

# **Semi-annual Securities Report**

“Hanki Hokokusho”

(Excerpt)

for the six-month period ended September 30, 2021

**MUFG Bank, Ltd.**

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[Accounting Period]	During the 17th Fiscal Year (from April 1, 2021 to September 30, 2021)
[Company Name]	Kabushiki-Kaisha Mitsubishi UFJ Ginko
[Company Name in English]	MUFG Bank, Ltd.
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## I. Overview of the Company

### 1. Key Financial Data and Trends

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

(Millions of yen, unless otherwise stated)

	Semi-annual Period of Fiscal 2019 From April 1, 2019 to September 30, 2019	Semi-annual Period of Fiscal 2020 From April 1, 2020 to September 30, 2020	Semi-annual Period of Fiscal 2021 From April 1, 2021 to September 30, 2021	Fiscal 2019 From April 1, 2019 to March 31, 2020	Fiscal 2020 From April 1, 2020 to March 31, 2021
Consolidated ordinary income	2,666,290	2,240,862	1,988,595	5,338,180	4,120,160
Consolidated ordinary profit	538,532	316,700	602,746	711,942	430,887
Semi-annual net income attributable to the shareholders of MUFG Bank	374,298	209,441	450,519	–	–
Net income attributable to the shareholders of MUFG Bank	–	–	–	97,921	307,761
Semi-annual consolidated comprehensive income	542,690	423,107	686,270	–	–
Consolidated comprehensive income	–	–	–	(29,768)	727,726
Consolidated total equity	13,285,774	12,425,304	13,161,537	12,285,505	12,571,975
Consolidated total assets	252,286,827	281,614,967	289,269,608	270,418,512	290,269,735
Total equity per share (yen)	1,023.46	973.28	1,030.21	960.19	984.24
Semi-annual net income per common share (yen)	30.30	16.95	36.47	–	–
Net income per common share (yen)	–	–	–	7.92	24.91
Diluted semi-annual net income per common share (yen)	30.30	16.95	36.47	–	–
Diluted net income per common share (yen)	–	–	–	7.92	24.91
Capital ratio (%)	5.01	4.26	4.39	4.38	4.18
Net cash provided by (used in) operating activities	(2,906,185)	23,514,410	1,952,656	6,490,423	33,234,771
Net cash provided by (used in) investing activities	1,824,212	(8,773,321)	(1,325,045)	(4,115,796)	(9,680,070)
Net cash provided by (used in) financing activities	738,897	347,102	79,385	739,323	(126,285)
Cash and cash equivalents at end of semi-annual period	59,743,352	78,115,568	87,862,811	–	–
Cash and cash equivalents at end of period	–	–	–	63,234,971	86,975,271
Number of employees [Besides the above, average number of temporary employees]	109,355 [25,700]	107,583 [23,000]	104,191 [20,300]	106,895 [25,300]	106,023 [22,300]

- (Notes)
1. National and local consumption taxes of MUFG Bank, Ltd. (hereinafter referred to as the “Bank”) and its domestic consolidated subsidiaries are accounted for using the tax-excluded method.
  2. Capital ratio is calculated by dividing (“total equity at the end of fiscal year (semi-annual period)” - “subscription rights to shares at the end of fiscal year (semi-annual period)” - “noncontrolling interests at the end of fiscal year (semi-annual period)”) by “total assets at the end of fiscal year (semi-annual period).”
  3. The average number of temporary employees includes contractors and figures are rounded to the nearest hundred.

(2) Key non-consolidated financial data and trends of the Bank over the last three semi-annual periods and two fiscal years

(Millions of yen, unless otherwise stated)

Fiscal period	15th Semi-annual Period	16th Semi-annual Period	17th Semi-annual Period	15th Term	16th Term
Period of account	September 2019	September 2020	September 2021	March 2020	March 2021
Ordinary income	1,921,410	1,457,575	1,284,130	3,661,200	2,635,402
Ordinary profit	409,568	263,812	425,340	459,184	202,247
Semi-annual net income	288,545	193,728	308,353	–	–
Net income (loss)	–	–	–	(653,072)	144,479
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	11,283,338	10,105,647	10,185,556	9,801,968	9,897,602
Total assets	223,021,421	251,477,574	257,569,637	239,788,548	259,975,251
Balance of deposits	151,607,934	171,272,582	180,396,258	158,248,564	182,239,930
Balance of loans and bills discounted	85,585,951	88,346,810	85,251,601	88,258,295	88,447,036
Balance of securities	47,315,344	59,619,399	63,800,078	50,781,265	61,787,561
Dividends per share (yen)	Common stock 11.45	Common stock 11.27	Common stock 12.18	Common stock 26.16	Common stock 18.44
Capital ratio (%)	5.05	4.01	3.95	4.08	3.80
Number of employees [Besides the above, average number of temporary employees]	33,232 [10,981]	31,532 [10,007]	29,879 [9,473]	32,186 [10,783]	30,554 [9,973]

- (Notes)
1. National and local consumption taxes are accounted for using the tax-excluded method.
  2. Dividends per share for the 15th Term include special dividends of ¥3.40.
  3. Capital ratio is calculated by dividing (“total equity at the end of fiscal year (semi-annual period)” - “subscription rights to shares at the end of fiscal year (semi-annual period)”) by “total assets at the end of fiscal year (semi-annual period).”
  4. The average number of temporary employees includes contractors.

## 2. Business Outline

Under its parent company, Mitsubishi UFJ Financial Group, Inc., the Group (MUFG Bank, Ltd. and its subsidiaries and affiliates) comprises the Bank, 115 consolidated subsidiaries, and 44 equity method investees, and is engaged in banking and other financial services (including leasing).

There were no significant changes in the nature of business operated by the Group during the current semi-annual period.

Changes in major subsidiaries and affiliates are stated in “3. Information on Subsidiaries and Affiliates.”

The Bank has changed the classification of reportable segments. Details are provided in “(1) Reportable segments” under “25. SEGMENT INFORMATION” in “Notes to Semi-annual Consolidated Financial Statements (Unaudited) for the Six-Month Period Ended September 30, 2021” under “Semi-annual Consolidated Financial Statements (Unaudited)” of “IV. Financial Information.”

The reportable segments after the change are as follows:

Digital Service Business Unit	: Providing financial services to domestic individual customers and corporate clients mainly involving non-face-to-face transactions, as well as spearheading the MUFG’s across-the-board digital transformation
Retail & Commercial Banking Business Unit	: Providing financial services to Japanese individual and corporate customers
Japanese Corporate & Investment Banking Business Unit	: Providing financial services to major Japanese corporate customers
Global Commercial Banking Business Unit	: Providing financial services to individual and small to medium sized corporate customers of overseas commercial banks of the Group
Global Corporate & Investment Banking Business Unit	: Providing financial services to major non-Japanese corporate customers
Global Markets Business Unit	: Providing services relating to foreign currency exchange, funds and investment securities to customers, as well as conducting market transactions and managing liquidity and cash for the Group
Other units	: Other than the businesses mentioned above

## 3. Information on Subsidiaries and Affiliates

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

### (1) Excluded subsidiaries and affiliates

PT U Finance Indonesia, formerly the Bank’s consolidated subsidiary, was excluded from the Bank’s subsidiaries and affiliates due to the sale of its shares held by the Bank.

### (2) New subsidiaries and affiliates

The following companies became affiliates of the Bank during the current semi-annual period:

(Equity method investees)

Company name	Address	Ratio of voting rights holding (held) (%)
Cotra Ltd.	Chuo-ku, Tokyo	25.00
Biz Forward, Inc.	Minato-ku, Tokyo	49.00

#### 4. Employees

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

As of September 30, 2021

	Digital Service Business Unit	Retail & Commercial Banking Business Unit	Japanese Corporate & Investment Banking Business Unit	Global Commercial Banking Business Unit	Global Corporate & Investment Banking Business Unit	Global Markets Business Unit	Other units	Total
Number of employees	2,576 [1,400]	18,438 [7,600]	3,964 [500]	53,564 [4,800]	2,129 [100]	1,138 [0]	22,382 [6,000]	104,191 [20,300]

- (Notes)
1. Number of employees includes locally hired overseas staff members; excluding 3,230 contract employees and 20,100 temporary employees.
  2. Numbers within brackets indicate average number of temporary employees over the current semi-annual period.
  3. Number of temporary employees includes contractors and is rounded to the nearest hundred for the end of the current semi-annual period as well as for an average over the half year.
  4. Number of contractors counted as temporary employees was 3,500 at the end of the current semi-annual period while 3,600 on average over the half year (both numbers are rounded to the nearest hundred).

##### (2) Employees of the Bank

As of September 30, 2021

	Digital Service Business Unit	Retail & Commercial Banking Business Unit	Japanese Corporate & Investment Banking Business Unit	Global Commercial Banking Business Unit	Global Corporate & Investment Banking Business Unit	Global Markets Business Unit	Other units	Total
Number of employees	2,054 [1,129]	16,146 [7,065]	3,180 [435]	4 [1]	1,273 [49]	1,014 [18]	6,208 [776]	29,879 [9,473]

- (Notes)
1. Number of employees excludes employees loaned to other companies but includes employees loaned to the Bank, including locally hired overseas staff members and excluding 1,337 contract employees and 9,307 temporary employees.
  2. Number of employees excludes 105 Executive Officers (16 of whom serving as Directors concurrently).
  3. Number of temporary employees includes contractors. Number of contractors was 1,755 at the end of the current semi-annual period and was 1,811 on average over the half year.
  4. Number within brackets indicates average number of temporary employees for the current semi-annual period.
  5. Employees union of the Bank is called The MUFG Bank Union with the membership of 28,569.  
No significant issues exist between the union and the management.

## II. Business Overview

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

(1) Management policy and target financial data, etc.

During the current semi-annual period, there were no significant changes in the Bank's management policy or target financial data, etc. In addition, there were no newly established management policies or target financial data, etc.

(2) Issues to be addressed

During the current semi-annual period, there were no significant changes in the Bank's issues to be addressed. In addition, there were no new issues to be addressed.

### 2. Risks Related to Business

We describe below some major developments and changes to update our risk factor disclosure previously included in our Annual Securities Report for the fiscal year ended March 31, 2021 filed in Japan on June 29, 2021. The updates below are not a complete update of the prior disclosure, but instead intended to explain only the significant developments and changes that we believe may have a material impact on the risks to our business and other risks. The discussion below contains forward-looking statements, which, unless specifically described otherwise, reflect our understanding as of the date of filing of this Semi-annual Securities Report.

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

We determine the significance of various risk scenarios based on their impact and probability and identify potential risk events that are deemed to require close monitoring and attention for the next one-year period as top risks. The main top risks identified by our Risk Committee in October 2021 are listed below. By identifying these top risks, we seek to implement necessary risk management measures designed to minimize such risks to the extent possible and manage them in such a manner that they can be effectively resolved in the event that they materialize. In addition, through management's participation in discussions on such top risks, we strive to take effective measures based on a shared assessment of risks.

#### Main top risks

Risk events	Risk scenarios (selected)
A decline in profitability (including a decline in net interest income)	- Our overall profitability may be adversely affected by, among other things, a decline in our net interest income due to further reductions in interest rates as a result of changes in the monetary policies of central banks in various jurisdictions in light of the COVID-19 pandemic and deterioration in global economic conditions.
Foreign currency liquidity risk	- Deterioration in market conditions may result in a depletion of foreign currency funding liquidity and an increase in our foreign currency funding costs.
An increase in credit costs	- Sudden deterioration in global economic activities may result in an increase in our credit costs. - Deterioration in the credit quality of particular industries or counterparties, to which we have relatively larger exposures, may result in an increase in our credit costs.
IT risk	- Cyber-attacks may result in customer information leakage, suspension of our services, and reputational damage. - System problems may result in our payment of financial compensation and damage to our reputation.
Risks relating to external circumstances or events (such as health pandemics, earthquakes, floods, terrorism and other political and social conflicts)	- Health pandemics, natural disasters, conflicts and terrorist attacks may result in disruption to all or part of our operations or an increase in costs and expenses in addressing such circumstances or events.



Risks relating to climate changes	<ul style="list-style-type: none"> <li>- If our efforts to address climate change-related risks or to make appropriate disclosure are deemed insufficient, our corporate value may be impaired.</li> <li>- Our credit portfolio may be adversely affected by the negative impact of climate change on our borrowers and transaction counterparties.</li> </ul>
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\* These risk events are among the risk events that were reported to the Bank's Board of Directors following the Risk Management Committee's discussion in October 2021. These risk events include risk events of general applicability.

(14) Risks of being deemed to have engaged in inappropriate or illegal practices or other conduct and, as a result, becoming subject to regulatory actions

We conduct our business subject to laws, regulations, rules, policies and voluntary codes of practice in Japan and other markets where we operate. We are subject to various regulatory inquiries or investigations from time to time in connection with various aspects of our business and operations. Our compliance risk management systems and programs, which are continually enhanced, may not be fully effective in preventing all violations of laws, regulations and rules.

If we are deemed not compliant with applicable laws, regulations or rules, including those relating to money laundering, economic sanctions, bribery, corruption, financial crimes, or other inappropriate or illegal transactions, or if our conduct is deemed to constitute unfair or inappropriate in light of social norm, business practices or market or industry rules or standards and we are deemed to have failed to meet customer protection requirements, or corporate behavior expectations, we may become subject to penalties, fines, public reprimands, reputational damage, issuance of business improvement, suspension or other administrative orders, or withdrawal of authorization to operate. These consequences may result in loss of customer or market confidence in us or otherwise may adversely affect our financial condition and results of operations. Our ability to obtain regulatory approvals for future strategic initiatives may also be adversely affected.

In November 2017, the Bank agreed to the entry by the U.S. Office of the Comptroller of the Currency, or OCC, of a consent order that includes remedial terms and conditions that are substantively the same as those included in the consent agreements that Bank had reached with the New York Department of Financial Services in 2013 and 2014 pertaining to compliance with OFAC sanctions requirements. The consent order was a condition for the conversion of the Bank's branches and agencies in the United States from state-licensed branches and agencies under the supervision of state regulatory agencies to federally licensed branches and agencies under the supervision of the OCC. In July 2021, the OCC terminated the consent order that the Bank agreed to in November 2017 pertaining to the OCC's supervision of the Bank's measures to ensure compliance with OFAC sanction requirements.

In February 2019, the Bank entered into a consent order with the OCC, relating to deficiencies identified by the OCC in the Bank Secrecy Act/Anti-Money Laundering compliance program of the Bank's U.S. branches in New York, Los Angeles, and Chicago. The consent order requires the Bank and its U.S. branches to implement various remedial measures to address the deficiencies found in the OCC examination, including a comprehensive action plan satisfactory to the OCC, implementation of measures to ensure effective compliance management and qualified staffing, the adoption of comprehensive Bank Secrecy Act/Anti-Money Laundering risk assessment policies and procedures, and other remedial actions. The Bank is undertaking necessary actions relating to the consent orders.

We received requests and subpoenas for information from government agencies in some jurisdictions that were conducting investigations into past submissions made by panel members, including us, to the bodies that set various interbank benchmark rates as well as investigations into foreign exchange related practices of global financial institutions. Some of the investigations into foreign exchange related practices resulted in our payment of monetary penalties to the relevant government agencies. We are cooperating with the ongoing investigations and have been conducting an internal investigation, among other things. In connection with these matters, we and other financial institutions are involved as defendants in a number of civil lawsuits, including putative class actions, in the United States.

Going forward, these developments or other similar events, including additional regulatory actions against us or agreements to make significant additional settlement payments, may result in significant adverse financial and other consequences to us.

(21) Risks relating to the sale of MUFG Union Bank

MUFG Americas Holdings Corporation (MUAH), a US subsidiary of the Bank and Mitsubishi UFJ Financial Group, Inc. (MUFG), agreed with U.S. Bancorp (USB) to transfer to USB all shares in MUFG

Union Bank, N.A. (MUB), MUFG's subsidiary owned through MUAH, and entered into a Share Purchase Agreement (the "Share Purchase Agreement") on September 21, 2021.

The completion of the transfer of the MUB shares (the "Share Transfer") based on the Share Purchase Agreement is expected to take effect during the first half of 2022. However, as it is subject to certain conditions precedent, including the approval from relevant regulators, if these conditions precedent are not met or if an unforeseen amount of time is required to meet them, the Share Transfer may not be completed as expected by the Bank.

The MUB businesses that the Bank and MUFG will transfer to USB through the Share Transfer exclude the Global Corporate & Investment Banking (GCIB) business and Global Markets business to the extent related to the GCIB business (transactions with clients and investors) that are currently run by MUB, as well as certain assets and liabilities that are part of shared middle and back office functions. Such businesses, and the assets and liabilities, etc. related to these businesses (including related transactions with customers) are planned to be transferred to the Bank's U.S. branches or its affiliates prior to the Share Transfer. Moreover, both the Bank and USB plan to enter into a Transitional Service Agreement (TSA) and a Reverse Transitional Service Agreement (RTSA) by the completion of the Share Transfer, to smoothly transition to a structure where transactions with MUB's current customers will be performed by MUB and/or the Bank even after the Share Transfer, so as to provide financial services of further enhanced quality. The transfer of these businesses as well as the provision of services in line with the TSA and RTSA require multiple complex responses in a short period of time, particularly in the IT systems field, including cooperating with USB in its IT system integration in addition to measures to share certain IT systems with USB. The burden of all these procedures are expected to be borne more by the Bank, and may become even greater than initially expected depending on circumstances.

If the Share Transfer is not completed according to the Bank's plan due to issues described above, or if the burden of the Share Transfer is greater than initially expected, it may adversely affect our business strategies, financial condition, and results of operations.

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

#### (1) Overview of Results of Operations, etc.

(Financial position and results of operations)

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

Assets decreased by ¥1,000.1 billion compared to the end of the previous fiscal year to ¥289,269.6 billion. Major components were loans and bills discounted of ¥101,098.1 billion, cash and due from banks of ¥87,862.8 billion and securities of ¥66,541.2 billion.

Liabilities decreased by ¥1,589.6 billion compared to the end of the previous fiscal year to ¥276,108.0 billion. Major components were deposits and negotiable certificates of deposit of ¥208,154.8 billion.

As for profits and losses, ordinary profit increased by ¥286.0 billion compared to the same period of the previous fiscal year to ¥602.7 billion, and semi-annual net income attributable to the shareholders of MUFG Bank increased by ¥241.0 billion compared to the same period of the previous fiscal year to ¥450.5 billion.

Results by reportable segment are as follows:

##### 1. Digital Service Business Unit

Net operating income was ¥5.8 billion, with an increase of ¥4.9 billion from the same period of the previous fiscal year.

##### 2. Retail & Commercial Banking Business Unit

Net operating income was ¥6.1 billion, with an increase of ¥10.6 billion from the same period of the previous fiscal year.

##### 3. Japanese Corporate & Investment Banking Business Unit

Net operating income was ¥83.1 billion, with an increase of ¥4.8 billion from the same period of the previous fiscal year.

##### 4. Global Commercial Banking Business Unit

Net operating income was ¥109.5 billion, with a decrease of ¥42.3 billion from the same period of the previous fiscal year.

