities)	¥ 485,799	¥ 485,799	¥ (5,567)

Hedge accounting method	Transaction type	Major hedged item	Millions of Yen March 31, 2017 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

Hedge accounting method	Transaction type	Major hedged item	Millions of Yen March 31, 2016 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

Hedge accounting method	Transaction type	Major hedged item	Millions of U.S. Dollars March 31, 2018 Contract amount	Contract amount due after one year	Fair value
Fair value hedge accounting	Total return swaps	Available-for-sale securities (equity securities)	$ 4,573	$ 4,573	$ (52)

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

(4) Bond-related derivatives

			Millions of Yen					
			March 31, 2018					
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)	¥	2,656,200	¥	–	¥	1,691

			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 U.S. Dollars					
			March 31, 2018					
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)	$	25,002	$	–	$	16

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

28. BUSINESS COMBINATIONS OR DIVESTITURES

Fiscal year ended March 31, 2018

There was no business combination or divestiture to be noted for the year ended March 31, 2018.

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., the Trust Bank and the Securities HD 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 the Securities HD)	
	MUFG Fund Services (USA) LLC (transferred from the Trust Bank)	
Detail of the business:	Mitsubishi UFJ Securities (USA), Inc.	Securities business
	MUFG Fund Services (USA) LLC	Fund administration business

Name of the party to the business combination: Mitsubishi UFJ Securities (USA), Inc. (transferred from the Securities HD)

(2) Date of the business combination
July 1, 2016

(3) Legal form of the business combination
The Securities HD and the Trust Bank 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

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 the Securities HD 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 the Securities HD, 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 the Securities HD, kabu.com can expand its business through the Securities HD'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

29. RELATED-PARTY TRANSACTIONS

Related-party transactions:

Related-party transactions for the fiscal years ended March 31, 2018, 2017 and 2016 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, 2018

Type	Name	Location	Capital (Millions of Yen)	Business	Ownerships	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) Payment of interest (Note 1)	¥ 1,560,406 69,922	Borrowed money Other liabilities	¥ 4,299,110 (Note 2) 11,899

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 ¥2,204,000 million.

Fiscal year ended March 31, 2017

Type	Name	Location	Capital (Millions of Yen)	Business	Ownerships	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) Payment of interest (Note 1)	¥ 1,524,226 44,180	Borrowed money Other liabilities	¥ 2,933,676 (Note 2) 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, 2018

Type	Name	Location	Capital (Millions of U.S. Dollars)	Business	Ownerships	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	$ 20,157	Bank holding company	Direct 100.00%	Loans or others, Directors or others	Borrowings (Note 1) Payment of interest (Note 1)	$ 14,688 658	Borrowed money Other liabilities	$ 40,466 (Note 2) 112

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 $20,745 million.

There was no applicable transaction to be reported for the fiscal year ended March 31, 2016.

b. Unconsolidated subsidiaries and affiliates

There was no applicable transaction to be reported for the fiscal years ended March 31, 2018, 2017 and 2016.

c. Companies that are owned by the same parent company as 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, 2018, 2017 and 2016.

d. Directors or major individual shareholders (limited to individual shareholders)

Fiscal year ended March 31, 2018

Type	Name	Occupation	Ownerships	Relationship	Transactions	Transaction amount (Millions of Yen)	Account	Outstanding balance (Millions of Yen)
Director's relative	Hisayuki Tatsumi	―	None	Relative of representative director of the Bank	Loan (Note 1) Receipt of interest (Note 1)	¥ ― 0	Loans and bills discounted Other assets	¥ 48 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 30 years.

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) Receipt of interest (Note 1)	¥ ― 0	Loans and bills discounted Other assets	¥ 10 0
Director's relative	Yoshiki Murabayashi	―	None	Relative of representative director of the Bank	Loan (Note 2) Receipt of interest (Note 2)	¥ ― 0	Loans and bills discounted Other assets	¥ 31 0
Director's relative	Hisayuki Tatsumi	―	None	Relative of representative director of the Bank	Loan (Note 3) Receipt of interest (Note 3)	¥ ― 0	Loans and bills discounted Other assets	¥ 49 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) Receipt of interest (Note 1)	¥ ― 0	Loans and bills discounted Other assets	¥ 12 0
Director's relative	Yoshiki Murabayashi	―	None	Relative of representative director of the Bank	Loan (Note 2) Receipt of interest (Note 2)	¥ ― 0	Loans and bills discounted Other assets	¥ 32 0
Director's relative	Junichi Domon	―	None	Relative of representative director of the Bank	Loan (Note 3) Receipt of interest (Note 3)	¥ ― 0	Loans and bills discounted Other assets	¥ 26 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, 2018