##### 5. Global Corporate & Investment Banking Business Unit

Net operating income was ¥87.5 billion, with an increase of ¥35.3 billion from the same period of the previous fiscal year.

##### 6. Global Markets Business Unit

Net operating income was ¥127.9 billion, with a decrease of ¥155.4 billion from the same period of the previous fiscal year.

##### 7. Other units

Net operating income was ¥9.7 billion, with an increase of ¥30.1 billion from the same period of the previous fiscal year.

During the current semi-annual period, the Group aligned its business units with the reorganization of business groups of MUFG, the Bank's parent company.

Segment information for the previous semi-annual period that was prepared in accordance with the business units after the reorganization is provided in "(3) Reportable segment information for the six-month periods ended September 30, 2021 and 2020" in "25. SEGMENT INFORMATION" under "Notes to Semi-annual Consolidated Financial Statements (Unaudited) for the Six-Month Period Ended September 30, 2021."

(Summary of cash flows)

With regard to cash flows, operating activities generated net cash of ¥1,952.6 billion, with a decrease of ¥21,561.7 billion in cash inflows from the same period of the previous fiscal year. Investing activities used net cash of ¥1,325.0 billion, with a decrease of ¥7,448.2 billion in cash outflows from the same period of the previous fiscal year. Financing activities generated net cash of ¥79.3 billion, with a decrease of ¥267.7 billion in cash inflows from the same period of the previous fiscal year.

Cash and cash equivalents at the end of the current semi-annual period were ¥87,862.8 billion, with an increase of ¥887.5 billion from the end of the previous fiscal year.

The consolidated total risk-adjusted capital ratio based on the uniform international standards as of September 30, 2021 was 15.81%.

1) Income and expenses for domestic and overseas operations

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

The total amount of net interest income, net fees and commissions, net trading income and net other operating income for the current semi-annual period was ¥1,355.6 billion, with a decrease of ¥115.5 billion from the same period of the previous fiscal year. Of this, domestic operations posted an income of ¥625.2 billion, with a decrease of ¥106.7 billion from the same period of the previous fiscal year, and overseas operations posted an income of ¥834.6 billion, with a decrease of ¥6.3 billion from the same period of the previous fiscal year.

(Millions of yen)

Item	Semi-annual period	Domestic	Overseas	Amount of elimination	Total
		Amount	Amount	Amount	Amount
Net interest income	Previous semi-annual period	317,441	518,454	(24,299)	811,596
	Current semi-annual period	360,258	507,479	(22,704)	845,033
Of which, interest income	Previous semi-annual period	421,460	833,949	(39,894)	1,215,515
	Current semi-annual period	455,395	657,428	(32,423)	1,080,400
Of which, interest expenses	Previous semi-annual period	104,018	315,494	(15,594)	403,918
	Current semi-annual period	95,136	149,948	(9,718)	235,366
Net fees and commissions	Previous semi-annual period	176,016	209,953	(77,198)	308,772
	Current semi-annual period	180,035	243,254	(81,678)	341,612
Of which, fees and commissions income	Previous semi-annual period	248,456	248,176	(98,801)	397,831
	Current semi-annual period	254,616	278,104	(102,076)	430,644
Of which, fees and commissions expenses	Previous semi-annual period	72,439	38,222	(21,603)	89,058
	Current semi-annual period	74,580	34,849	(20,398)	89,032
Net trading income	Previous semi-annual period	23,383	74,806	1,011	99,202
	Current semi-annual period	9,901	30,181	1,524	41,607
Of which, trading income	Previous semi-annual period	23,383	107,050	(31,232)	99,202
	Current semi-annual period	10,535	74,949	(40,540)	44,944
Of which, trading expenses	Previous semi-annual period	–	32,244	(32,244)	–
	Current semi-annual period	633	44,768	(42,065)	3,336
Net other operating income	Previous semi-annual period	215,133	37,807	(1,323)	251,617
	Current semi-annual period	75,078	53,728	(1,456)	127,349
Of which, other operating income	Previous semi-annual period	369,513	131,825	(85,303)	416,035
	Current semi-annual period	114,172	100,700	(41,779)	173,092
Of which, other operating expenses	Previous semi-annual period	154,380	94,018	(83,980)	164,418
	Current semi-annual period	39,093	46,971	(40,322)	45,742

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

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

(i) Domestic

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

The average balance of interest-earning assets in the current semi-annual period increased by ¥5,063.0 billion compared to the same period of the previous fiscal year to ¥156,587.2 billion. Yield on interest-earning assets rose by 0.02 percentage points to 0.58% and the total interest income stood at ¥455.3 billion; an increase of ¥33.9 billion from the same period of the previous fiscal year. The average balance of interest-bearing liabilities in the current semi-annual period increased by ¥21,406.9 billion compared to the same period of the previous fiscal year to ¥195,947.6 billion. Yield on interest-bearing liabilities fell by 0.02 percentage points to 0.09% and total interest expenses stood at ¥95.1 billion; a decrease of ¥8.8 billion from the same period of the previous fiscal year.

(Millions of yen)

Item	Semi-annual period	Average balance	Interest	Yield
		Amount	Amount	(%)
Interest-earning assets	Previous semi-annual period	151,524,178	421,460	0.55
	Current semi-annual period	156,587,255	455,395	0.58
Of which, loans and bills discounted	Previous semi-annual period	67,116,641	267,968	0.79
	Current semi-annual period	65,996,662	246,517	0.74
Of which, securities	Previous semi-annual period	47,859,239	131,217	0.54
	Current semi-annual period	56,290,954	154,844	0.54
Of which, call loans and bills bought	Previous semi-annual period	118,253	38	0.06
	Current semi-annual period	57,479	22	0.07
Of which, receivables under resale agreements	Previous semi-annual period	3,040,704	(1,613)	(0.10)
	Current semi-annual period	25,580	(23)	(0.18)
Of which, receivables under securities borrowing transactions	Previous semi-annual period	–	–	–
	Current semi-annual period	–	–	–
Of which, due from banks	Previous semi-annual period	30,362,596	14,214	0.09
	Current semi-annual period	31,852,075	15,629	0.09
Interest-bearing liabilities	Previous semi-annual period	174,540,636	104,018	0.11
	Current semi-annual period	195,947,602	95,136	0.09
Of which, deposits	Previous semi-annual period	145,136,593	11,580	0.01
	Current semi-annual period	157,462,796	7,560	0.00
Of which, negotiable certificates of deposit	Previous semi-annual period	1,005,874	91	0.01
	Current semi-annual period	1,193,502	102	0.01
Of which, call money and bills sold	Previous semi-annual period	650,077	(96)	(0.02)
	Current semi-annual period	232,025	(44)	(0.03)
Of which, payables under repurchase agreements	Previous semi-annual period	8,248,097	15,472	0.37
	Current semi-annual period	6,030,627	5,175	0.17
Of which, payables under securities lending transactions	Previous semi-annual period	106	0	0.00
	Current semi-annual period	–	–	–
Of which, commercial paper	Previous semi-annual period	–	–	–
	Current semi-annual period	–	–	–
Of which, borrowed money	Previous semi-annual period	27,899,190	91,531	0.65
	Current semi-annual period	35,338,736	80,676	0.45

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

(ii) Overseas

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

The average balance of interest-earning assets in the current semi-annual period decreased by ¥1,764.4 billion compared to the same period of the previous fiscal year to ¥68,772.8 billion. Yield on interest-earning assets fell by 0.45 percentage points to 1.90% and total interest income stood at ¥657.4 billion; a decrease of ¥176.5 billion from the same period of the previous fiscal year. The average balance of interest-bearing liabilities in the current semi-annual period decreased by ¥2,842.7 billion compared to the same period of the previous fiscal year to ¥69,712.9 billion. Yield on interest-bearing liabilities fell by 0.43 percentage points to 0.42% and total interest expenses stood at ¥149.9 billion; a decrease of ¥165.5 billion from the same period of the previous fiscal year.

(Millions of yen)

Item	Semi-annual period	Average balance	Interest	Yield
		Amount	Amount	(%)
Interest-earning assets	Previous semi-annual period	70,537,338	833,949	2.35
	Current semi-annual period	68,772,865	657,428	1.90
Of which, loans and bills discounted	Previous semi-annual period	42,976,897	599,608	2.78
	Current semi-annual period	38,540,949	463,112	2.39
Of which, securities	Previous semi-annual period	8,596,429	76,293	1.77
	Current semi-annual period	8,914,858	74,932	1.67
Of which, call loans and bills bought	Previous semi-annual period	614,222	2,643	0.85
	Current semi-annual period	580,939	2,337	0.80
Of which, receivables under resale agreements	Previous semi-annual period	3,166,201	23,467	1.47
	Current semi-annual period	3,216,651	9,822	0.60
Of which, receivables under securities borrowing transactions	Previous semi-annual period	594,957	3,392	1.13
	Current semi-annual period	629,834	1,157	0.36
Of which, due from banks	Previous semi-annual period	9,374,013	15,229	0.32
	Current semi-annual period	11,617,859	11,498	0.19
Interest-bearing liabilities	Previous semi-annual period	72,555,756	315,494	0.86
	Current semi-annual period	69,712,971	149,948	0.42
Of which, deposits	Previous semi-annual period	44,647,770	153,765	0.68
	Current semi-annual period	48,769,769	86,680	0.35
Of which, negotiable certificates of deposit	Previous semi-annual period	5,055,310	27,059	1.06
	Current semi-annual period	4,957,604	6,974	0.28
Of which, call money and bills sold	Previous semi-annual period	311,046	1,199	0.76
	Current semi-annual period	387,730	435	0.22
Of which, payables under repurchase agreements	Previous semi-annual period	3,780,045	18,874	0.99
	Current semi-annual period	3,310,699	3,247	0.19
Of which, payables under securities lending transactions	Previous semi-annual period	30,771	343	2.22
	Current semi-annual period	41,059	278	1.35
Of which, commercial paper	Previous semi-annual period	1,292,985	6,214	0.95
	Current semi-annual period	680,906	484	0.14
Of which, borrowed money	Previous semi-annual period	2,722,463	25,482	1.86
	Current semi-annual period	1,537,954	11,834	1.53

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

## (iii) Total

(Millions of yen)

Item	Semi-annual period	Average balance			Interest			Yield (%)
		Subtotal	Amount of elimination	Total	Subtotal	Amount of elimination	Total	
Interest-earning assets	Previous semi-annual period	222,061,516	(6,959,514)	215,102,002	1,255,409	(39,894)	1,215,515	1.12
	Current semi-annual period	225,360,121	(6,419,549)	218,940,572	1,112,823	(32,423)	1,080,400	0.98
Of which, loans and bills discounted	Previous semi-annual period	110,093,539	(1,464,861)	108,628,677	867,577	(9,830)	857,746	1.57
	Current semi-annual period	104,537,612	(1,267,774)	103,269,837	709,630	(5,572)	704,057	1.35
Of which, securities	Previous semi-annual period	56,455,668	(3,183,105)	53,272,563	207,510	(25,066)	182,444	0.68
	Current semi-annual period	65,205,813	(3,183,718)	62,022,095	229,777	(22,985)	206,791	0.66
Of which, call loans and bills bought	Previous semi-annual period	732,476	(54,508)	677,967	2,682	(4)	2,677	0.78
	Current semi-annual period	638,419	(13,646)	624,773	2,360	(2)	2,358	0.75
Of which, receivables under resale agreements	Previous semi-annual period	6,206,906	–	6,206,906	21,854	–	21,854	0.70
	Current semi-annual period	3,242,232	(16,404)	3,225,828	9,799	16	9,816	0.60
Of which, receivables under securities borrowing transactions	Previous semi-annual period	594,957	–	594,957	3,392	–	3,392	1.13
	Current semi-annual period	629,834	–	629,834	1,157	–	1,157	0.36
Of which, due from banks	Previous semi-annual period	39,736,610	(1,591,043)	38,145,566	29,444	(3,512)	25,932	0.13
	Current semi-annual period	43,469,934	(1,295,188)	42,174,746	27,127	(1,376)	25,750	0.12
Interest-bearing liabilities	Previous semi-annual period	247,096,393	(3,780,133)	243,316,259	419,513	(15,594)	403,918	0.33
	Current semi-annual period	265,660,574	(3,261,246)	262,399,327	245,085	(9,718)	235,366	0.17
Of which, deposits	Previous semi-annual period	189,784,364	(1,380,494)	188,403,869	165,346	(2,668)	162,677	0.17
	Current semi-annual period	206,232,565	(1,103,122)	205,129,443	94,241	(966)	93,274	0.09
Of which, negotiable certificates of deposit	Previous semi-annual period	6,061,184	(1,440)	6,059,744	27,150	–	27,150	0.89
	Current semi-annual period	6,151,106	–	6,151,106	7,076	–	7,076	0.22
Of which, call money and bills sold	Previous semi-annual period	961,123	(156,888)	804,235	1,102	(263)	839	0.20
	Current semi-annual period	619,755	(120,343)	499,411	391	(156)	234	0.09
Of which, payables under repurchase agreements	Previous semi-annual period	12,028,143	–	12,028,143	34,346	–	34,346	0.56
	Current semi-annual period	9,341,327	(16,404)	9,324,922	8,422	13	8,436	0.18
Of which, payables under securities lending transactions	Previous semi-annual period	30,877	–	30,877	343	–	343	2.21
	Current semi-annual period	41,059	–	41,059	278	–	278	1.35
Of which, commercial paper	Previous semi-annual period	1,292,985	–	1,292,985	6,214	–	6,214	0.95
	Current semi-annual period	680,906	–	680,906	484	–	484	0.14
Of which, borrowed money	Previous semi-annual period	30,621,654	(903,410)	29,718,243	117,013	(10,946)	106,067	0.71
	Current semi-annual period	36,876,690	(680,931)	36,195,759	92,510	(5,924)	86,586	0.47

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

### 3) Fees and commissions by domestic and overseas offices

Net fees and commissions income are as follows:

Fees and commissions income of domestic offices for the current semi-annual period was ¥254.6 billion, with an increase of ¥6.1 billion from the same period of the previous fiscal year. Fees and commissions expenses were ¥74.5 billion, which was an increase of ¥2.1 billion from the same period of the previous fiscal year, resulting in a net fees and commissions income of ¥180.0 billion; an increase of ¥4.0 billion from the same period of the previous fiscal year. Fees and commissions income of overseas offices during the current semi-annual period was ¥278.1 billion, with an increase of ¥29.9 billion from the same period of the previous fiscal year, while fees and commissions expenses were ¥34.8 billion, which was a decrease of ¥3.3 billion from the same period of the previous fiscal year, resulting in a net fees and commissions income of ¥243.2 billion; an increase of ¥33.3 billion from the same period of the previous fiscal year.

Consequently, total net fees and commissions income for the current semi-annual period stood at ¥341.6 billion; an increase of ¥32.8 billion from the same period of the previous fiscal year.

(Millions of yen)

Item	Semi-annual period	Domestic	Overseas	Amount of elimination	Total
		Amount	Amount	Amount	Amount
Fees and commissions income	Previous semi-annual period	248,456	248,176	(98,801)	397,831
	Current semi-annual period	254,616	278,104	(102,076)	430,644
Of which, domestic and foreign exchange services	Previous semi-annual period	70,642	6,455	(150)	76,947
	Current semi-annual period	82,881	6,476	(478)	88,879
Of which, other commercial banking services	Previous semi-annual period	97,676	106,351	(1,564)	202,463
	Current semi-annual period	91,674	127,529	(1,263)	217,940
Of which, guarantee services	Previous semi-annual period	20,981	16,197	(6,696)	30,482
	Current semi-annual period	20,892	15,343	(7,253)	28,981
Of which, securities-related services	Previous semi-annual period	11,114	38,310	(32)	49,391
	Current semi-annual period	7,646	36,392	(25)	44,013
Fees and commissions expenses	Previous semi-annual period	72,439	38,222	(21,603)	89,058
	Current semi-annual period	74,580	34,849	(20,398)	89,032
Of which, domestic and foreign exchange services	Previous semi-annual period	15,667	6,235	(153)	21,750
	Current semi-annual period	16,065	6,419	(163)	22,321

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



#### 4) Trading results by domestic and overseas offices

##### Details of trading income and expenses

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

Trading income of domestic offices for the current semi-annual period was ¥10.5 billion, with a decrease of ¥12.8 billion from the same period of the previous fiscal year. Trading expenses of domestic offices were ¥0.6 billion, an increase of ¥0.6 billion from the same period of the previous fiscal year. As a result, net trading income for the current semi-annual period was ¥9.9 billion, with a decrease of ¥13.4 billion from the same period of the previous fiscal year. Trading income of overseas offices for the current semi-annual period was ¥74.9 billion, with a decrease of ¥32.1 billion from the same period of the previous fiscal year. Trading expenses of overseas offices were ¥44.7 billion, with an increase of ¥12.5 billion from the same period of the previous fiscal year. As a result, net trading income for the current semi-annual period was ¥30.1 billion, with a decrease of ¥44.6 billion from the same period of the previous fiscal year.

Consequently, total net trading income posted by both domestic and overseas offices for the current semi-annual period stood at ¥41.6 billion; a decrease of ¥57.5 billion from the same period of the previous fiscal year.

(Millions of yen)

Item	Semi-annual period	Domestic	Overseas	Amount of elimination	Total
		Amount	Amount	Amount	Amount
Trading income	Previous semi-annual period	23,383	107,050	(31,232)	99,202
	Current semi-annual period	10,535	74,949	(40,540)	44,944
Of which, income from trading securities	Previous semi-annual period	169	34,411	(11,155)	23,425
	Current semi-annual period	364	28,725	(29,090)	–
Of which, income from securities related to trading transactions	Previous semi-annual period	687	163	–	850
	Current semi-annual period	–	5	(5)	–
Of which, income from trading-related financial derivatives	Previous semi-annual period	20,832	72,475	(20,070)	73,237
	Current semi-annual period	9,717	46,218	(11,443)	44,492
Of which, income from other trading transactions	Previous semi-annual period	1,694	0	(7)	1,688
	Current semi-annual period	453	–	(0)	452
Trading expenses	Previous semi-annual period	–	32,244	(32,244)	–
	Current semi-annual period	633	44,768	(42,065)	3,336
Of which, expenses on trading securities	Previous semi-annual period	–	11,155	(11,155)	–
	Current semi-annual period	–	29,303	(29,090)	212
Of which, expenses on securities related to trading transactions	Previous semi-annual period	–	–	–	–
	Current semi-annual period	633	2,495	(5)	3,124
Of which, expenses on trading-related financial derivatives	Previous semi-annual period	–	21,081	(21,081)	–
	Current semi-annual period	–	12,968	(12,968)	–
Of which, expenses on other trading transactions	Previous semi-annual period	–	7	(7)	–
	Current semi-annual period	–	0	(0)	–

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

5) Balance of deposits by domestic and overseas offices

· Deposits by classification (ending balance)

(Millions of yen)

Item	Semi-annual period	Domestic	Overseas	Amount of elimination	Total
		Amount	Amount	Amount	Amount
Total deposits	Previous semi-annual period	147,378,827	45,486,386	(1,461,780)	191,403,433
	Current semi-annual period	155,714,664	47,122,095	(1,228,902)	201,607,857
Of which, liquid deposits	Previous semi-annual period	114,134,695	26,000,862	(591,322)	139,544,236
	Current semi-annual period	122,156,820	30,921,650	(573,836)	152,504,634
Of which, fixed-term deposits	Previous semi-annual period	25,795,696	19,409,191	(835,410)	44,369,477
	Current semi-annual period	25,047,739	16,150,363	(645,942)	40,552,160
Of which, other deposits	Previous semi-annual period	7,448,435	76,332	(35,047)	7,489,720
	Current semi-annual period	8,510,104	50,081	(9,123)	8,551,062
Negotiable certificates of deposit	Previous semi-annual period	1,055,585	5,088,171	(1,440)	6,142,316
	Current semi-annual period	1,238,277	5,308,708	–	6,546,985
Total	Previous semi-annual period	148,434,413	50,574,557	(1,463,220)	197,545,750
	Current semi-annual period	156,952,942	52,430,803	(1,228,902)	208,154,843

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

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

Industry	Previous semi-annual period		Current semi-annual period	
	Amount (Millions of yen)	Composition ratio (%)	Amount (Millions of yen)	Composition ratio (%)
Domestic (excluding Japan offshore market account)	64,609,298	100.00	63,028,279	100.00
Manufacturing	12,642,972	19.57	11,423,987	18.13
Construction	714,801	1.11	674,962	1.07
Wholesale and retail	6,813,629	10.54	6,638,277	10.53
Finance and insurance	6,512,791	10.08	7,229,250	11.47
Real estate, goods rental and leasing	11,356,488	17.58	11,177,151	17.73
Services	3,088,608	4.78	2,940,067	4.67
Other industries	23,480,007	36.34	22,944,584	36.40
Overseas and Japan offshore market account	40,359,835	100.00	38,069,868	100.00
Governments and public organizations	498,941	1.23	438,249	1.15
Financial institutions	8,551,169	21.19	9,625,544	25.28
Others	31,309,724	77.58	28,006,074	73.57
Total	104,969,134	—	101,098,148	—

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

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

(Reference information)

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

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

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

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

	(Billions of yen, %)
	As of September 30, 2021
1. Consolidated Total Capital Ratio (4/7)	15.81
2. Consolidated Tier 1 Capital Ratio (5/7)	13.69
3. Consolidated Common Equity Tier 1 Capital Ratio (6/7)	12.05
4. Consolidated Total Capital	14,915.9
5. Consolidated Tier 1 Capital	12,920.8
6. Consolidated Common Equity Tier 1 Capital	11,374.1
7. Risk-weighted Assets	94,314.1
8. Consolidated Total Capital Requirements	7,545.1

Consolidated leverage ratio (under uniform international standards)

	(%)
	As of September 30, 2021
Consolidated leverage ratio	5.48

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

(Billions of yen, %)

	As of September 30, 2021
1. Non-consolidated Total Capital Ratio (4/7)	15.32
2. Non-consolidated Tier 1 Capital Ratio (5/7)	13.31
3. Non-consolidated Common Equity Tier 1 Capital Ratio (6/7)	11.47
4. Non-consolidated Total Capital	12,341.7
5. Non-consolidated Tier 1 Capital	10,723.4
6. Non-consolidated Common Equity Tier 1 Capital	9,236.3
7. Risk-weighted Assets	80,521.8
8. Non-consolidated Total Capital Requirements	6,441.7

Non-consolidated leverage ratio (under uniform international standards)

(%)

	As of September 30, 2021
Non-consolidated leverage ratio	5.33

(Assessment of asset quality)

(Reference information)

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

1. Claims against bankrupt or de facto bankrupt borrowers

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

2. Doubtful claims

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

3. Claims in need of special attention

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

4. Normal claims

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

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

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

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

Consolidated gross operating income for the current semi-annual period decreased by ¥116.0 billion from the same period of the previous fiscal year, primarily due to a decrease in net other operating income. Meanwhile, general and administrative expenses decreased by ¥5.1 billion from the same period of the previous fiscal year. As a result, consolidated net business profit (before provision for general allowance for credit losses) for the current semi-annual period was ¥448.7 billion, with a decrease of ¥110.9 billion from the same period of the previous fiscal year.

Meanwhile, semi-annual net income attributable to the shareholders of MUFG Bank was ¥450.5 billion, with an increase of ¥241.0 billion from the same period of the previous fiscal year, primarily due to a reversal of credit costs that were posted in the previous fiscal year.

The main items for the current semi-annual period are shown in the table below.

(Billions of yen)				
		Previous semi-annual period (A)	Current semi-annual period (B)	Change (B - A)
Interest income	(1)	1,215.5	1,080.4	(135.1)
Interest expenses (after deduction of expenses related to money held in trust)	(2)	403.9	235.3	(168.5)
Trust fees	(3)	6.2	5.8	(0.4)
Of which, credit costs for trust accounts	(4)	–	–	–
Fees and commissions income	(5)	397.8	430.6	32.8
Fees and commissions expenses	(6)	89.0	89.0	(0.0)
Trading income	(7)	99.2	44.9	(54.2)
Trading expenses	(8)	–	3.3	3.3
Other operating income	(9)	416.0	173.0	(242.9)
Other operating expenses	(10)	164.4	45.7	(118.6)
Consolidated gross operating income (= (1) - (2) + (3) + (5) - (6) + (7) - (8) + (9) - (10))	(11)	1,477.4	1,361.4	(116.0)
General and administrative expenses (after deduction of non-recurring expenses)	(12)	917.8	912.7	(5.1)
Consolidated net business profit (loss) (before provision for general allowance for credit losses = (11) + (4) - (12))		559.6	448.7	(110.9)
Other ordinary expenses (Provision for general allowance for credit losses)	(13)	86.5	–	(86.5)
Consolidated net business profit (loss) (= (11) - (12) - (13))		473.1	448.7	(24.4)
Other ordinary income	(14)	105.9	253.6	147.6
Of which, reversal of allowance for credit losses		–	51.9	51.9
Of which, gains on collection of bad debts		20.0	29.2	9.1
Of which, gains on sale of equity securities and other securities		52.9	123.2	70.2
Interest expenses (expenses related to money held in trust)	(15)	0.0	0.0	(0.0)
General and administrative expenses (non-recurring expenses)	(16)	14.7	(5.5)	(20.2)
Other ordinary expenses (after deduction of provision for general allowance for credit losses)	(17)	247.6	105.1	(142.5)
Of which, credit costs		158.4	37.8	(120.5)
Of which, losses on sale of equity securities and other securities		20.1	13.9	(6.1)
Of which, losses on write-down of equity securities and other securities		8.4	4.1	(4.2)
Net non-recurring gains (losses) (= (14) - (15) - (16) - (17))		(156.4)	154.0	310.4

	Previous semi-annual period (A)	Current semi-annual period (B)	Change (B - A)
Ordinary profit	316.7	602.7	286.0
Net extraordinary gains (losses)	(7.2)	35.2	42.5
Of which, impairment loss of long-lived assets	(16.4)	(17.6)	(1.1)
Income before income taxes	309.4	637.9	328.5
Total income taxes	92.6	166.3	73.6
Net income before attribution of noncontrolling interests	216.7	471.6	254.8
Net income attributable to noncontrolling interests	7.3	21.1	13.8
Net income attributable to the shareholders of MUFG Bank	209.4	450.5	241.0

## 1) Analysis of Results of Operations

### (i) Total credit costs

Total credit costs for the current semi-annual period decreased by ¥273.5 billion compared to the same period of the previous fiscal year to a reversal of ¥48.6 billion, primarily due to decreases of provision for general allowance for credit losses and credit costs and an increase in reversal of allowance for credit losses.

(Billions of yen)

	Previous semi-annual period (A)	Current semi-annual period (B)	Change (B - A)
Of the trust fees, credit costs for trust accounts (1)	–	–	–
Of other ordinary income, reversal of allowance for credit losses (2)	–	51.9	51.9
Of other ordinary income, reversal of reserve for contingent losses (3)	–	5.3	5.3
Of other ordinary income, gains on collection of bad debts (4)	20.0	29.2	9.1
Of other ordinary expenses, provision for general allowance for credit losses (5)	86.5	–	(86.5)
Of other ordinary expenses, credit costs (6)	158.4	37.8	(120.5)
Write-offs of loans	48.7	33.6	(15.0)
Provision for specific allowance for credit losses	109.5	–	(109.5)
Other credit costs	0.1	4.2	4.0
Total credit costs (= (1) - (2) - (3) - (4) + (5) + (6))	224.8	(48.6)	(273.5)
Consolidated net business profit (loss) (before credit costs for trust accounts and provision for general allowance for credit losses)	559.6	448.7	(110.9)
Consolidated net business profit (loss) (after deduction of total credit costs)	334.7	497.4	162.6



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

The Bank posted ¥105.1 billion gains on equity securities and other securities for the current semi-annual period with an increase of ¥80.7 billion from the same period of the previous fiscal year.

Gains on sale of equity securities and other securities increased by ¥70.2 billion compared to the same period of the previous fiscal year to ¥123.2 billion while losses on sale of equity securities and other securities decreased by ¥6.1 billion compared to the same period of the previous fiscal year to ¥13.9 billion. Losses on write-down of equity securities and other securities decreased by ¥4.2 billion compared to the same period of the previous fiscal year to ¥4.1 billion.

(Billions of yen)

	Previous semi-annual period (A)	Current semi-annual period (B)	Change (B - A)
Net gains (losses) on equity securities and other securities	24.3	105.1	80.7
Of other ordinary income, gains on sale of equity securities and other securities	52.9	123.2	70.2
Of other ordinary expenses, losses on sale of equity securities and other securities	20.1	13.9	(6.1)
Of other ordinary expenses, losses on write-down of equity securities and other securities	8.4	4.1	(4.2)

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 ¥33.9 billion from the end of the previous fiscal year to ¥822.4 billion.

The percentage of disclosed claims to total claims decreased by 0.00 percentage points from the end of the previous fiscal year to 0.87%.

Claims by borrowers' classification show claims against bankrupt or de facto bankrupt borrowers decreased by ¥27.2 billion, doubtful claims increased by ¥5.7 billion, and claims in need of special attention decreased by ¥12.4 billion.

With regard to the status of coverage at the end of the current semi-annual period for these disclosed claims totaling ¥822.4 billion, the amount secured by allowance for credit losses was ¥198.1 billion and the amount secured by collaterals, guarantees and others was ¥430.1 billion, representing a percentage of covered claims to total disclosed claims (coverage ratio) of 76.40%.

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	120.5 [147.7]	14.5 [20.0]	105.9 [127.7]	100.00% [100.00%]	100.00% [100.00%]
Doubtful claims	420.4 [414.6]	116.4 [121.2]	225.9 [210.6]	59.86% [59.43%]	81.43% [80.03%]
Claims in need of special attention	281.4 [293.8]	67.1 [69.9]	98.3 [131.2]	36.66% [43.03%]	58.78% [68.47%]
Subtotal	822.4 [856.3]	198.1 [211.3]	430.1 [469.5]	50.52% [54.64%]	76.40% [79.51%]
Normal claims	93,167.9 [96,093.1]	—	—	—	—
Total	93,990.3 [96,949.5]	—	—	—	—
Percentage of disclosed claims to total claims	0.87% [0.88%]	—	—	—	—

(Note) The upper figures are as of September 30, 2021. The lower figures within brackets are as of March 31, 2021.

### 3) Cash Flows

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

### 4) Results of Operations by Business Unit

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

[Principal business conducted by each business unit]

- Digital Service Business Unit : Providing financial services to domestic individual customers and corporate clients mainly involving non-face-to-face transactions, as well as spearheading the MUFG’s across-the-board digital transformation
- Retail & Commercial Banking Business Unit: Providing financial services to Japanese individual and corporate customers
- Japanese Corporate & Investment Banking Business Unit: Providing financial services to major Japanese corporate customers
- Global Commercial Banking Business Unit: Providing financial services to individual and small to medium sized corporate customers of overseas commercial banks of the Group
- Global Corporate & Investment Banking Business Unit: Providing financial services to major non-Japanese corporate customers
- Global Markets Business Unit : Providing services relating to foreign currency exchange, funds and investment securities to customers, as well as conducting market transactions and managing liquidity and cash for the Group
- Other units : Other than the businesses mentioned above

(Billions of yen)

	Digital Service Business Unit	Retail & Commercial Banking Business Unit	Japanese Corporate & Investment Banking Business Unit	Global Commercial Banking Business Unit	Global Corporate & Investment Banking Business Unit	Customer business units subtotal	Global Markets Business Unit	Other units (Note 2)	Total
Gross operating income	147.0	160.1	206.2	376.8	217.9	1,108.2	179.9	30.4	1,318.6
Non-consolidated	133.1	147.3	179.9	0.8	155.7	617.1	140.0	32.2	789.4
Net interest income	110.0	76.3	95.4	0.8	73.1	355.8	74.1	49.6	479.6
Net non-interest income	23.1	71.0	84.5	–	82.6	261.2	65.9	(17.4)	309.7
Subsidiaries	13.8	12.7	26.3	375.9	62.1	491.1	39.8	(1.8)	529.1
Expenses	141.1	153.9	123.1	267.2	130.3	815.8	52.0	20.6	888.5
Net operating income (Note 1)	5.8	6.1	83.1	109.5	87.5	292.3	127.9	9.7	430.0

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

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

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

#### (i) Digital Service Business Unit

Gross operating income exceeded that of the same period of the previous fiscal year due to an increase in income from commissions for residential loans, despite a decrease in net interest income mainly from credit card loans driven by a downturn in consumption demand amid the continuing COVID-19 pandemic.

(ii) Retail & Commercial Banking Business Unit

Gross operating income exceeded that of the same period of the previous fiscal year due to growth in solution income and an increase in income from investment products, despite a continuing trend of declining net interest income from deposits caused by a decline in foreign currency interest rates.

(iii) Japanese Corporate & Investment Banking Business Unit

Gross operating income exceeded that of the same period of the previous fiscal year due to an increase in net interest income from loans mainly as a result of improvements in income from interest spreads, despite the absence of solution income that increased in the previous fiscal year mainly in the course of supporting corporate customers related to the COVID-19 pandemic.

(iv) Global Commercial Banking Business Unit

Gross operating income fell below that of the same period of the previous fiscal year due to a decline in customers' economic activities amid the COVID-19 pandemic primarily in Asia.

(v) Global Corporate & Investment Banking Business Unit

Gross operating income exceeded that of the same period of the previous fiscal year due to an increase in income from commissions and an increase in interest income from improved loan interest spreads.

(vi) Global Markets Business Unit

Gross operating income fell below that of the same period of the previous fiscal year mainly due to a reaction to agile operations to secure profits from securities in the previous fiscal year.

#### 4. Critical Contracts for Operation

(1) The Bank and MUFG reached a definitive agreement for the sale of MUFG Union Bank and will invest in shares of U.S. Bancorp (USB).

The Bank and MUFG agreed with USB to the sale of all shares in MUB, MUFG's subsidiary owned through MUAH, and entered into the Share Purchase Agreement on September 21, 2021.

The completion of the transfer of the MUB shares (the "Share Transfer") is subject to certain conditions precedent, including the approval from relevant regulators, and is expected to be effective during January to June, 2022.

Additionally, as part of the consideration for the Share Transfer, the Bank and MUFG will receive approximately 2.9% of USB's outstanding shares in addition to cash and will engage in discussions with USB on further business alliances.

1) Background and strategic rationale of the Share Transfer

The Bank and MUFG have viewed the U.S. regional banking business as an important business for the Group's strategy. At the same time, given MUB's current business environment, including the need for increased technology investments as part of digital transformation, a certain scale is required to maintain and strengthen competitiveness.

Under these circumstances, the Bank and MUFG concluded that transferring MUB to USB, a major U.S. bank with a strong business foundation, is the most appropriate decision that will lead to providing higher quality financial services to customers and communities, and unlock MUB's potential franchise value. From the perspective of the Bank and MUFG's optimization of management resources in the current medium-term business plan, the Bank and MUFG determined that the sale of MUB and the shift of focus to corporate transactions in the U.S. will maximize shareholder value through increasing capital efficiency.

2) Transfer of transactions with customers prior to the Share Transfer

The MUB businesses that the Bank and MUFG will transfer to USB through the Share Transfer exclude the GCIB business, the Global Markets business to the extent related to the GCIB business (transactions with clients and investors) that is currently run by MUB, and certain assets and liabilities, etc. that are part of shared middle and back office functions, etc. Such businesses, and the customer assets and liabilities, etc. related to these businesses (including related transactions with such customers) are planned to be transferred to the Bank's U.S. branches or its affiliates prior to the Share Transfer (the "Transaction" refers to the series of transactions including the Share Transfer and the transfer of such businesses, assets and liabilities to the Bank's U.S. branches or its affiliates).

3) Outline of U.S. Bancorp

(i) Name	U.S. Bancorp
(ii) Location	800 Nicollet Mall, Minneapolis, Minnesota
(iii) Name and title of representative	Andrew Cecere, Chairman, President & Chief Executive Officer
(iv) Description of business	Bank holding company
(v) Stated capital	USD 21 million (as of June 30, 2021)
(vi) Date of incorporation	July 13, 1863

4) Number of shares to be transferred; number of shares held and ownership ratio pre- and post-transfer

(i) Number of shares held pre-transfer	40,305,115 shares (Number of voting rights: 40,305,115) (Voting rights ownership ratio: 100%)
(ii) Shares transferred	40,305,115 shares (Number of voting rights: 40,305,115)
(iii) Number of shares held post-transfer	0 shares (Number of voting rights: 0) (Voting rights ownership ratio: 0%)

5) Overview of the Transaction

(i) Overview of the businesses in-scope and out-of-scope for the Transaction

- (a) In-scope business: Retail and Commercial Banking businesses of MUB
- (b) Out-of-scope business, assets and liabilities: GCIB business, Global Markets business to the extent related to GCIB business (transactions with clients and investors), and the assets and liabilities, etc. of part of the middle and back office functions, etc.

(ii) Total transaction value and consideration

- (a) The total transaction value is expected to be approximately USD 17.6 billion; composed of approximately USD 8.0 billion of consideration paid by USB for the Share Transfer and approximately USD 9.6 billion of expected dividend and/or share repurchase by MUB prior to the completion of the Share Transfer<sup>\*1, \*2</sup>.
- (b) The consideration paid by USB is an additional USD 1.75 billion on top of the book value of tangible net assets of MUB at the time of the completion of the Share Transfer.
- (c) The consideration will be paid to MUAH, the seller of MUB shares, in a combination of cash and USB stock.

\*1 Subject to changes in financial performance, etc. of MUB prior to the completion of the Share Transfer. MUB is under consideration to distribute part of the pre-closing dividend or share repurchase of approximately USD 9.6 billion during 2021 on a calendar year basis.