Type	Name	Occupation	Ownerships	Relationship	Transactions	Transaction amount (Millions of U.S. Dollars)	Account	Outstanding balance (Millions of U.S. Dollars)
Director's relative	Hisayuki Tatsumi	―	None	Relative of representative director of the Bank	Loan (Note 1) Receipt of interest (Note 1)	$ – 0	Loans and bills discounted Other assets	$ 0 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 30 years.

(2) Transactions between the Bank' subsidiaries and its related parties

a. Parent company and major shareholders (limited to companies and others)

There was no applicable transaction to be reported for the fiscal years ended March 31, 2018, 2017 and 2016.

b. Unconsolidated subsidiaries and affiliates

There was no applicable transaction to be reported for the fiscal years ended March 31, 2018, 2017 and 2016.

c. Companies that are owned by the same parent company as the Bank ("sister company") and the Bank's other affiliates' subsidiaries

Fiscal year ended March 31, 2018

Type	Name	Location	Capital	Business	Ownerships	Relationship	Transactions	Transaction amount (Millions of Yen)	Account	Outstanding balance (Millions of Yen)
Subsidiary of the parent	MUFG Securities EMEA plc	London, UK	GBP 1,317,589 thousand	Securities	None	Securities transactions or others	Purchase and sales of trading securities (Notes 1 and 2)	¥ ―	―	¥ ―

Terms and conditions on transactions and transaction policy:

Notes:

1. Terms and conditions are determined considering the market trends.
2. Transaction amounts are omitted as they are repetitive transactions.

Fiscal year ended March 31, 2017

Type	Name	Location	Capital	Business	Ownerships	Relationship	Transactions	Transaction amount (Millions of Yen)	Account	Outstanding balance (Millions of Yen)
Subsidiary of the parent	MUFG Securities EMEA plc	London, UK	GBP 1,317,589 thousand	Securities	None	Securities transactions or others	Purchase and sales of trading securities (Notes 1 and 2)	¥ ―	―	¥ ―

Terms and conditions on transactions and transaction policy:

Notes:

1. Terms and conditions are determined considering the market trends.
2. Transaction amounts are omitted as they are repetitive transactions.

d. Directors or major individual shareholders (limited to individual shareholders)

There was no applicable transaction to be reported for the fiscal years ended March 31, 2018, 2017 and 2016.

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, 2018, 2017 and 2016.

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, 2018, 2017 and 2016 to income before income taxes shown in the consolidated statements of income was as follows:

	Millions of Yen			Millions of U.S. Dollars
	2018	2017	2016	2018
Ordinary profit:	¥ 901,550	¥ 992,055	¥ 1,083,701	$ 8,486
Gain on disposal of fixed assets	4,915	16,853	21,243	46
Gain on sales of shares of a subsidiary	–	–	15,595	–
Gain on change in equity	–	–	112	–
Loss on disposal of fixed assets	(9,320)	(6,118)	(10,236)	(88)
Impairment loss on long-lived assets	(53,493)	(5,778)	(11,011)	(504)
Loss on exchange of shares of affiliates	–	(4,007)	–	–
Loss on liquidation of subsidiaries	–	(3,236)	–	–
Loss on sales of shares of subsidiaries	–	(226)	–	–
Income before income taxes	¥ 843,651	¥ 989,540	¥ 1,099,404	$ 7,941

For the fiscal years ended March 31, 2018, 2017 and 2016:

(1) Reportable segments

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

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

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

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

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

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

From the fiscal year ended March 31, 2018, the Bank has changed the method of calculating business segment profit according to the changes in the method of allocating income and expenses of business segments.

Accordingly, reportable segment information for the fiscal years ended March 31, 2017 and 2016 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, 2018, 2017 and 2016

Millions of Yen

Fiscal year ended March 31, 2018	Retail Banking Business Unit	Corporate Banking Business Unit	Global Business Unit			Customer Units Subtotal	Global Markets Unit	Other units	Total
			Total	(of which MUAH)	(of which Krungsri)				
Gross operating income	¥ 451,176	¥ 779,841	¥ 1,248,426	¥ 450,717	¥ 324,734	¥ 2,298,007	¥ 247,270	¥ 10,307	¥ 2,555,585
Non-consolidated	408,362	685,659	408,975	–	–	1,394,266	196,139	76,081	1,666,487
Net interest income	317,603	270,625	198,534	–	–	732,534	25,235	200,900	958,670
Net non-interest income	90,759	415,033	210,441	–	–	661,731	170,904	(124,818)	707,816
Subsidiaries	42,813	94,182	839,450	450,717	324,734	903,740	51,131	(65,774)	889,097
Expenses	397,398	463,209	842,785	310,371	164,304	1,551,637	89,914	100,694	1,742,246
Net operating income (expense)	¥ 53,777	¥ 316,631	¥ 405,640	¥ 140,345	¥ 160,430	¥ 746,369	¥ 157,355	¥ (90,386)	¥ 813,339

Millions of Yen

Fiscal year ended March 31, 2017	Retail Banking Business Unit	Corporate Banking Business Unit	Global Business Unit			Customer Units Subtotal	Global Markets Unit	Other units	Total
			Total	(of which MUAH)	(of which Krungsri)				
Gross operating income	¥ 468,675	¥ 797,247	¥ 1,268,276	¥ 457,230	¥ 277,109	¥ 2,357,056	¥ 347,852	¥ 15,809	¥ 2,720,719
Non-consolidated	424,047	705,582	444,620	–	–	1,467,277	303,041	31,667	1,801,986
Net interest income	319,837	280,413	213,285	–	–	766,021	124,080	166,597	1,056,699
Net non-interest income	104,210	425,169	231,335	–	–	701,255	178,960	(134,930)	745,286
Subsidiaries	44,628	91,664	823,655	457,230	277,109	889,779	44,811	(15,858)	918,732
Expenses	413,478	461,021	807,698	309,321	138,924	1,536,089	87,179	104,088	1,727,357
Net operating income (expense)	¥ 55,197	¥ 336,225	¥ 460,577	¥ 147,908	¥ 138,184	¥ 820,967	¥ 260,673	¥ (88,279)	¥ 993,361

Millions of Yen

Fiscal year ended March 31, 2016	Retail Banking Business Unit	Corporate Banking Business Unit	Global Business Unit			Customer Units Subtotal	Global Markets Unit	Other units	Total
			Total	(of which MUAH)	(of which Krungsri)				
Gross operating income	¥ 514,133	¥ 832,021	¥ 1,251,193	¥ 437,928	¥ 261,608	¥ 2,419,305	¥ 423,263	¥ 41,070	¥ 2,883,639
Non-consolidated	470,018	734,627	446,943	–	–	1,548,664	376,175	85,209	2,010,049
Net interest income	337,512	297,828	207,916	–	–	797,750	122,407	235,167	1,155,325
Net non-interest income	132,506	436,798	239,026	–	–	750,914	253,767	(149,958)	854,724
Subsidiaries	44,114	97,394	804,250	437,928	261,608	870,640	47,087	(44,138)	873,589
Expenses	417,867	464,199	800,789	318,018	131,158	1,540,534	82,233	107,551	1,730,319
Net operating income (expense)	¥ 96,265	¥ 367,822	¥ 450,403	¥ 119,909	¥ 130,449	¥ 878,770	¥ 341,029	¥ (66,480)	¥ 1,153,320

Millions of U.S. Dollars

Fiscal year ended March 31, 2018	Retail Banking Business Unit	Corporate Banking Business Unit	Global Business Unit			Customer Units Sub-total	Global Markets Unit	Other units	Total
			Total	(of which MUAH)	(of which Krungsri)				
Gross operating income	$ 4,247	$ 7,340	$ 11,751	$ 4,242	$ 3,057	$ 21,630	$ 2,327	$ 97	$ 24,055
Non-consolidated	3,844	6,454	3,850	–	–	13,124	1,846	716	15,686
Net interest income	2,989	2,547	1,869	–	–	6,895	238	1,891	9,024
Net non-interest income	854	3,907	1,981	–	–	6,229	1,609	(1,175)	6,662
Subsidiaries	403	887	7,901	4,242	3,057	8,507	481	(619)	8,369
Expenses	3,741	4,360	7,933	2,921	1,547	14,605	846	948	16,399
Net operating income (expense)	$ 506	$ 2,980	$ 3,818	$ 1,321	$ 1,510	$ 7,025	$ 1,481	$ (851)	$ 7,656

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 Krungsri are calculated based on the accounting standards in Thailand.
7. Amortization of goodwill of MUAH and Krungsri is 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."