\*2 Part of the pre-closing dividend or share repurchase of approximately USD 9.6 billion is to be utilized in the GCIB business, etc.

**5. Research and Development Activities**

Not applicable.

### III. Company Information

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

(1) Total number of shares, etc.

1) Total number of shares

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

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

2) Total number of shares issued

Class	Number of shares issued as of the end of the current semi-annual period (September 30, 2021)	Number of shares issued as of the date of submission (November 29, 2021)	Financial instruments exchange on which the stock is listed or other market	Description
Common stock	12,350,038,122	Same as left	–	(Notes) 1, 2, 3
1st series of Class 2 preferred stock	100,000,000	Same as left	–	(Notes) 1, 2
1st series of Class 4 preferred stock	79,700,000	Same as left	–	(Notes) 1, 2
1st series of Class 6 preferred stock	1,000,000	Same as left	–	(Notes) 1, 2
1st series of Class 7 preferred stock	177,000,000	Same as left	–	(Notes) 1, 2
Total	12,707,738,122	Same as left	–	–

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

(2) Status of subscription rights to shares

1) Description of stock option plans

Not applicable.

2) Status of other subscription rights to shares

Not applicable.

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

Not applicable.

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

Date	Change in total number of shares issued (Thousands of shares)	Total number of shares issued (Thousands of shares)	Change in capital stock (Millions of yen)	Balance of capital stock (Millions of yen)	Change in capital reserve (Millions of yen)	Balance of capital reserve (Millions of yen)
September 30, 2021	–	12,707,738	–	1,711,958	–	1,711,958

(5) Status of major shareholders

By number of shares held

As of September 30, 2021

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

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

By number of voting rights held

As of September 30, 2021

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

(6) Status of voting rights  
1) Issued shares

As of September 30, 2021

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

2) Treasury stock, etc.

As of September 30, 2021

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

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



## 2. Directors and Corporate Auditors

Changes in Directors or Corporate Auditors by the date of submission of this Semi-annual Securities report after the date of submission of the Annual Securities Report for the previous fiscal year are as follows:

New title and position	Former title and position	Name	Date of change
Member of the Board of Directors, Senior Managing Executive Officer (Chief Executive, Japanese Corporate & Investment Banking Business Unit)	Member of the Board of Directors, Senior Managing Executive Officer (Chief Executive, Japanese Corporate & Investment Banking Business Unit, and In charge of Office of Chairman of Japanese Bankers Association)	Naomi Hayashi	July 1, 2021

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

### Accountant's Conclusion

We have reviewed the semi-annual consolidated financial statements of MUFG Bank, Ltd. and its consolidated subsidiaries (the "Bank"), which comprise the semi-annual consolidated balance sheet as of September 30, 2021, and the semi-annual consolidated statement of income, semi-annual consolidated statement of comprehensive income, semi-annual consolidated statement of changes in equity and semi-annual consolidated statement of cash flows for the six-month period then ended, and the related notes, all expressed in Japanese yen.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying semi-annual consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Bank as of September 30, 2021, and the consolidated financial performance and their cash flows for the six-month period then ended in accordance with accounting principles for semi-annual consolidated financial statements generally accepted in Japan.

### Convenience Translation

Our review also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, based on our review, nothing has come to our attention that causes us to believe that such translation has not been made in accordance with the basis stated in Note 1 to the semi-annual consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

### Basis for Accountant's Conclusion

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

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

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

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

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

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

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

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

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

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

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

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

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

*Deloitte Touche Tohmatsu LLC*

December 20, 2021

## Semi-annual Consolidated Financial Statements (Unaudited)

### MUFG Bank, Ltd. and Subsidiaries

#### Semi-annual Consolidated Balance Sheet (Unaudited) as of September 30, 2021

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	September 30	March 31	September 30
	<u>2021</u>	<u>2021</u>	<u>2021</u>
<b>ASSETS:</b>			
Cash and due from banks (Notes 3, 4, 12 and 22)	¥ 87,862,811	¥ 86,975,271	\$ 785,050
Call loans and bills bought (Note 22)	488,501	725,672	4,365
Receivables under resale agreements (Note 22)	3,070,283	3,250,944	27,433
Receivables under securities borrowing transactions (Note 22)	666,980	662,574	5,959
Monetary claims bought (Notes 4 and 22)	3,530,369	3,682,067	31,544
Trading assets (Notes 12 and 22)	6,540,726	6,742,484	58,441
Money held in trust (Notes 5 and 22)	38,067	38,904	340
Securities (Notes 4, 6, 11, 12 and 22)	66,541,211	63,741,342	594,543
Loans and bills discounted (Notes 7, 12, 13 and 22)	101,098,148	103,910,554	903,307
Foreign exchange (Note 22)	1,767,790	1,795,513	15,795
Tangible fixed assets (Note 8)	979,833	987,906	8,755
Intangible fixed assets	840,668	849,364	7,511
Asset for retirement benefits	814,136	781,492	7,274
Deferred tax assets	106,532	92,668	952
Customers' liabilities for acceptances and guarantees (Note 11)	8,118,427	7,713,068	72,538
Other assets	7,678,620	9,306,949	68,608
Allowance for credit losses	(873,503)	(987,044)	(7,805)
<b>Total assets</b>	<b>¥ 289,269,608</b>	<b>¥ 290,269,735</b>	<b>\$ 2,584,611</b>

## MUFG Bank, Ltd. and Subsidiaries

### Semi-annual Consolidated Balance Sheet (Unaudited) as of September 30, 2021

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	September 30	March 31	September 30
	2021	2021	2021
<b>LIABILITIES:</b>			
Deposits (Notes 12 and 22)	¥ 201,607,857	¥ 202,537,751	\$ 1,801,357
Negotiable certificates of deposit (Note 22)	6,546,985	6,219,043	58,497
Call money and bills sold (Notes 12 and 22)	292,249	302,069	2,611
Payables under repurchase agreements (Notes 12 and 22)	9,647,001	8,937,944	86,196
Payables under securities lending transactions (Notes 12 and 22)	73,070	89,175	653
Commercial paper (Note 22)	675,866	883,258	6,039
Trading liabilities (Notes 12 and 22)	2,576,637	3,194,068	23,022
Borrowed money (Notes 10, 12 and 22)	35,424,619	36,814,266	316,517
Foreign exchange (Note 22)	2,047,927	2,248,044	18,298
Bonds payable (Notes 10, 12 and 22)	2,374,541	2,504,821	21,216
Reserve for employee bonuses	37,751	49,450	337
Reserve for bonuses to directors	675	894	6
Reserve for stocks payment	3,394	4,788	30
Liability for retirement benefits	83,803	79,511	749
Reserve for retirement benefits to directors	374	456	3
Reserve for loyalty award credits	11,729	11,714	105
Reserve for contingent losses	84,813	84,337	758
Deferred tax liabilities	751,063	663,935	6,711
Deferred tax liabilities for land revaluation (Note 9)	93,475	97,744	835
Acceptances and guarantees (Note 11)	8,118,427	7,713,068	72,538
Other liabilities (Note 12)	5,655,803	5,261,413	50,534
<b>Total liabilities</b>	<b>¥ 276,108,071</b>	<b>¥ 277,697,759</b>	<b>\$ 2,467,013</b>
<b>EQUITY (Notes 15, 16 and 21):</b>			
<b>Capital stock</b>			
<b>Common stock:</b>			
Authorized, 33,000,000 thousand shares; issued, 12,350,038 thousand shares as of September 30 and March 31, 2021, with no stated value	¥ 1,586,958	¥ 1,586,958	\$ 14,179
<b>Preferred stock:</b>			
Authorized, 1,157,700 thousand shares; issued, 357,700 thousand shares as of September 30 and March 31, 2021, with no stated value	125,000	125,000	1,117
Capital surplus	3,669,242	3,671,803	32,785
Retained earnings	5,350,198	4,978,691	47,804
Treasury stock—at cost 357,700 thousand shares as of September 30 and March 31, 2021	(645,700)	(645,700)	(5,769)
<b>Total shareholders' equity</b>	<b>10,085,699</b>	<b>9,716,753</b>	<b>90,115</b>
<b>Accumulated other comprehensive income:</b>			
Net unrealized gain on available-for-sale securities (Notes 4 and 6)	1,952,974	1,907,639	17,450
Net deferred gain on derivatives under hedge accounting	176,490	188,194	1,577
Land revaluation surplus (Note 9)	180,336	190,008	1,611
Foreign currency translation adjustments	191,924	4,532	1,715
Defined retirement benefit plans	135,816	148,384	1,214
<b>Total accumulated other comprehensive income</b>	<b>2,637,543</b>	<b>2,438,760</b>	<b>23,566</b>
Non-controlling interests	438,293	416,462	3,916
<b>Total equity</b>	<b>13,161,537</b>	<b>12,571,975</b>	<b>117,598</b>
<b>Total liabilities and equity</b>	<b>¥ 289,269,608</b>	<b>¥ 290,269,735</b>	<b>\$ 2,584,611</b>

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

**MUFG Bank, Ltd. and Subsidiaries**

**Semi-annual Consolidated Statement of Income (Unaudited)  
For the Six-Month Period Ended September 30, 2021**

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	Six-Month Periods Ended September 30		Six-Month Period Ended September 30
	<u>2021</u>	<u>2020</u>	<u>2021</u>
<b>INCOME:</b>			
Interest income:	¥ 1,080,400	¥ 1,215,515	\$ 9,653
Interest on loans and bills discounted	704,057	857,746	6,291
Interest and dividends on securities	206,791	182,444	1,848
Trust fees (Note 24)	5,847	6,289	52
Fees and commissions (Note 24)	430,644	397,831	3,848
Trading income	44,944	99,202	402
Other operating income	173,092	416,035	1,547
Other income (Note 18)	309,944	118,641	2,769
<b>Total income</b>	<b>2,044,874</b>	<b>2,253,516</b>	<b>18,271</b>
<b>EXPENSES:</b>			
Interest expenses:	235,370	403,923	2,103
Interest on deposits	93,274	162,677	833
Fees and commissions	89,032	89,058	795
Trading expenses	3,336	–	30
Other operating expenses	45,742	164,418	409
General and administrative expenses (Note 17)	907,187	932,548	8,106
Other expenses (Note 19)	126,242	354,166	1,128
<b>Total expenses</b>	<b>1,406,913</b>	<b>1,944,115</b>	<b>12,571</b>
<b>Income before income taxes</b>	<b>637,961</b>	<b>309,400</b>	<b>5,700</b>
<b>Income taxes:</b>			
Current	110,670	145,457	989
Deferred	55,651	(52,807)	497
<b>Total income taxes</b>	<b>166,322</b>	<b>92,650</b>	<b>1,486</b>
<b>Net income before attribution of non-controlling interests</b>	<b>471,638</b>	<b>216,749</b>	<b>4,214</b>
<b>Net income attributable to non-controlling interests</b>	<b>21,119</b>	<b>7,308</b>	<b>189</b>
<b>Net income attributable to the shareholders of MUFG Bank</b>	<b>¥ 450,519</b>	<b>¥ 209,441</b>	<b>\$ 4,025</b>
	Yen		U.S. Dollars
	Six-Month Periods Ended September 30		Six-Month Period Ended September 30
	<u>2021</u>	<u>2020</u>	<u>2021</u>
<b>Per share of common stock (Notes 16 and 21):</b>			
Basic earnings per common share	¥ 36.47	¥ 16.95	\$ 0.33
Diluted earnings per common share	36.47	16.95	0.33
Cash dividends applicable to the reporting period per common share	12.18	11.27	0.11

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

## MUFG Bank, Ltd. and Subsidiaries

### Semi-annual Consolidated Statement of Comprehensive Income (Unaudited) For the Six-Month Period Ended September 30, 2021

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	Six-Month Periods Ended September 30		Six-Month Period Ended September 30
	<u>2021</u>	<u>2020</u>	<u>2021</u>
Net income before attribution of non-controlling interests	¥ 471,638	¥ 216,749	\$ 4,214
Other comprehensive income:			
Net unrealized gain on available-for-sale securities	44,299	301,638	396
Net deferred (loss) gain on derivatives under hedge accounting	(12,013)	29,181	(107)
Foreign currency translation adjustments	184,930	(128,191)	1,652
Defined retirement benefit plans	(12,441)	6,613	(111)
Share of other comprehensive income (loss) in affiliates accounted for using the equity method	9,856	(2,884)	88
Total other comprehensive income	<u>214,631</u>	<u>206,357</u>	<u>1,918</u>
Comprehensive income	<u>¥ 686,270</u>	<u>¥ 423,107</u>	<u>\$ 6,132</u>
Total comprehensive income attributable to:			
The shareholders of MUFG Bank	¥ 658,975	¥ 422,046	\$ 5,888
Non-controlling interests	27,294	1,061	244

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



MUFG Bank, Ltd. and Subsidiaries

Semi-annual Consolidated Statement of Changes in Equity (Unaudited)  
For the Six-Month Period Ended September 30, 2021

	Millions of Yen													
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Accumulated other comprehensive income							Non-controlling shareholders	Total equity
						Net unrealized gain on available-for-sale securities	Net deferred gain on derivatives under hedge accounting	Land revaluation surplus	Foreign currency translation adjustments	Defined retirement benefit plans	Total accumulated other comprehensive income			
BALANCE, APRIL 1, 2020	¥ 1,711,958	¥ 3,674,512	¥ 5,076,746	¥ (645,700)	¥ 9,817,517	¥ 1,485,339	¥ 313,523	¥ 202,845	¥ 127,868	¥ (88,678)	¥ 2,040,899	¥ 427,088	¥ 12,285,505	
Cumulative effects due to revision of accounting standards for foreign affiliates	-	-	(116,805)	-	(116,805)	-	-	-	-	-	-	(25,608)	(142,414)	
BALANCE, APRIL 1, 2020 (as restated)	1,711,958	3,674,512	4,959,940	(645,700)	9,700,711	1,485,339	313,523	202,845	127,868	(88,678)	2,040,899	401,480	12,143,091	
Dividends paid	-	-	(139,678)	-	(139,678)	-	-	-	-	-	-	-	(139,678)	
Net income attributable to the shareholders of MUFG Bank	-	-	209,441	-	209,441	-	-	-	-	-	-	-	209,441	
Reversal of land revaluation surplus	-	-	7,714	-	7,714	-	-	-	-	-	-	-	7,714	
Changes of application of equity method	-	-	(104)	-	(104)	-	-	-	-	-	-	-	(104)	
Changes in equity of consolidated subsidiaries	-	(2,709)	-	-	(2,709)	-	-	-	-	-	-	-	(2,709)	
Other changes in the period	-	-	-	-	-	298,560	27,226	(7,714)	(120,541)	6,345	203,875	3,672	207,548	
BALANCE, SEPTEMBER 30, 2020	¥ 1,711,958	¥ 3,671,803	¥ 5,037,314	¥ (645,700)	¥ 9,775,376	¥ 1,783,899	¥ 340,750	¥ 195,131	¥ 7,326	¥ (82,332)	¥ 2,244,775	¥ 405,152	¥ 12,425,304	
BALANCE, APRIL 1, 2021	¥ 1,711,958	¥ 3,671,803	¥ 4,978,691	¥ (645,700)	¥ 9,716,753	¥ 1,907,639	¥ 188,194	¥ 190,008	¥ 4,532	¥ 148,384	¥ 2,438,760	¥ 416,462	¥ 12,571,975	
Cumulative effects of changes in accounting policies	-	-	(134)	-	(134)	-	-	-	-	-	-	(14)	(149)	
BALANCE, APRIL 1, 2021 (as restated)	1,711,958	3,671,803	4,978,556	(645,700)	9,716,618	1,907,639	188,194	190,008	4,532	148,384	2,438,760	416,447	12,571,826	
Dividends paid	-	-	(88,549)	-	(88,549)	-	-	-	-	-	-	-	(88,549)	
Net income attributable to the shareholders of MUFG Bank	-	-	450,519	-	450,519	-	-	-	-	-	-	-	450,519	
Reversal of land revaluation surplus	-	-	9,672	-	9,672	-	-	-	-	-	-	-	9,672	
Changes in equity of consolidated subsidiaries	-	(2,560)	-	-	(2,560)	-	-	-	-	-	-	-	(2,560)	
Other changes in the period	-	-	-	-	-	45,335	(11,704)	(9,672)	187,391	(12,567)	198,783	21,845	220,629	
BALANCE, SEPTEMBER 30, 2021	¥ 1,711,958	¥ 3,669,242	¥ 5,350,198	¥ (645,700)	¥ 10,085,699	¥ 1,952,974	¥ 176,490	¥ 180,336	¥ 191,924	¥ 135,816	¥ 2,637,543	¥ 438,293	¥ 13,161,537	

**MUFG Bank, Ltd. and Subsidiaries**

**Semi-annual Consolidated Statement of Changes in Equity (Unaudited)  
For the Six-Month Period Ended September 30, 2021**

	Millions of U.S. Dollars (Note 1)													
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Accumulated other comprehensive income							Non-controlling shareholders	Total equity
						Net unrealized gain on available-for-sale securities	Net deferred gain on derivatives under hedge accounting	Land revaluation surplus	Foreign currency translation adjustments	Defined retirement benefit plans	Total accumulated other comprehensive income			
BALANCE, APRIL 1, 2021	\$ 15,296	\$ 32,807	\$ 44,484	\$ (5,769)	\$ 86,819	\$ 17,045	\$ 1,682	\$ 1,698	\$ 40	\$ 1,326	\$ 21,790	\$ 3,721	\$ 112,330	
Cumulative effects of changes in accounting policies	-	-	(1)	-	(1)	-	-	-	-	-	-	(0)	(1)	
BALANCE, APRIL 1, 2021 (as restated)	15,296	32,807	44,483	(5,769)	86,818	17,045	1,682	1,698	40	1,326	21,790	3,721	112,329	
Dividends paid	-	-	(791)	-	(791)	-	-	-	-	-	-	-	(791)	
Net income attributable to the shareholders of MUFG Bank	-	-	4,025	-	4,025	-	-	-	-	-	-	-	4,025	
Reversal of land revaluation surplus	-	-	86	-	86	-	-	-	-	-	-	-	86	
Changes in equity of consolidated subsidiaries	-	(23)	-	-	(23)	-	-	-	-	-	-	-	(23)	
Other changes in the period	-	-	-	-	-	405	(105)	(86)	1,674	(112)	1,776	195	1,971	
BALANCE, SEPTEMBER 30, 2021	\$ 15,296	\$ 32,785	\$ 47,804	\$ (5,769)	\$ 90,115	\$ 17,450	\$ 1,577	\$ 1,611	\$ 1,715	\$ 1,214	\$ 23,566	\$ 3,916	\$ 117,598	

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

MUFG Bank, Ltd. and Subsidiaries

**Semi-annual Consolidated Statement of Cash Flows (Unaudited)**  
**For the Six-Month Period Ended September 30, 2021**

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	Six-Month Periods Ended September 30		Six-Month Period Ended September 30
	2021	2020	2021
OPERATING ACTIVITIES:			
Income before income taxes	¥ 637,961	¥ 309,400	\$ 5,700
Adjustments for:			
Income taxes paid	(124,512)	(90,254)	(1,113)
Income taxes refunds	1,716	6,391	15
Depreciation and amortization	116,242	117,076	1,039
Impairment loss on fixed assets	17,674	16,478	158
Amortization of goodwill	3,180	3,112	28
Equity in earnings of the equity method investees	(13,580)	(9,646)	(121)
(Decrease) increase in allowance for credit losses	(125,146)	117,589	(1,118)
Decrease in reserve for employee bonuses	(11,873)	(18,994)	(106)
Decrease in reserve for bonuses to directors	(249)	(180)	(2)
Decrease in reserve for stocks payment	(1,393)	(706)	(12)
Increase in asset for retirement benefits	(27,649)	(21,101)	(247)
Increase in liability for retirement benefits	2,969	2,249	27
Decrease in reserve for retirement benefits to directors	(81)	(35)	(1)
(Decrease) increase in reserve for loyalty award credits	(6)	212	(0)
(Decrease) increase in reserve for contingent losses	(401)	3,963	(4)
Interest income (accrual basis)	(1,080,400)	(1,215,515)	(9,653)
Interest expenses (accrual basis)	235,370	403,923	2,103
Gains on securities	(210,772)	(229,995)	(1,883)
Losses on money held in trust	897	27,188	8
Foreign exchange (gains) losses	(18,840)	367,202	(168)
Gains on disposition of fixed assets	(11,120)	(9,179)	(99)
Decrease in trading assets	323,626	1,141,177	2,892
Decrease in trading liabilities	(648,943)	(316,192)	(5,798)
Adjustment of unsettled trading accounts	352,583	(202,831)	3,150
Net decrease (increase) in loans and bills discounted	3,475,752	(56,312)	31,056
Net (decrease) increase in deposits	(1,874,441)	14,274,348	(16,748)
Net increase in negotiable certificates of deposit	317,586	550,687	2,838
Net (decrease) increase in borrowed money (excluding subordinated borrowings)	(1,717,436)	4,633,105	(15,345)
Net decrease in call loans, bills bought and receivables under resale agreements	714,164	8,407,180	6,381
Net decrease in receivables under securities borrowing transactions	40,918	119,553	366
Net increase (decrease) in call money, bills sold and payables under repurchase agreements	499,393	(4,566,108)	4,462
Net decrease in commercial paper	(207,551)	(375,680)	(1,854)
Net decrease in payables under securities lending transactions	(21,556)	(19,079)	(193)
Net decrease in foreign exchange assets	38,682	16,481	346
Net decrease in foreign exchange liabilities	(201,544)	(406,397)	(1,801)
Net decrease in straight bonds due to issuance and redemption	(139,623)	(126,294)	(1,248)
Interest and dividends received (cash basis)	1,115,243	1,259,475	9,965
Interest paid (cash basis)	(243,811)	(441,971)	(2,178)
Other-net	739,630	(155,909)	6,609
Total adjustments	1,314,695	23,205,009	11,747
Net cash provided by operating activities	¥ 1,952,656	¥ 23,514,410	\$ 17,447

**MUFG Bank, Ltd. and Subsidiaries**

**Semi-annual Consolidated Statement of Cash Flows (Unaudited)  
For the Six-Month Period Ended September 30, 2021**

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	Six-Month Periods Ended September 30		Six-Month Period Ended September 30
	<u>2021</u>	<u>2020</u>	<u>2021</u>
<b>INVESTING ACTIVITIES:</b>			
Purchases of securities	¥ (45,288,463)	¥ (49,541,917)	\$ (404,650)
Proceeds from sales of securities	34,156,560	22,068,376	305,187
Proceeds from redemption of securities	9,888,902	18,803,090	88,357
Payments for increase in money held in trust	(8,980)	(6,683)	(80)
Proceeds from decrease in money held in trust	8,980	9,157	80
Purchases of tangible fixed assets	(34,211)	(37,486)	(306)
Purchases of intangible fixed assets	(87,556)	(83,940)	(782)
Proceeds from sales of tangible fixed assets	30,743	17,077	275
Proceeds from sales of intangible fixed assets	374	6	3
Payments for business transfers	–	(520)	–
Proceeds from business transfers	6,081	–	54
Proceeds from sales of stocks of subsidiaries affecting the scope of consolidation	2,814	–	25
Other-net	(291)	(481)	(3)
Net cash used in investing activities	<u>(1,325,045)</u>	<u>(8,773,321)</u>	<u>(11,839)</u>
<b>FINANCING ACTIVITIES:</b>			
Proceeds from subordinated borrowings	790,132	707,445	7,060
Repayments of subordinated borrowings	(568,780)	(200,000)	(5,082)
Proceeds from issuance of subordinated bonds and bonds with subscription rights to shares	1,055	–	9
Payments for redemption of subordinated bonds and bonds with subscription rights to shares	(54,187)	(22,386)	(484)
Proceeds from issuance of common stock to non-controlling interests	3,386	2,937	30
Repayments to non-controlling interests	–	(23)	–
Cash dividends paid	(88,549)	(139,678)	(791)
Cash dividends paid to non-controlling interests	(3,628)	(4,465)	(32)
Payments for purchases of stocks of subsidiaries not affecting the scope of consolidation	(43)	–	(0)
Proceeds from sales of stocks of subsidiaries not affecting the scope of consolidation	–	3,275	–
Net cash provided by financing activities	<u>79,385</u>	<u>347,102</u>	<u>709</u>
Effect of foreign exchange rate changes on cash and cash equivalents	<u>180,573</u>	<u>(207,594)</u>	<u>1,613</u>
Net increase in cash and cash equivalents	887,570	14,880,597	7,930
Cash and cash equivalents, beginning of period	<u>86,975,271</u>	<u>63,234,971</u>	<u>777,120</u>
Decrease in cash and cash equivalents due to absorption-type split	<u>(30)</u>	<u>–</u>	<u>(0)</u>
Cash and cash equivalents, end of period (Note 3)	<u>¥ 87,862,811</u>	<u>¥ 78,115,568</u>	<u>\$ 785,050</u>

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

## MUFG Bank, Ltd. and Subsidiaries

### Notes to Semi-annual Consolidated Financial Statements (Unaudited) for the Six-Month Period Ended September 30, 2021

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#### 1. BASIS OF PRESENTING SEMI-ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing these semi-annual consolidated financial statements, certain reclassifications and rearrangements have been made to the semi-annual consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications and rearrangements have been made in the consolidated balance sheet as of March 31, 2021 and the semi-annual consolidated financial statements for the six-month period ended September 30, 2020 (except for balance sheet related items) to conform to the classifications used in the semi-annual consolidated financial statements as of September 30, 2021 and for the six-month period then ended.

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

The semi-annual consolidated financial statements are stated in Japanese yen, the currency of the country in which the Bank is incorporated and mainly operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥111.92 to U.S. \$1, the approximate rate of exchange as of September 30, 2021. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

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

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### *(1) Consolidation*

The semi-annual consolidated financial statements include the accounts of the Bank and its subsidiaries (together, the “Group”). There were 115 subsidiaries as of September 30, 2021.

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 44 affiliates were accounted for using the equity method as of September 30, 2021.

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

- 1) Scope of consolidation
  - a) Major subsidiaries as of September 30, 2021 were as follows:

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

Changes in the subsidiaries in the six-month period ended September 30, 2021 were as follows:  
Mitsubishi UFJ Capital VIII, Limited Partnership was newly included in the scope of consolidation as it was newly established in the six-month period ended September 30, 2021.

PT U Finance Indonesia and seven other companies were excluded from the scope of consolidation due to sales of equities, etc. in the six-month period ended September 30, 2021.

- b) There were no unconsolidated subsidiaries as of September 30, 2021.

- c) The companies that were not regarded as subsidiaries, although the majority of voting rights (right to execute business) were owned by the Bank as of September 30, 2021 were as follows:  
A&M Medical Development Limited Liability Company, ARM Medical Development Limited Liability Company and HISHOH Biopharma Co., Ltd. were not regarded as subsidiaries since the Bank’s consolidated subsidiaries in the venture capital business held its shares for the purpose of incubating their investees or earning capital gains through business revitalization, and not for the purpose of controlling those entities.
- d) There were no special purpose entities which were excluded from the scope of consolidation pursuant to Article 8-7 of the “Financial Statements Regulations for Terminology, Forms and Preparation of Financial Statements,” which does not regard a special purpose entity as a subsidiary of an investor irrespective of indicators of control if the entity was established and operated for the purpose of asset securitization and satisfied certain eligible criteria as of September 30, 2021.

2) Application of the equity method

- a) There were no unconsolidated subsidiaries accounted for using the equity method as of September 30, 2021.
- b) Major affiliates accounted for using the equity method as of September 30, 2021 were as follows:

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

Changes in the affiliates accounted for using the equity method in the six-month period ended September 30, 2021 were as follows:

Cotra Ltd. and another company were included in the scope of the equity method as they were newly established in the six-month period ended September 30, 2021. In addition, GOLDEN ASIA FUND, L.P. and another company were excluded from the scope of the equity method due to liquidation in the six-month period ended September 30, 2021.

- c) There were no unconsolidated subsidiaries not accounted for using the equity method as of September 30, 2021.
- d) There were no affiliates not accounted for using the equity method as of September 30, 2021.
- e) The following companies as of September 30, 2021, of which the Group owned the voting rights between 20% and 50%, were not recognized as affiliates accounted for using the equity method, since the Bank’s consolidated subsidiaries in the venture capital business held its shares for the purpose of incubating their investees or earning capital gains through business revitalization, not for the purpose of controlling those entities:

Fun Place Co., Ltd.  
Alchemedicine, Inc.  
Kamui Pharma Co., Ltd.  
HuLA Immune Inc.  
GEXVal Inc.  
Verification Technology Inc.  
Reborna Biosciences, Inc.  
DT Axis Inc.

3) The six-month period end dates of subsidiaries

- a) The six-month period end dates of subsidiaries as of September 30, 2021 were as follows:

	Number of subsidiaries
April 30	1
June 30	78
September 30	36

- b) The subsidiary whose six-month period end date is April 30 is consolidated based on the preliminary financial statements as of July 31.  
Other subsidiaries are consolidated based on the financial information as of their six-month period end dates.

Adjustments were made in the semi-annual consolidated financial statements to reflect significant transactions within the Group occurring in the period between the six-month period end dates of subsidiaries and September 30, 2021.

## **(2) Accounting Policies Applied to Foreign Subsidiaries for the Semi-annual Consolidated Financial Statements**

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

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

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

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

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

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

- 1) Trading assets or liabilities, which are held for the purpose of earning capital gains arising from short-term fluctuations in interest rates, currency exchange rates or market prices and other market indices in the financial instruments or from variation among markets, are reported as “Trading assets” or “Trading liabilities” in the semi-annual consolidated balance sheet at fair value. The related unrealized or realized gains and losses are included in “Trading income (expenses)” in the semi-annual consolidated statement of income.  
With respect to derivative transactions for trading purposes, certain market risk adjustments and certain counterparty credit risk adjustments, which are calculated based on net assets or liabilities after offsetting financial assets and financial liabilities, are reflected in the valuation of those financial assets and liabilities.
- 2) Held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are reported at amortized cost (using the straight-line method) based on the moving-average method.
- 3) Available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value, with unrealized gain (loss), net of applicable taxes, reported in a separate component of equity, except for unrealized gain (loss) which is recognized in profit or loss by applying the fair value hedge accounting.

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

Non-marketable equity securities are stated at acquisition cost, which is computed using the moving-average method.

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

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

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

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

“Tangible fixed assets” are stated at cost less accumulated depreciation. Depreciation of “Tangible fixed assets” of the Bank, except for “Lease assets,” is recorded by allocating the estimated annual depreciation amount to periods and calculated using the declining-balance method over the estimated useful lives of the assets. The range of useful lives is principally from 15 to 50 years for “Buildings” and from 2 to 20 years for “Other tangible fixed assets.”

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

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

**(6) Intangible Fixed Assets**

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

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

**(7) Deferred Charges**

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

**(8) Allowance for Credit Losses**

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

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

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

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

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

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

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

For collateralized or guaranteed claims of bankrupt borrowers or virtually bankrupt borrowers, the amount of claims less the 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 ¥250,728 million (\$2,240 million) and ¥267,776 million as of September 30, 2021 and March 31, 2021, respectively.

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



**(Additional information)**

**(Allowance for credit losses of certain overseas subsidiaries which apply U.S. GAAP)**

Certain overseas subsidiaries which apply U.S. GAAP have adopted Accounting Standards Update (“ASU”) 2016-13, “Measurement of Credit Losses on Financial Instruments” and provide for an allowance for credit losses by estimating credit losses currently expected for the remaining term of the relevant contract. Expected credit losses are calculated collectively for each portfolio of loans with similar risk characteristics based on the loss rates derived from past credit loss experience or bankruptcy experience through the application of a model that incorporates future forecast information, such as macroeconomic indicators, into the probability of bankruptcy, etc. In addition, adjustments are made in the calculation of allowance for credit losses for qualitative factors relating to current conditions and future forecasts which may not be sufficiently captured in such model but should be appropriately taken into account. Future uncertainties due to the impact of the COVID-19 pandemic are factored into estimates for the credit loss provisioning through such adjustments based on macroeconomic indicators and/or qualitative factors.

With respect to loan assets with deteriorated credit risk that are deemed not to entail risks in common with other loan assets, an allowance for credit losses is recognized individually for each loan asset based on risks that are particular to the asset. This credit loss provisioning is done through certain methodologies, including calculating the difference between the carrying amount of the loan asset and the amount of estimated cash flows from the loan asset discounted by the effective interest rate as well as using the fair value of the collateral for the loan asset.

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

The process of calculating allowance for credit losses for the Bank and its domestic subsidiaries involves various estimates such as determination of internal credit ratings which are based on evaluation and classification of counterparties’ debt-service capacity, assessment of the value of collateral provided by borrowers, and adjustments for future loss projections and other factors to the loss rates calculated based on historical credit loss experience.

Among these, internal credit ratings are assigned to counterparties based on qualitative factors, such as the current and expected future business environment of the industry to which they belong as well as their management and funding risks in addition to quantitative financial evaluations through an analysis of their financial results. In particular, the COVID-19 pandemic has had a significant impact on the financial position and operating results of certain counterparties. Determination of internal credit ratings for these counterparties may be highly dependent on the assessment of the prospects of improvements in their operating results and their ability to continue as going concerns.

When calculating allowance for credit losses, the Bank determines expected loss rates primarily by calculating a rate of loss based on a historical average of the credit loss rate or a historical average of the default probability derived from actual credit loss experience or actual bankruptcy experience and making necessary adjustments based on future projections and other factors. When making adjustments based on future loss projections and other factors to loss rates calculated based on historical loss experience, the Bank takes into account the rate of increase in the credit loss rate or the default probability in a more recent period, especially in light of the deteriorating economic environment under the COVID-19 pandemic. The amount of impact of these adjustments was ¥5,148 million (\$46 million) for the six months ended September 30, 2021 (¥30,846 million for the fiscal year ended March 31, 2021).

In addition, certain overseas subsidiaries which apply U.S. GAAP have adopted ASU 2016-13, “Measurement of Credit Losses on Financial Instruments,” and provide for allowance for credit losses by estimating credit losses currently expected for the remaining term of the relevant contracts. Expected credit losses are calculated using a quantitative model that reflects economic forecast scenarios based on macroeconomic variables. The calculation process includes selection of multiple economic forecast scenarios and determination of the values of the macroeconomic variables used in such economic forecast scenarios and the weightings applied to each economic forecast scenario. Expected credit losses are adjusted for qualitative factors to compensate for expected credit losses that are not reflected in a quantitative model.

Significant assumptions used in the calculation of allowance for credit losses, including those described above, are subject to uncertainty. In particular, certain counterparties’ prospects of improvements in their operating results and expectations as to their ability to continue as going concerns, and adjustments to the rate of loss calculated based on actual experience for future projections and other factors, as well as determination of the macroeconomic variables used in, and the weightings applied to, selected economic forecast scenarios, and adjustments thereto for qualitative factors, by certain subsidiaries which apply U.S. GAAP, are based on estimation relating to the economic environment, including the outlook relating to COVID-19, for which objective data are not readily available. The outlook relating to COVID-19, which is expected to further impact the counterparties’ operating conditions and the economic environment, remains subject to significant uncertainty. Accordingly, the Bank makes certain assumptions, including that future economic recovery would be largely moderate in nature, on the back of efforts to balance economic activity and infection countermeasures, although it may vary from country to country. Based on these assumptions, best estimates are made ensuring objectivity and rationality.

For the six-month period ended September 30, 2021, as there are no significant changes perceived since the end of the previous fiscal year to the events and circumstances that form the basis for future projections regarding COVID-19, no material changes have been made to these assumptions. However, these assumptions are subject to significant uncertainty, and provisions for credit losses may fluctuate in the fiscal year ending March 31, 2022 and subsequent reporting periods depending on changes in the impact of COVID-19 on the operating conditions of counterparties or on the economic environment.

**(9) Reserve for Employee Bonuses**

“Reserve for employee bonuses” is provided for estimated payment of bonuses to employees attributable to the respective semi-annual periods.

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

“Reserve for bonuses to directors” is provided for estimated payment of bonuses to directors attributable to the respective semi-annual periods.

**(11) Reserve for Stocks Payment**

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

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

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

Past service costs are amortized on a straight-line basis for a period within the employees’ average remaining service period primarily over 10 years, commencing in the fiscal year in which the cost is incurred.

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

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

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

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

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

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

**(15) Reserve for Contingent Losses**

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

**(16) Revenue Recognition**

(Revenue recognition method)

The Bank recognizes revenue from contracts with customers in the semi-annual consolidated statement of income when it satisfies the performance obligation identified in the respective contract according to the commercial substance of the contract.

(Revenue recognition for major transactions)

Revenue from contracts with customers are recognized by determining when the performance obligations are satisfied as described below, which is an important factor that impacts the decision on the timing of revenue recognition. Accordingly, revenue is recognized in a way that truthfully reflects the economic substance of each contract.

Consideration for the transaction is mostly settled by cash upon the transfer of control of a good or service and receivables recognized on other transactions are principally collected within one year.

Fees and commissions on foreign exchange services consist primarily of fees and commissions charged for remittances and transfers and are recognized at the point in time when they are settled.

Fees and commissions on deposits-taking services consist primarily of fees and commissions charged for the usage of ATMs and for periodic account maintenance services. Revenue from ATM usage is recognized at the point in time when the transaction is completed, and account maintenance service fees are recognized over the period in which the services are provided.

Fees and commissions on lending services consist primarily of consideration for administration services during the lending term of syndicate loans and financial advisory services provided to corporate customers and revenue is recognized over the period in which the services are provided.

Fees and commissions on securities-related services consist primarily of consideration for referral of the Bank's customers to securities companies and transaction mediation services and revenue is recognized at the point in time when the related services are provided to the Bank's customers by the securities company.