	Millions of Yen			Millions of U.S. Dollars
Fiscal year ended March 31	2018	2017	2016	2018
Gross operating income	¥ 181,436	¥ 177,142	¥ 178,043	$ 1,708
Expenses	151,755	146,110	142,322	1,428
Net operating income (expense)	29,680	31,032	35,721	279

(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:

	Millions of Yen			Millions of U.S. Dollars
Fiscal year ended March 31	2018	2017	2016	2018
Net operating income per reportable segment information	¥ 813,339	¥ 993,361	¥ 1,153,320	$ 7,656
Net business profit of subsidiaries excluded from the reportable segment information	40,884	51,305	56,366	385
Provision of general allowance for credit losses	–	–	169,662	–
Credit-related expenses	(103,268)	(126,921)	(413,323)	(972)
Reversal of allowance for credit losses	59,568	11,034	–	561
Gain on collection of bad debts	58,357	44,186	39,170	549
Gains on equity securities and other securities	92,093	96,094	73,973	867
Equity in earnings of the equity method investees	25,456	21,891	25,000	240
Amortization of net unrecognized actuarial gain or loss	(57,473)	(51,798)	(30,673)	(541)
Gain on cancellation of sleeping deposit accounts	15,571	15,251	18,774	147
Other	(42,978)	(62,348)	(8,568)	(405)
Ordinary profit under the internal management reporting system	¥ 901,550	¥ 992,055	¥ 1,083,701	$ 8,486

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 is 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, 2018						
Japan	USA	North America (except for USA)	Latin America	Europe/Middle East	Asia/Oceania	Total
¥ 2,062,107	¥ 952,250	¥ 28,785	¥ 49,820	¥ 260,153	¥ 924,703	¥ 4,277,820

Millions of Yen						
Fiscal year ended March 31, 2017						
Japan	USA	North America (except for USA)	Latin America	Europe/Middle 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 (except for USA)	Latin America	Europe/Middle East	Asia/Oceania	Total
¥ 2,150,524	¥ 779,111	¥ 13,448	¥ 40,308	¥ 202,873	¥ 847,530	¥ 4,033,796

Millions of U.S. Dollars						
Fiscal year ended March 31, 2018						
Japan	USA	North America (except for USA)	Latin America	Europe/Middle East	Asia/Oceania	Total
$ 19,410	$ 8,963	$ 271	$ 469	$ 2,449	$ 8,704	$ 40,266

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, 2018						
Japan	USA	North America (except for USA)	Latin America	Europe/Middle East	Asia/Oceania	Total
¥ 852,807	¥ 140,535	¥ 251	¥ 1,352	¥ 5,169	¥ 92,163	¥ 1,092,280

Millions of Yen						
As of March 31, 2017						
Japan	USA	North America (except for USA)	Latin America	Europe/Middle 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 (except for USA)	Latin America	Europe/Middle East	Asia/Oceania	Total
¥ 844,231	¥ 144,674	¥ 194	¥ 1,951	¥ 7,283	¥ 84,164	¥ 1,082,499

Millions of U.S. Dollars						
As of March 31, 2018						
Japan	USA	North America (except for USA)	Latin America	Europe/Middle East	Asia/Oceania	Total
$ 8,027	$ 1,323	$ 2	$ 13	$ 49	$ 867	$ 10,281

3) Information by major customer

There was no applicable information to be reported for the fiscal years ended March 31, 2018, 2017 and 2016.

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

Impairment loss on long-lived assets is not allocated to the reportable segments. The impairment loss was ¥53,493 million ($504 million), ¥5,778 million and ¥11,011 million for the fiscal years ended March 31, 2018, 2017 and 2016, respectively.