Fees and commissions on credit card-related services consist primarily of membership fees from affiliated stores and royalty and other income from franchisees. Membership fees from affiliated stores are recognized as revenue when sales data of credit cards reaches the Bank, while royalty and other income from franchisees are recognized as revenue over the period in which the services are provided.

Trust fees consist primarily of fees earned by fiduciary asset management and administration services and are recognized at the amount which consolidated subsidiaries of the Bank have the right to claim on an accrual basis, generally based on the volume of trust assets under management and/or the operating performance for the accounting period of each trust account as the performance obligations are satisfied over the period in which the services are provided.

### ***(17) Assets and Liabilities Denominated in Foreign Currencies***

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

Assets and liabilities denominated in foreign currencies of the subsidiaries are translated into Japanese yen at the exchange rates in effect on the respective semi-annual period end dates.

### ***(18) Leases***

(As lessee)

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

### ***(19) Derivatives and Hedging Activities***

Derivatives (except for trading purposes) are stated at fair value.

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

#### **1) Hedge accounting for interest rate risks**

The Bank has adopted the deferred hedge accounting method for hedging transactions for interest rate risks arising from financial assets and liabilities. Portfolio hedging or individual hedging, as described in the Japanese Institute of Certified Public Accountants ("JICPA") Industry Committee Practical Guidelines No. 24 "Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (October 8, 2020) 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 JICPA Industry Committee Practical Guidelines No. 24. With respect to hedging transactions to offset fluctuations in fair value of fixed rate bonds classified as available-for-sale securities, hedging instruments (e.g. interest rate swaps) are designated to hedged items collectively by bond type.

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

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

2) Hedge accounting for foreign currency risks

The Bank has adopted the deferred hedge accounting method for hedging transactions for foreign currency risks arising from financial assets and liabilities denominated in foreign currencies. Portfolio hedging is applied to determine hedged items as described in JICPA Industry Committee Practical Guidelines No. 25 “Treatment of Accounting and Auditing concerning Accounting for Foreign Currency Transactions in the Banking Industry” (October 8, 2020). Hedging instruments (e.g. currency swaps and forward exchange contracts) are designated to hedged items collectively by currency.

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

3) Hedge accounting for share price fluctuation risks

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

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

4) Transactions among consolidated companies

Derivative transactions, including interest rate swaps and currency swaps which are designated as hedging instruments, among consolidated companies or between trading accounts and other accounts (or among internal sections) are not eliminated from the semi-annual consolidated statement of income and related gains and losses are recognized or deferred under hedge accounting because these derivative transactions are executed, meeting certain criteria under JICPA Industry Committee Practical Guidelines No. 24 and No. 25 to be regarded as equivalent to external third-party cover 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 charged to expense as 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) Application of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System**

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

**(23) Per Share Information**

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

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

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

Cash dividends per common share presented in the semi-annual consolidated statement of income are dividends applicable to the respective semi-annual periods including dividends to be paid after the end of the semi-annual period.

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

### **(Changes in Accounting Policies Due to the Revision of Accounting Standards, etc.)**

#### **(Accounting Standard for Revenue Recognition)**

The Bank has adopted ASBJ Statement No. 29, “Accounting Standard for Revenue Recognition” (March 30, 2018; hereinafter the “Revenue Recognition Standard”) and ASBJ Guidance No. 30, “Implementation Guidance on Accounting Standard for Revenue Recognition” (March 30, 2018) from the beginning of the six-month period ended September 30, 2021. Under these accounting standards, revenue is recognized in an amount expected to be received in exchange for goods or services when control of promised goods or services is transferred to a customer.

In accordance with the transitional measures set forth in the proviso in paragraph 84 of the Revenue Recognition Standard, the cumulative effect of retroactively applying the new accounting policy to reporting periods prior to the beginning of the six-month period ended September 30, 2021 was recognized as adjustments to retained earnings at the beginning of the same period, and the new accounting policy is applied from the beginning of the said six-month period as a change in accounting policy. However, the new accounting policy has not been retrospectively applied to contracts for which substantially all their revenue had been recognized prior to the beginning of the six-month period ended September 30, 2021 in accordance with the former accounting treatment, by applying the method set forth in paragraph 86 of the Revenue Recognition Standard.

The impact of this change on the beginning balance of retained earnings, figures for fees and commissions income, income before income taxes and per share information for the six-month period ended September 30, 2021 is immaterial.

In accordance with the transitional measures set forth in paragraph 89-3 of the Revenue Recognition Standard, information on breakdowns of revenues from contracts with customers for the six-month period ended September 30, 2020 is not disclosed.

## ***(25) Additional Information***

### **(Total credit-related expenses of foreign subsidiaries which may have impacts on the third quarter consolidated financial statements for the fiscal year ending March 2022)**

From the beginning of the fiscal year ended March 31, 2021, the new accounting standard (ASU 2016-13, “Measurement of Credit Losses on Financial Instruments”) is applied to major foreign subsidiaries which are consolidated using their financial statements for the six-month period ended June 30, 2021, and an expected credit losses methodology is introduced, considering forward-looking information such as macroeconomic indicators.

Accordingly, for major foreign subsidiaries in the third quarter (July through September 2021) of the fiscal year ending December 31, 2021, total credit-related expenses are currently estimated to amount to a gain of approximately ¥30 billion (\$268 million). The estimate includes a gain on reversal of allowance for credit losses expected to arise for loans to be sold assessed at fair value in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (ASC) 310 “Receivables,” upon the conclusion of a share transfer agreement to transfer all shares in MUFG Union Bank, N.A. held by MUAH to U.S. Bancorp. Details of the share transfer are stated in “26. SUBSEQUENT EVENTS.” The said total credit-related expenses will be reflected in the Bank’s consolidated financial results for the third quarter of the fiscal year ending March 31, 2022.

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

### 3. CASH AND CASH EQUIVALENTS

As noted in (3) “Cash and Cash Equivalents” under 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, “Cash and due from banks” including time deposits and negotiable certificates of deposit in the semi-annual consolidated balance sheet has been treated as “Cash and cash equivalents” in the semi-annual consolidated statement of cash flows, and there were no reconciling items between the two accounts as of September 30, 2021 and 2020.

### 4. SECURITIES

Securities as of September 30, 2021 and March 31, 2021 include equity securities in affiliates of ¥344,895 million (\$3,082 million) and ¥326,425 million, respectively, and capital subscriptions to entities such as limited liability companies of ¥16,931 million (\$151 million) and ¥15,877 million, respectively. These amounts include investments in jointly controlled entities in an amount of ¥4,958 million (\$44 million) and ¥36,320 million as of September 30, 2021 and March 31, 2021, respectively.

For securities borrowed and purchased under resale agreements where the secured parties are permitted to sell or re-pledge the securities without restrictions, ¥6,388,607 million (\$57,082 million) and ¥6,116,243 million of such securities were re-pledged as of September 30, 2021 and March 31, 2021, respectively.

The remaining ¥3,084,009 million (\$27,555 million) and ¥4,027,765 million of these securities were held without disposition as of September 30, 2021 and March 31, 2021, respectively.

The following tables include negotiable certificates of deposit in “Cash and due from banks” and securitized products in “Monetary claims bought” in addition to “Securities.”

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

	Millions of Yen				
	September 30, 2021				
	Carrying amount	Fair value	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Japanese government bonds	¥ 1,100,383	¥ 1,119,500	¥ 19,116	¥ 19,116	¥ –
Foreign bonds	857,990	866,750	8,760	18,439	(9,679)
Other	594,276	594,266	(9)	1,521	(1,531)
Total	¥ 2,552,650	¥ 2,580,517	¥ 27,867	¥ 39,077	¥ (11,210)

	Millions of Yen				
	March 31, 2021				
	Carrying amount	Fair value	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Japanese government bonds	¥ 1,100,447	¥ 1,123,480	¥ 23,032	¥ 23,032	¥ –
Foreign bonds	756,657	779,560	22,902	25,711	(2,808)
Other	706,888	698,622	(8,265)	15	(8,281)
Total	¥ 2,563,993	¥ 2,601,663	¥ 37,669	¥ 48,759	¥ (11,089)

	Millions of U.S. Dollars				
	September 30, 2021				
	Carrying amount	Fair value	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Japanese government bonds	\$ 9,832	\$ 10,003	\$ 171	\$ 171	\$ –
Foreign bonds	7,666	7,744	78	165	(86)
Other	5,310	5,310	(0)	14	(14)
Total	\$ 22,808	\$ 23,057	\$ 249	\$ 349	\$ (100)

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

Millions of Yen					
September 30, 2021					
	Carrying amount	Acquisition cost	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Domestic equity securities	¥ 4,468,612	¥ 1,579,377	¥ 2,889,234	¥ 2,925,706	¥ (36,471)
Domestic bonds	39,356,398	39,248,938	107,460	124,273	(16,813)
Japanese government bonds	31,811,533	31,743,513	68,020	80,988	(12,967)
Municipal bonds	3,920,346	3,906,576	13,770	15,168	(1,398)
Corporate bonds	3,624,518	3,598,849	25,669	28,116	(2,447)
Foreign equity securities	108,037	67,251	40,786	42,269	(1,483)
Foreign bonds	16,927,186	17,023,720	(96,534)	116,705	(213,239)
Other	3,770,616	3,775,767	(5,150)	63,360	(68,511)
Total	¥ 64,630,852	¥ 61,695,056	¥ 2,935,796	¥ 3,272,315	¥ (336,519)

Millions of Yen					
March 31, 2021					
	Carrying amount	Acquisition cost	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Domestic equity securities	¥ 4,330,449	¥ 1,617,946	¥ 2,712,503	¥ 2,747,659	¥ (35,155)
Domestic bonds	38,404,427	38,284,821	119,605	157,408	(37,803)
Japanese government bonds	31,016,340	30,932,703	83,637	113,466	(29,829)
Municipal bonds	3,706,242	3,693,990	12,251	15,066	(2,814)
Corporate bonds	3,681,844	3,658,128	23,716	28,875	(5,159)
Foreign equity securities	85,949	65,196	20,753	20,755	(1)
Foreign bonds	15,074,318	15,140,627	(66,308)	155,940	(222,249)
Other	4,232,395	4,176,703	55,692	119,639	(63,947)
Total	¥ 62,127,541	¥ 59,285,295	¥ 2,842,246	¥ 3,201,404	¥ (359,158)

Millions of U.S. Dollars					
September 30, 2021					
	Carrying amount	Acquisition cost	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Domestic equity securities	\$ 39,927	\$ 14,112	\$ 25,815	\$ 26,141	\$ (326)
Domestic bonds	351,648	350,687	960	1,110	(150)
Japanese government bonds	284,235	283,627	608	724	(116)
Municipal bonds	35,028	34,905	123	136	(12)
Corporate bonds	32,385	32,156	229	251	(22)
Foreign equity securities	965	601	364	378	(13)
Foreign bonds	151,244	152,106	(863)	1,043	(1,905)
Other	33,690	33,736	(46)	566	(612)
Total	\$ 577,474	\$ 551,242	\$ 26,231	\$ 29,238	\$ (3,007)

## Notes:

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

Impairment losses for the six-month period ended September 30, 2021 and for the fiscal year ended March 31, 2021 were ¥1,445 million (\$13 million), consisting of ¥1,420 million (\$13 million) on domestic equity securities and ¥24 million (\$0 million) of debt securities and others and ¥1,190 million, consisting of ¥1,118 million on domestic equity securities and ¥71 million on debt securities and others, respectively.

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

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

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

2. Gains of ¥193,443 million (\$1,728 million) and ¥160,697 million included in “Net unrealized gain (loss)” for the six-month period ended September 30, 2021 and for the fiscal year ended March 31, 2021, respectively, were recognized in profit or loss by applying the fair value hedge accounting.

## 5. MONEY HELD IN TRUST

There was no “Money held in trust” classified as held-to-maturity as of September 30, 2021 and March 31, 2021.

“Money held in trust” classified as other than trading and held-to-maturity as of September 30, 2021 and March 31, 2021 was as follows:

	Millions of Yen				
	September 30, 2021				
	Carrying amount	Acquisition cost	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Money held in trust classified as other than trading and held-to-maturity	¥ 1,721	¥ 1,721	¥ –	¥ –	¥ –

  

	Millions of Yen				
	March 31, 2021				
	Carrying amount	Acquisition cost	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Money held in trust classified as other than trading and held-to-maturity	¥ 1,647	¥ 1,647	¥ –	¥ –	¥ –

  

	Millions of U.S. Dollars				
	September 30, 2021				
	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	\$ 15	\$ 15	\$ –	\$ –	\$ –



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

Net unrealized gain on available-for-sale securities as of September 30, 2021 and March 31, 2021 was as follows:

	Millions of Yen		Millions of U.S. Dollars
	September 30, 2021	March 31, 2021	September 30, 2021
Unrealized gain:	¥ 2,749,359	¥ 2,678,640	\$ 24,565
Available-for-sale securities	2,754,571	2,685,371	24,612
Securities reclassified from available-for-sale securities into held-to-maturity debt securities	(5,212)	(6,731)	(47)
Deferred tax liabilities	(790,451)	(764,030)	(7,063)
Net unrealized gain on available-for-sale securities before adjustments by ownership share	1,958,907	1,914,610	17,503
Non-controlling interests	(7,675)	(8,817)	(69)
Bank's ownership share in unrealized gain on available-for-sale securities held by affiliates accounted for using the equity method	1,742	1,846	16
Net unrealized gain on available-for-sale securities	¥ 1,952,975	¥ 1,907,639	\$ 17,450

Notes:

- Unrealized gains as of September 30, 2021 and March 31, 2021 in the table above do not include gains, which were recognized in profit or loss by the fair value hedge accounting, in the amount of ¥193,443 million (\$1,728 million) and ¥160,697 million, respectively, as described in Note 4 (2).
- Unrealized gain in the table above includes ¥12,219 million (\$109 million) and ¥3,822 million of net unrealized gain on available-for-sale securities invested in limited partnerships as of September 30, 2021 and March 31, 2021, respectively.

## 7. LOANS AND BILLS DISCOUNTED

Bills discounted and rediscounted are accounted for as financial transactions in accordance with JICPA Industry Committee Practical Guidelines No. 24 "Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry." The Bank has the rights to sell or pledge foreign exchange bills bought without restriction. The total face value of these bills discounted was ¥1,019,824 million (\$9,112 million) and ¥1,156,955 million as of September 30, 2021 and March 31, 2021, respectively. Of these, the total face value of bank acceptances and foreign exchange bills bought which were transferred due to rediscounts of bills amounted to ¥5,875 million (\$52 million) and ¥5,238 million as of September 30, 2021 and March 31, 2021, respectively.

"Loans and bills discounted" as of September 30, 2021 and March 31, 2021 included the following:

	Millions of Yen		Millions of U.S. Dollars
	September 30, 2021	March 31, 2021	September 30, 2021
Loans to bankrupt borrowers	¥ 40,646	¥ 41,332	\$ 363
Non-accrual delinquent loans	719,909	742,249	6,432
Loans past due for three months or more	10,663	18,525	95
Restructured loans	350,610	358,206	3,133
Total	¥ 1,121,830	¥ 1,160,313	\$ 10,023

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 a substantial doubt as to the collection of principal and/or interest because of delinquencies in payment of principal and/or interest for a significant period of time or for some other reasons.

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

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

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

## 8. TANGIBLE FIXED ASSETS

The accumulated depreciation of “Tangible fixed assets” as of September 30, 2021 and March 31, 2021 amounted to ¥861,413 million (\$7,697 million) and ¥893,177 million, respectively.

## 9. LAND REVALUATION SURPLUS

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

Date of revaluation: March 31, 1998

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

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

## 10. BORROWED MONEY AND BONDS PAYABLE

“Borrowed money” and “Bonds payable” included the following subordinated borrowings or subordinated bonds as of September 30, 2021 and March 31, 2021:

	Millions of Yen		Millions of
	September 30, 2021	March 31, 2021	U.S. Dollars
Subordinated borrowings included in “Borrowed money”	¥ 8,180,741	¥ 7,915,319	\$ 73,095
Subordinated bonds included in “Bonds payable”	559,874	612,621	5,002

## 11. CUSTOMERS’ LIABILITIES FOR ACCEPTANCES AND GUARANTEES

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

Guarantee obligations for private placement bonds included in “Securities” (provided in accordance with the Article 2-3 of the “Financial Instruments and Exchange Act”) as of September 30, 2021 and March 31, 2021 were ¥245,837 million (\$2,197 million) and ¥268,057 million, respectively.

## 12. ASSETS PLEDGED AS COLLATERAL

Assets pledged as collateral and their relevant liabilities as of September 30, 2021 and March 31, 2021 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	September 30, 2021	March 31, 2021	September 30, 2021
<b>Assets pledged as collateral:</b>			
Cash and due from banks	¥ 3,247	¥ 3,466	\$ 29
Securities	14,860,837	16,138,432	132,781
Loans and bills discounted	11,747,643	11,495,048	104,965
Other assets	5,149	5,048	46
<b>Total</b>	<b>¥ 26,616,877</b>	<b>¥ 27,641,995</b>	<b>\$ 237,821</b>
<b>Relevant liabilities to above assets:</b>			
Deposits	¥ 539,017	¥ 458,344	\$ 4,816
Trading liabilities	16,819	19,360	150
Borrowed money	26,191,836	27,326,072	234,023
Bonds payable	37,093	55,905	331
Other liabilities	1,549	1,686	14
<b>Total</b>	<b>¥ 26,786,317</b>	<b>¥ 27,861,370</b>	<b>\$ 239,334</b>

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

	Millions of Yen		Millions of U.S. Dollars
	September 30, 2021	March 31, 2021	September 30, 2021
<b>Assets pledged as collateral:</b>			
Trading assets	¥ 668,712	¥ 591,741	\$ 5,975
Securities	12,643,729	12,358,629	112,971
Loans and bills discounted	3,842,514	4,163,439	34,333
<b>Total</b>	<b>¥ 17,154,956</b>	<b>¥ 17,113,809</b>	<b>\$ 153,279</b>

Furthermore, “Trading assets” and “Securities” sold under repurchase agreements or loaned under securities lending with cash collateral were ¥1,531,553 million (\$13,684 million) and ¥4,072,292 million (\$36,386 million), respectively, as of September 30, 2021 and ¥1,580,821 million and ¥2,383,963 million, respectively, as of March 31, 2021.

“Payables under repurchase agreements” relevant to above assets were ¥5,176,234 million (\$46,249 million) and ¥3,639,512 million as of September 30, 2021 and March 31, 2021, respectively.

“Payables under securities lending transactions” relevant to above assets were ¥8,002 million (\$71 million) and ¥7,483 million as of September 30, 2021 and March 31, 2021, respectively.

“Securities” pledged by GC Repos under the Subsequent Collateral JGB Allocation Method were nil and ¥948,493 million as of September 30, 2021 and March 31, 2021, respectively.

“Non-recourse debts” of a consolidated special purpose company corresponding to borrowed money were ¥2,100 million (\$19 million) and ¥2,100 million as of September 30, 2021 and March 31, 2021, respectively.