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

	Millions of Yen								
Fiscal year ended March 31, 2018	Retail Banking Business Unit	Corporate Banking Business Unit	Global Business Unit			Customer Units Subtotal	Global Markets Unit	Other units	Total
			Total	(of which MUAH)	(of which Krungsri)				
Amortization	¥ –	¥ –	¥ 16,368	¥ –	¥ –	¥ 16,368	¥ –	¥ –	¥ 16,368
Unamortized balance	–	–	242,333	–	–	242,333	–	–	242,333

	Millions of Yen								
Fiscal year ended March 31, 2017	Retail Banking Business Unit	Corporate Banking Business Unit	Global Business Unit			Customer Units Subtotal	Global Markets Unit	Other units	Total
			Total	(of which MUAH)	(of which Krungsri)				
Amortization	¥ 0	¥ 8	¥ 15,489	¥ –	¥ –	¥ 15,498	¥ –	¥ –	¥ 15,498
Unamortized balance	–	–	244,348	–	–	244,348	–	–	244,348

	Millions of Yen								
Fiscal year ended March 31, 2016	Retail Banking Business Unit	Corporate Banking Business Unit	Global Business Unit			Customer Units Subtotal	Global Markets Unit	Other units	Total
			Total	(of which MUAH)	(of which Krungsri)				
Amortization	¥ –	¥ –	¥ 15,878	¥ –	¥ –	¥ 15,878	¥ –	¥ –	¥ 15,878
Unamortized balance	0	8	258,751	–	–	258,751	–	–	258,760

	Millions of U.S. Dollars								
Fiscal year ended March 31, 2018	Retail Banking Business Unit	Corporate Banking Business Unit	Global Business Unit			Customer Units Subtotal	Global Markets Unit	Other units	Total
			Total	(of which MUAH)	(of which Krungsri)				
Amortization	$ –	$ –	$ 154	$ –	$ –	$ 154	$ –	$ –	$ 154
Unamortized balance	–	–	2,281	–	–	2,281	–	–	2,281

Notes:

1. Amortization of goodwill and unamortized balance of goodwill of MUAH and Krungsri 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, 2018, 2017 and 2016.

31. SUBSEQUENT EVENTS

(1) Transfer of the corporate loan-related business of Mitsubishi UFJ Trust and Banking Corporation

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

1) Purposes of the Corporate Restructuring:
The MUFG Group announced in May 2017 “MUFG Re-Imagining Strategy” aiming to provide customers, officers and employees, shareholders and other stakeholders with the best value through an integrated group-based management approach that is simple, speedy and transparent as well as to achieve sustainable growth and contribute to the betterment of society by developing solutions-oriented businesses.

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

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) The amounts of assets and liabilities succeeded or transferred through the Corporate Restructuring

a. Business succession through the absorption-type Corporate Split

Assets: ¥9,124,632 million ($85,887 million), including loans and bills discounted amounting to ¥8,779,977 million ($82,643 million)

Liabilities and equity: ¥9,124,632 million ($85,887 million), including call money amounting to ¥6,302,225 million ($59,321 million)

The Bank does not deliver shares or other cash to the Trust Bank in consideration for the absorption-type corporate split in accordance with the absorption-type corporate split agreement.

b. Business transfers through the business transfer agreement

Assets: ¥1,763,679 million ($16,601 million), including loans and bills discounted amounting to ¥1,746,867 million ($16,443 million)

Liabilities: ¥13,120 million ($123 million)

Transfer value: ¥1,750,558 ($16,477 million)

(2) Changes in affiliates due to dividends-in-kind

As part of the “Functional Realignment” of the MUFG Group, the Bank and the Securities HD resolved at the Board of Directors’ meeting of the Bank held on January 31, 2018 and that of the Securities HD held on February 22, 2018 to deliver all the equity interests in Mitsubishi UFJ Kokusai Asset Management Co., Ltd. (“MUKAM”) as dividends-in-kind to MUFG, a wholly-owning parent company, and conducted the delivery on April 2, 2018. In addition, MUFG and the Trust Bank entered into an absorption-type corporate split agreement on February 2, 2018, and MUKAM became a wholly-owned subsidiary of the Trust Bank effective on April 2, 2018. Accordingly, MUKAM no longer met the definition of an affiliate of the Bank or the Securities HD.