Relevant assets to above non-recourse debt corresponding to loans and bills discounted were ¥20,000 million (\$179 million) and ¥20,000 million as of September 30, 2021 and March 31, 2021, respectively.

These amounts are included in above tables.

### 13. LOAN COMMITMENTS

Overdraft facilities and commitment lines of credit are binding contracts under which the Group has obligations to disburse funds up to predetermined limits upon the borrower's request as long as there has been no breach of contract. The total amount of the unused portion of these facilities was ¥83,620,415 million (\$747,145 million) and ¥85,522,045 million as of September 30, 2021 and March 31, 2021, respectively.

The total amount of the unused portion does not necessarily represent the 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 borrowers' request for disbursement or decrease contracted limits for cause, such as changes in financial conditions or deterioration in the borrowers' 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 borrowers' business conditions in accordance with internal procedures, which may lead to renegotiation of the terms and conditions of the contracts and/or initiate the request for additional collateral and/or guarantees.

### 14. CONTINGENT LIABILITIES

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

### 15. CAPITAL REQUIREMENT

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

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

#### (1) *Dividends*

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria such as: (1) having the Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. With respect to the third condition above, the Board of Directors of companies with (a) board committees (namely, appointment committee, compensation committee and audit committee), or (b) an audit and supervisory committee (as implemented under the Companies Act effective May 1, 2015) may also declare dividends at any time because such companies, by their nature, meet the criteria under the Companies Act. The Bank is organized as a company with an audit and supervisory committee, effective June 28, 2016. The Bank meets all of the above criteria. The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to certain limitations and additional requirements. Interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Bank can do so because it stipulates this in its articles of incorporation. The Companies Act provides certain limitations on the amounts available for dividends or the purchases of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of equity after dividends must be maintained at no less than ¥3 million.

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

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

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

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

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

## 16. CAPITAL STOCK AND DIVIDENDS PAID

Capital stock consists of common stock and preferred stock. The changes in the number of issued shares of common stock and preferred stock during the six-month periods ended September 30, 2021 and 2020 were as follows:

	Number of shares in thousands			
	April 1, 2021	Increase	Decrease	September 30, 2021
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, 2020	Increase	Decrease	September 30, 2020
Outstanding shares issued:				
Common stock	12,350,038	–	–	12,350,038
Preferred stock—first series of Class 2	100,000	–	–	100,000
Preferred stock—first series of Class 4	79,700	–	–	79,700
Preferred stock—first series of Class 6	1,000	–	–	1,000
Preferred stock—first series of Class 7	177,000	–	–	177,000
Total	12,707,738	–	–	12,707,738
Treasury stock:				
Preferred stock—first series of Class 2	100,000	–	–	100,000
Preferred stock—first series of Class 4	79,700	–	–	79,700
Preferred stock—first series of Class 6	1,000	–	–	1,000
Preferred stock—first series of Class 7	177,000	–	–	177,000
Total	357,700	–	–	357,700

There was no issuance of stock acquisition rights and treasury stock acquisition rights during the six-month periods ended September 30, 2021 and 2020.

The Bank paid the following cash dividends during the six-month periods ended September 30, 2021 and 2020:

#### For the six-month period ended September 30, 2021:

Cash dividends approved at the Board of Directors' meeting held on May 17, 2021:	Total amount (Millions of Yen)	Per share amount (Yen)	Dividend record date	Effective date
Common stock	¥ 88,549	¥ 7.17	Mar. 31, 2021	May 18, 2021
Cash dividends approved at the Board of Directors' meeting held on May 17, 2021:	Total amount (Millions of U.S. Dollars)	Per share amount (U.S. Dollar)	Dividend record date	Effective date
Common stock	\$ 791	\$ 0.06	Mar. 31, 2021	May 18, 2021

Subject to approval at the Board of Directors' meeting, the Bank paid the following cash dividends on November 15, 2021, to shareholders of record as of September 30, 2021:

Cash dividends approved at the Board of Directors' meeting held on November 15, 2021:	Total amount (Millions of Yen)	Dividend resource	Per share amount (Yen)	Dividend record date	Effective date
Common stock	¥ 150,423	Retained earnings	¥ 12.18	Sep. 30, 2021	Nov. 16, 2021

Cash dividends approved at the Board of Directors' meeting held on November 15, 2021:	Total amount (Millions of U.S. Dollars)	Dividend resource	Per share amount (U.S. Dollar)	Dividend record date	Effective date
Common stock	\$ 1,344	Retained earnings	\$ 0.11	Sep. 30, 2021	Nov. 16, 2021

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

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

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

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

## 17. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the six-month periods ended September 30, 2021 and 2020 included the following items:

Six-month periods ended September 30	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Personnel expenses	¥ 437,321	¥ 448,992	\$ 3,907
Depreciation and amortization	116,242	117,076	1,039

## 18. OTHER INCOME

Other income for the six-month periods ended September 30, 2021 and 2020 was as follows:

Six-month periods ended September 30	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Gain on disposal of fixed assets	¥ 14,509	¥ 12,653	\$ 130
Gain on sales of stocks of subsidiaries	4,295	–	38
Gain on sales of stocks of affiliates	29,053	–	260
Gain on changes in equity	8,419	–	75
Gain on reversal of allowance for credit losses	51,939	–	464
Gain on collection of bad debts	29,224	20,033	261
Gain on sales of equity securities and other securities	123,294	52,994	1,102
Equity in earnings of the equity method investees	13,580	9,646	121
Other	35,627	23,313	318
Total	¥ 309,944	¥ 118,641	\$ 2,769

## 19. OTHER EXPENSES

Other expenses for the six-month periods ended September 30, 2021 and 2020 was as follows:

Six-month periods ended September 30	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Loss on disposal of fixed assets	¥ 3,388	¥ 3,474	\$ 30
Impairment loss on fixed assets	17,674	16,478	158
Write-offs of loans	33,630	48,714	300
Provision of allowance for credit losses	–	196,723	–
Loss on write-down of equity securities and other securities	4,187	8,451	37
Loss on sales of equity securities and other securities	13,968	20,149	125
Outsourcing expenses of consolidated subsidiaries operating information services	14,901	13,617	133
Loss on forgiveness of loans and others	7,349	1,351	66
Provision of reserve for contingent losses	8,371	888	75
Other	22,769	44,315	203
Total	¥ 126,242	¥ 354,166	\$ 1,128

## 20. LEASES

Operating Leases

### (1) Lessee

Future lease payments including interest payables under noncancelable operating leases as of September 30, 2021 and March 31, 2021 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	September 30, 2021	March 31, 2021	September 30, 2021
Due within one year	¥ 25,437	¥ 30,990	\$ 227
Due after one year	82,537	87,826	737
Total	¥ 107,975	¥ 118,816	\$ 965

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

### (2) Lessor

Future lease receivables including interest receivables under noncancelable operating leases as of September 30, 2021 and March 31, 2021 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	September 30, 2021	March 31, 2021	September 30, 2021
Due within one year	¥ 2,417	¥ 2,759	\$ 22
Due after one year	15,803	15,862	141
Total	¥ 18,221	¥ 18,621	\$ 163

## 21. PER SHARE INFORMATION

Six-month periods ended September 30	Yen		U.S. Dollars
	2021	2020	2021
Basic earnings per common share	¥ 36.47	¥ 16.95	\$ 0.33
Diluted earnings per common share	36.47	16.95	0.33

	Yen		U.S. Dollars
	September 30, 2021	March 31, 2021	September 30, 2021
Total equity per common share	¥ 1,030.21	¥ 984.24	\$ 9.20

### Notes:

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

Six-month periods ended September 30	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Net income attributable to the shareholders of the Bank	¥ 450,519	¥ 209,441	\$ 4,025
Net income attributable to the shareholders of the Bank related to common shares	450,519	209,441	4,025

Six-month periods ended September 30	Number of shares in thousands	
	2021	2020
Average number of common shares during the period	12,350,038	12,350,038

Six-month periods ended September 30	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Diluted earnings per common share			
Adjustment to net income attributable to the shareholders of the Bank	¥ (9)	¥ (6)	\$ (0)

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

	Millions of Yen		Millions of U.S. Dollars
	September 30, 2021	March 31, 2021	September 30, 2021
Total equity	¥ 13,161,537	¥ 12,571,975	\$ 117,598
Deductions from total equity:			
Non-controlling interests	438,293	416,462	3,916
Total	438,293	416,462	3,916
Total equity attributable to common shares	¥ 12,723,243	¥ 12,155,513	\$ 113,682

	Number of shares in thousands	
	September 30, 2021	March 31, 2021
Number of common shares used in computing total equity per common share at the end of the period	12,350,038	12,350,038



## 22. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

The following tables summarize the amount stated on the semi-annual consolidated balance sheet or consolidated balance sheets and the fair value of financial instruments as of September 30, 2021 and March 31, 2021 together with their difference and the fair value of financial instruments by level within the fair value hierarchy as of September 30, 2021 and March 31, 2021.

The following tables do not include investment trusts and non-marketable equity securities, etc. for which transitional measures are applied in accordance with Paragraph 26 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, July 4, 2019; hereinafter referred to as “Guidance for Application of Fair Value Measurement”), and investment in partnerships and others for which transitional measures are applied in accordance with Paragraph 27 of Guidance for Application of Fair Value Measurement (see (1)\*2, (Note) 3).

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

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

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

Level 3: Fair value determined based on significant unobservable inputs

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

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

	Millions of Yen			
	September 30, 2021			
	Carrying amount			
	Level 1	Level 2	Level 3	Total
Monetary claims bought (*1)	¥ –	¥ 575,803	¥ –	¥ 575,803
Trading assets	444,507	3,373,054	42,835	3,860,397
Money held in trust (Trading purpose, other)	–	38,067	–	38,067
Securities (Available-for-sale securities)	44,563,764	16,336,015	420,209	61,319,989
<i>Of which:</i>				
<i>Domestic equity securities</i>	4,439,094	29,517	–	4,468,612
<i>Japanese government bonds</i>	30,765,855	1,045,678	–	31,811,533
<i>Municipal bonds</i>	–	3,920,346	–	3,920,346
<i>Corporate bonds</i>	–	3,621,931	2,586	3,624,518
<i>Foreign equity securities</i>	107,148	888	–	108,037
<i>Foreign bonds</i>	9,238,817	7,589,088	99,280	16,927,186
<i>Other (*2)</i>	12,847	128,563	318,342	459,754
Total assets	45,008,271	20,322,940	463,045	65,794,258
Trading liabilities	276,182	69,807	–	345,989
Total liabilities	276,182	69,807	–	345,989
Derivatives (*3) (*4)(*5)	¥ (1,070)	¥ 506,755	¥ 31,769	¥ 537,453
<i>Of which:</i>				
<i>Interest related instruments</i>	150	370,420	29,930	400,502
<i>Currency related instruments</i>	1,155	172,770	(3)	173,923
<i>Equity related instruments</i>	(2,351)	(9,861)	(780)	(12,992)
<i>Bond related instruments</i>	(25)	(1,580)	2,304	698
<i>Commodity related instruments</i>	–	–	0	0
<i>Credit derivative instruments</i>	–	(24,995)	–	(24,995)
<i>Other</i>	–	–	317	317

(\*1) Monetary claims bought consist of securitized products accounted for in the same manner as available-for-sale securities, which are ¥575,803 million.

(\*2) Investment trusts which are not included in the above table pursuant to the transitional measure provided by Paragraph 26 of the Guidance for Application of Fair Value Measurement amount to ¥2,547,857 million in the semi-annual consolidated balance sheet.

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

(\*4) Derivative transactions to which hedge accounting is applied are reported in the semi-annual consolidated balance sheet at ¥(78,825) million.

(\*5) Derivatives to which hedge accounting is applied are primarily interest rate swaps and interest futures designated as hedging instruments to fix cash flows of loans, etc. as hedged items, and are mainly subject to deferral hedge accounting. Of these hedging relationships, all the hedging relationships to which PITF No. 40, “Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR” (ASBJ, September 29, 2020) is applied are subject to deferral hedge accounting.

	Millions of Yen			
	March 31, 2021			
	Carrying amount			
	Level 1	Level 2	Level 3	Total
Monetary claims bought (*1)	¥ –	¥ 572,992	¥ –	¥ 572,992
Trading assets	502,844	3,258,127	46,179	3,807,152
Money held in trust (Trading purpose, other)	–	38,904	–	38,904
Securities (Available-for-sale securities)	43,639,255	14,261,753	430,304	58,331,313
<i>Of which:</i>				
<i>Domestic equity securities</i>	4,308,357	22,091	–	4,330,449
<i>Japanese government bonds</i>	30,795,138	221,202	–	31,016,340
<i>Municipal bonds</i>	–	3,706,242	–	3,706,242
<i>Corporate bonds</i>	–	3,681,786	57	3,681,844
<i>Foreign equity securities</i>	85,064	885	–	85,949
<i>Foreign bonds</i>	8,445,826	6,512,140	116,351	15,074,318
<i>Other (*2)</i>	4,868	117,403	313,895	436,167
Total assets	44,142,100	18,131,777	476,484	62,750,361
Trading liabilities	259,299	49,986	–	309,286
Total liabilities	259,299	49,986	–	309,286
Derivatives (*3) (*4) (*5)	¥ (741)	¥ 134,764	¥ (2,473)	¥ 131,550
<i>Of which:</i>				
<i>Interest related instruments</i>	544	383,826	(11,100)	373,270
<i>Currency related instruments</i>	(48)	(207,033)	6,018	(201,063)
<i>Equity related instruments</i>	(3,527)	(1,361)	(376)	(5,264)
<i>Bond related instruments</i>	2,290	(10,531)	2,312	(5,928)
<i>Commodity related instruments</i>	–	(0)	0	0
<i>Credit derivative instruments</i>	–	(30,135)	–	(30,135)
<i>Other</i>	–	–	672	672

(\*1) Monetary claims bought consist of securitized products accounted for in the same manner as available-for-sale securities, which are ¥572,992 million.

(\*2) Investment trusts which are not included in the above table pursuant to the transitional measure provided by Paragraph 26 of the Guidance for Application of Fair Value Measurement amount to ¥2,897,398 million in the consolidated balance sheets.

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

(\*4) Derivative transactions to which hedge accounting is applied are reported in the consolidated balance sheets at ¥(272,364) million.

(\*5) Derivatives to which hedge accounting is applied are primarily interest rate swaps and interest rate futures designated as hedging instruments to fix cash flows of loans, etc. as hedged items, and are mainly subject to deferral hedge accounting. Of these hedging relationships, all the hedging relationships to which PITF No. 40, “Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR” (ASBJ, September 29, 2020) is applied are subject to deferral hedge accounting.

	Thousands of U.S. Dollars			
	September 30, 2021			
	Carrying amount			
	Level 1	Level 2	Level 3	Total
Monetary claims bought (*1)	\$ –	\$ 5,145	\$ –	\$ 5,145
Trading assets	3,972	30,138	383	34,492
Money held in trust (Trading purpose, other)	–	340	–	340
Securities (Available-for-sale securities)	398,175	145,962	3,755	547,891
<i>Of which:</i>				
<i>Domestic equity securities</i>	39,663	264	–	39,927
<i>Japanese government bonds</i>	274,891	9,343	–	284,235
<i>Municipal bonds</i>	–	35,028	–	35,028
<i>Corporate bonds</i>	–	32,362	23	32,385
<i>Foreign equity securities</i>	957	8	–	965
<i>Foreign bonds</i>	82,548	67,808	887	151,244
<i>Other (*2)</i>	115	1,149	2,844	4,108
Total assets	402,147	181,585	4,137	587,869
Trading liabilities	2,468	624	–	3,091
Total liabilities	2,468	624	–	3,091
Derivatives (*3) (*4) (*5)	\$ (10)	\$ 4,528	\$ 284	\$ 4,802
<i>Of which:</i>				
<i>Interest related instruments</i>	1	3,310	267	3,578
<i>Currency related instruments</i>	10	1,544	(0)	1,554
<i>Equity related instruments</i>	(21)	(88)	(7)	(116)
<i>Bond related instruments</i>	(0)	(14)	21	6
<i>Commodity related instruments</i>	–	–	0	0
<i>Credit derivative instruments</i>	–	(223)	–	(223)
<i>Other</i>	–	–	3	3

(\*1) Monetary claims bought consist of securitized products accounted for in the same manner as available-for-sale securities, which are \$5,145 million.

(\*2) Investment trusts which are not included in the above table pursuant to the transitional measure provided by Paragraph 26 of the Guidance for Application of Fair Value Measurement amount to \$22,765 million in the semi-annual consolidated balance sheet.

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

(\*4) Derivative transactions to which hedge accounting is applied are reported in the semi-annual consolidated balance sheet at \$(704) million.

(\*5) Derivatives to which hedge accounting is applied are primarily interest rate swaps and interest rate futures designated as hedging instruments to fix cash flows of loans, etc. as hedged items, and are mainly subject to deferral hedge accounting. Of these hedging relationships, all the hedging relationships to which PITF No. 40, “Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR” (ASBJ, September 29, 2020) is applied are subject to deferral hedge accounting.

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

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

Millions of Yen						
September 30, 2021						
	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
Monetary claims bought (*1)	¥ –	¥ –	¥ 2,954,557	¥ 2,954,557	¥ 2,954,566	¥ (9)
Securities (Held-to-maturity debt securities)	1,119,500	866,750	–	1,986,250	1,958,373	27,876
<i>Of which:</i>						
<i>Japanese government bonds</i>	1,119,500	–	–	1,119,500	1,100,383	19,116
<i>Municipal bonds</i>	–	–	–	–	–	–
<i>Corporate bonds</i>	–	–	–	–	–	–
<i>Foreign bonds</i>	–	866,750	–	866,750	857,990	8,760
<i>Other</i>	–	–	–	–	–	–
Loans and bills discounted (*2)	–	156	101,087,280	101,087,436	100,331,182	756,254
Total assets	1,119,500	866,907	104,041,837	106,028,244	105,244,123	784,121
Deposits	¥ –	¥201,628,878	¥ –	¥201,628,878	¥201,607,857	¥ 21,020
Negotiable certificates of deposit	–	6,548,421	–	6,548,421	6,546,985	1,436
Borrowed money	–	35,712,295	–	35,712,295	35,424,619	287,676
Bonds payable	–	2,457,126	–	2,457,126	2,374,541	82,584
Total liabilities	–	246,346,722	–	246,346,722	245,954,005	392,717

(\*1) Monetary claims bought includes securitized products accounted for in the same manner as held-to-maturity debt securities, which are ¥594,276 million.

(\*2) Loans and bills discounted are presented net of allowances for credit losses in the amount of ¥766,965 million.

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

Millions of Yen						
March 31, 2021						
	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
Monetary claims bought (*1)	¥ –	¥ –	¥ 3,100,809	¥ 3,100,809	¥ 3,109,075	¥ (8,265)
Securities (Held-to-maturity debt securities)	1,123,480	779,560	–	1,903,040	1,857,104	45,935
<i>Of which:</i>						
<i>Japanese government bonds</i>	1,123,480	–	–	1,123,480	1,100,447	23,032
<i>Municipal bonds</i>	–	–	–	–	–	–
<i>Corporate bonds</i>	–	–	–	–	–	–
<i>Foreign bonds</i>	–	779,560	–	779,560	756,657	22,902
<i>Other</i>	–	–	–	–	–	–
Loans and bills discounted (*2)	–	177	103,861,284	103,861,461	103,045,696	815,765
Total assets	1,123,480	779,737	106,962,094	108,865,311	108,011,876	853,435
Deposits	¥ –	¥202,567,212	¥ –	¥202,567,212	¥202,537,751	¥ 29,460
Negotiable certificates of deposit	–	6,220,925	–	6,220,925	6,219,043	1,882
Borrowed money	–	37,070,039	–	37,070,039	36,814,266	255,773
Bonds payable	–	2,590,610	–	2,590,610	2,504,821	85,789
Total liabilities	–	248,448,788	–	248,448,788	248,075,882	372,906

(\*1) Monetary claims bought includes securitized products accounted for in the same manner as held-to-maturity debt securities, which are ¥706,888 million.

(\*2) Loans and bills discounted are presented net of allowances for credit losses in the amount of ¥864,858 million.

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

Thousands of U.S. Dollars						
September 30, 2021						
	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
Monetary claims bought (*1)	\$ –	\$ –	\$ 26,399	\$ 26,399	\$ 26,399	\$ (0)
Securities (Held-to-maturity debt securities)	10,003	7,744	–	17,747	17,498	249
<i>Of which:</i>						
<i>Japanese government bonds</i>	<i>10,003</i>	<i>–</i>	<i>–</i>	<i>10,003</i>	<i>9,832</i>	<i>171</i>
<i>Municipal bonds</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>
<i>Corporate bonds</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>
<i>Foreign bonds</i>	<i>–</i>	<i>7,744</i>	<i>–</i>	<i>7,744</i>	<i>7,666</i>	<i>78</i>
<i>Other</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>
Loans and bills discounted(*2)	–	1	903,210	903,212	896,454	6,757
Total assets	10,003	7,746	929,609	947,357	940,351	7,006
Deposits	\$ –	\$ 1,801,545	\$ –	\$ 1,801,545	\$ 1,801,357	\$ 188
Negotiable certificates of deposit	–	58,510	–	58,510	58,497	13
Borrowed money	–	319,088	–	319,088	316,517	2,570
Bonds payable	–	21,954	–	21,954	21,216	738
Total liabilities	–	2,201,097	–	2,201,097	2,197,588	3,509

(\*1) Monetary claims bought includes securitized products accounted for in the same manner as held-to-maturity debt securities, which are \$5,310 million.

(\*2) Loans and bills discounted are presented net of allowances for credit losses in the amount of \$6,853 million.

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

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

#### Monetary claims bought

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

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

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

#### Trading assets

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

#### Money held in trust

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

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

### Securities

The fair value of equity securities is determined based on the market price and classified principally into Level 1 as the quoted prices are available in active market. The fair value of bonds is determined based on the market price, the price quoted by the financial institutions from which they were purchased, or on prices calculated based on internal models, and national government bonds are classified principally into Level 1 and other bonds are classified principally into Level 2. Preferred securities and others included in "Other" are principally classified into Level 3.

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

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

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

### Loans and bills discounted

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

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

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

### Deposits and negotiable certificates of deposit

For demand deposits, the amount payable on demand as of the fiscal year 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 such carrying amount approximates the fair value because the market rate is reflected in such deposits within a short time period. The majority of fixed rate time deposits are grouped by certain maturity lengths. The fair value of such deposits is the present value of expected future cash flow discounted at the market interest rate. These are classified into Level 2.

### Borrowed money

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

### Bonds payable

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

Derivatives

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

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

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

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

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

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

(1) Quantitative information about significant unobservable inputs

As of September 30, 2021

Category	Valuation technique	Significant unobservable inputs	Range of inputs	Weighted-average of inputs (*1)
Securities				
Foreign bonds	Return on equity method	Probability-of-default	0.0%-4.1%	0.3%
		Recovery rate	55.0%-90.0%	79.6%
		Market-required return on capital	8.0%-10.0%	9.9%
Other	Present value technique	Liquidity premium	1.1%-3.2%	2.9%
Derivatives				
Interest related instruments	Option pricing models	Correlations between interest rates	40.6%-55.2%	—
		Correlations between interest rate and foreign exchange rate	16.5%-41.2%	—
		Option volatility	56.4%-100.0%	—

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

As of March 31, 2021

Category	Valuation technique	Significant unobservable inputs	Range of inputs	Weighted-average of inputs (*1)
Securities				
Foreign bonds	Return on equity method	Probability-of-default	0.0%-8.0%	0.3%
		Recovery rate	35.0%-90.0%	76.7%
		Market-required return on capital	8.0%-10.0%	9.9%
Other	Present value technique	Liquidity premium	0.9%-3.2%	2.9%
Derivatives				
Interest related instruments	Option pricing models	Correlations between interest rates	37.9%-55.3%	—
		Correlations between interest rate and foreign exchange rate	15.1%-40.5%	—
		Option volatility	56.2%-77.5%	—

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

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

Millions of Yen									
Six-month period ended September 30, 2021									
	March 31, 2021	Included in net income (*1)	Included in other comprehensive income (*2)	Changes due to purchases, issues, sales and settlements	Transfers into fair value of Level 3 (*3)	Transfers out of fair value of Level 3 (*4)	September 30, 2021	Change in unrealized gains (losses) included in net income for financial assets and liabilities still held at September 30, 2021 (*1)	
Trading assets	¥ 46,179	¥ 390	¥ -	¥ (3,734)	¥ -	¥ -	¥ 42,835	¥ 386	
Securities	430,304	3,042	8,462	(24,453)	2,854	-	420,209	3,040	
<i>Of which:</i>									
<i>Corporate bonds</i>	57	1	(270)	(57)	2,854	-	2,586	-	
<i>Foreign bonds</i>	116,351	6	7,343	(24,420)	-	-	99,280	6	
<i>Other</i>	313,895	3,034	1,389	23	-	-	318,342	3,034	
Total assets	¥ 476,484	¥ 3,433	¥ 8,462	¥ (28,188)	¥ 2,854	¥ -	¥ 463,045	¥ 3,427	
Derivatives (*5)	¥ (2,473)	¥ (2,637)	¥ -	¥ 54,223	¥ (13,397)	¥ (3,945)	¥ 31,769	¥ (2,748)	
<i>Of which:</i>									
<i>Interest related</i>	(11,100)	(2,114)	-	54,734	(13,520)	1,931	29,930	(2,372)	
<i>Currency related</i>	6,018	(292)	-	25	122	(5,877)	(3)	(151)	
<i>Equity related</i>	(376)	(403)	-	-	-	-	(780)	(403)	
<i>Bond related</i>	2,312	172	-	(180)	-	-	2,304	172	
<i>Commodity related</i>	0	(0)	-	-	-	-	0	0	
<i>Other</i>	672	0	-	(355)	-	-	317	6	

(\*1) Principally included in “Trading income,” “Trading expenses” and “Other operating income” of the semi-annual consolidated statement of income.

(\*2) Principally included in “Net unrealized gain on available-for-sale securities” under “Other comprehensive income” of the semi-annual consolidated statement of comprehensive income.

(\*3) Transfer from fair value of Level 2 to that of Level 3 due to the lack of observable market data caused by a decrease in market activities of derivatives. This transfer was implemented at the beginning of the six-month period ended September 30, 2021.

(\*4) Transfers out of Level 3 and into Level 2 for relevant currency-related derivatives based on the materiality of significant unobservable inputs considering adjustments made for counterparty credit risk (CVA) and the impact of uncollateralized funding (FVA), which were implemented at the beginning of the six-month period ended September 30, 2021.

(\*5) Derivatives in trading assets and liabilities and in other assets and liabilities are shown together. Assets or liabilities and profit or loss arising from derivative transactions are presented on a net basis. Total amounts, which are net liabilities or net loss, are presented in parentheses.



## Millions of Yen

Fiscal year ended March 31, 2021										
	March 31, 2020	Included in net income (*1)	Included in other comprehensive income (*2)	Changes due to purchases, issues, sales and settlements	Transfers into fair value of Level 3 (*3)	Transfers out of fair value of Level 3 (*4)	March 31, 2021	Change in unrealized gains (losses) included in net income for financial assets and liabilities still held at March 31, 2021 (*1)		
Trading assets	¥ 15,995	¥ 6,381	¥ -	¥ 23,802	¥ -	¥ -	¥ 46,179	¥ 6,381		
Securities	335,505	3,490	(5,763)	106,116	70	(9,114)	430,304	3,489		
<i>Of which:</i>										
<i>Corporate bonds</i>	9,151	(2)	(0)	(46)	70	(9,114)	57	(3)		
<i>Foreign bonds</i>	123,961	(3)	(5,582)	(2,024)	-	-	116,351	(3)		
<i>Other</i>	202,393	3,496	(180)	108,186	-	-	313,895	3,496		
Total assets	¥ 351,501	¥ 9,872	¥ (5,763)	¥ 129,919	¥ 70	¥ (9,114)	¥ 476,484	¥ 9,870		
Derivatives (*5)	¥ 22,858	¥ 23,668	¥ -	¥ (33,978)	¥ (17,440)	¥ 2,418	¥ (2,473)	¥ 25,556		
<i>Of which:</i>										
<i>Interest related</i>	19,089	17,771	-	(34,038)	(15,975)	2,053	(11,100)	19,775		
<i>Currency related</i>	1,174	5,421	-	522	(1,464)	365	6,018	5,298		
<i>Equity related</i>	(349)	(2)	-	(24)	-	-	(376)	(2)		
<i>Bond related</i>	2,240	452	-	(380)	-	-	2,312	452		
<i>Commodity related</i>	0	(0)	-	-	-	-	0	(0)		
<i>Other</i>	704	25	-	(57)	-	-	672	31		

(\*1) Principally included in “Trading income” and “Other operating income” of the consolidated statements of income.

(\*2) Principally included in “Net unrealized gain on available-for-sale securities” under “Other comprehensive income” of the annual consolidated statement of comprehensive income.

(\*3) Transfer from fair value of Level 2 to that of Level 3 due to the lack of observable market data caused by a decrease in market activities of derivatives. This transfer was implemented at the beginning of the fiscal year ended March 31, 2021.

(\*4) Transfers out of Level 3 and into Level 2 for relevant securities, namely private placement bonds guaranteed by the Bank, considering the materiality of default risk which is unobservable data, which were implemented at the beginning of the fiscal year ended March 31, 2021.

(\*5) Derivatives in trading assets and liabilities and in other assets and liabilities are shown together. Assets or liabilities and profit or loss arising from derivative transactions are presented on a net basis. Total amounts, which are net liabilities or net loss, are presented in parentheses.

## Thousands of U.S. Dollars

Six-month period ended September 30, 2021

	March 31, 2021	Included in net income (*1)	Included in other comprehensive income (*2)	Changes due to purchases, issues, sales and settlements	Transfers into fair value of Level 3 (*3)	Transfers out of fair value of Level 3 (*4)	September 30, 2021	Change in unrealized gains (losses) included in net income for financial assets and liabilities still held at September 30, 2021 (*1)
Trading assets	\$ 413	\$ 3	\$ –	\$ (33)	\$ –	\$ –	\$ 383	\$ 3
Securities	3,845	27	76	(218)	26	–	3,755	27
<i>Of which:</i>								
<i>Corporate bonds</i>	1	0	(2)	(1)	26	–	23	–
<i>Foreign bonds</i>	1,040	0	66	(218)	–	–	887	0
<i>Other</i>	2,805	27	12	0	–	–	2,844	27
Total assets	\$ 4,257	\$ 31	\$ 76	\$ (252)	\$ 26	\$ –	\$ 4,137	\$ 31
Derivatives (*5)	\$ (22)	\$ (24)	\$ –	\$ 484	\$ (120)	\$ (35)	\$ 284	\$ (25)
<i>Of which:</i>								
<i>Interest related</i>	(99)	(19)	–	489	(121)	17	267	(21)
<i>Currency related</i>	54	(3)	–	0	1	(53)	(0)	(1)
<i>Equity related</i>	(3)	(4)	–	–	–	–	(7)	(4)
<i>Bond related</i>	21	2	–	(2)	–	–	21	2
<i>Commodity related</i>	0	(0)	–	–	–	–	0	0
<i>Other</i>	6	0	–	(3)	–	–	3	0

- (\*1) Principally included in “Trading income,” “Trading expenses” and “Other operating income” of the semi-annual consolidated statement of income.
- (\*2) Principally included in “Net unrealized gain on available-for-sale securities” under “Other comprehensive income” of the semi-annual consolidated statement of comprehensive income.
- (\*3) Transfer from fair value of Level 2 to that of Level 3 due to the lack of observable market data caused by a decrease in market activities of derivatives. This transfer was implemented at the beginning of the six-month period ended September 30, 2021.
- (\*4) Transfers out of Level 3 and into Level 2 for relevant currency-related derivatives based on the materiality of significant unobservable inputs considering adjustments made for counterparty credit risk (CVA) and the impact of uncollateralized funding (FVA), which were implemented at the beginning of the six-month period ended September 30, 2021.
- (\*5) Derivatives in trading assets and liabilities and in other assets and liabilities are shown together. Assets or liabilities and profit or loss arising from derivative transactions are presented on a net basis. Total amounts, which are net liabilities or net loss, are presented in parentheses.

(3) Explanation about the valuation process of fair value

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

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

Probability-of-default

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

Recovery rate

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

Market-required return on capital

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

Liquidity premium

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

Volatility

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

Correlations

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

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

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

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

	Carrying amount		
	Millions of Yen		Millions of U.S. Dollars
	September 30, 2021	March 31, 2021	September 30, 2021
Non-marketable equity securities (*1) (*3)	¥ 225,735	¥ 216,314	\$ 2,017
Investment in partnerships and others (*2) (*3)	127,427	96,907	1,139

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

(\*2) Investment in partnerships and others mainly include silent partnerships and investment partnerships and other partnerships.  
Their fair values are not disclosed in accordance with Paragraph 27 of the Guidance for Application of Fair Value Measurement.

(\*3) With respect to unlisted equity securities and others, an impairment loss of ¥2,764 million (\$25 million) and ¥5,493 million was recorded in the six-month period ended September 30, 2021 and the fiscal year ended March 31, 2021, respectively.

## 23. DERIVATIVES

The Bank has the following derivative contracts outstanding as of September 30, 2021 and March 31, 2021:

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

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

#### (1) Interest rate-related derivatives

		Millions of Yen				
		September 30, 2021				
		Contract amount		Fair value	Valuation gain (loss)	
		Total	Over one year			
<b>Transactions listed on exchange:</b>						
Interest rate futures	Sold	¥ 3,063,821	¥ 1,261,222	¥ 1,776	¥ 1,776	
	Bought	1,912,541	1,813,878	(1,625)	(1,625)	
<b>OTC transactions:</b>						
Forward rate agreement	Sold	7,484,944	–	56	56	
	Bought	6,796,519	–	(60)	(60)	
Interest rate swaps	Receivable fixed rate/ Payable floating rate	152,321,532	119,383,836	2,053,782	2,053,782	
	Receivable floating rate/ Payable fixed rate	155,722,469	118,317,359	(1,680,870)	(1,680,870)	
	Receivable floating rate/ Payable floating rate	28,563,666	23,555,029	28,851	28,851	
	Receivable fixed rate/ Payable fixed rate	977,775	939,546	7,574	7,574	
	Interest rate swaptions	Sold	1,645,050	1,470,183	(39,146)	3,980
		Bought	1,669,853	1,449,270	36,607	1,442
Other	Sold	1,703,943	1,393,162	(4,330)	9,176	
	Bought	2,411,146	1,961,885	6,409	(15,543)	
Total		–	–	¥ 409,025	¥ 408,541	

		Millions of Yen				
		March 31, 2021				
		Contract amount		Fair value	Valuation gain (loss)	
		Total	Over one year			
<b>Transactions listed on exchange:</b>						
Interest rate futures	Sold	¥ 2,942,384	¥ 80,311	¥ (927)	¥ (927)	
	Bought	161,892	36,418	435	435	
<b>OTC transactions:</b>						
Forward rate agreement	Sold	11,120,407	35,427	(49)	(49)	
	Bought	10,621,276	33,213	42	42	
Interest rate swaps	Receivable fixed rate/ Payable floating rate	166,735,466	133,383,057	2,287,083	2,287,083	
	Receivable floating rate/ Payable fixed rate	170,222,168	132,677,349	(1,954,225)	(1,954,225)	
	Receivable floating rate/ Payable floating rate	29,128,635	23,806,147	31,718	31,718	
	Receivable fixed rate/ Payable fixed rate	996,178	969,538	7,931	7,931	
	Interest rate swaptions	Sold	2,523,424	1,581,048	(32,651)	19,063
		Bought	2,300,448	1,704,841	28,873	(15,173)
Other	Sold	1,699,638	1,195,345	(3,435)	11,096	
	Bought	2,349,021	1,824,276	8,446	(13,680)	
Total		–	–	¥ 373,241	¥ 373,314	

## Millions of U.S. Dollars

September 30, 2021

		Contract amount			Valuation gain (loss)	
		Total	Over one year	Fair value		
<b>Transactions listed on exchange:</b>						
Interest rate futures	Sold	\$ 27,375	\$ 11,269	\$ 16	\$	16
	Bought	17,088	16,207	(15)		(15)
<b>OTC transactions:</b>						
Forward rate agreement	Sold	66,878	–	1		1
	Bought	60,727	–	(1)		(1)
Interest rate swaps	Receivable fixed rate/ Payable floating rate	1,360,986	1,066,689	18,350		18,350
	Receivable floating rate/ Payable fixed rate	1,391,373	1,057,160	(15,018)		(15,018)
	Receivable floating rate/ Payable floating rate	255,215	210,463	258		258
	Receivable fixed rate/ Payable fixed rate	8,736	8,395	68		68
Interest rate swaptions	Sold	14,698	13,136	(350)		36
	Bought	14,920	12,949	327		13
Other	Sold	15,225	12,448	(39)		82
	Bought	21,543	17,529	57		(139)
Total		–	–	\$ 3,655	\$	3,650

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

## (2) Currency-related derivatives

		Millions of Yen			
		September 30, 2021			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year		
<b>Transactions listed on exchange:</b>					
Currency futures	Sold	¥ 93,359	¥ 1,039	¥ (731)	¥ (731)
	Bought	233,023	57,941	1,869	1,869
<b>OTC transactions:</b>					
Currency swaps		33,616,578	25,156,613	115,165	115,165
Forward contracts on foreign exchange		104,604,470	9,052,252	152,663	152,663
Currency options	Sold	5,277,359	1,119,977	(71,317)	11,570
	Bought	4,785,818	1,100,665	36,691	(35,921)
Total		–	–	¥ 234,340	¥ 244,616

		Millions of Yen			
		March 31, 2021			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year		
<b>Transactions listed on exchange:</b>					
Currency futures	Sold	¥ 60,158	¥ 453	¥ 468	¥ 468
	Bought	261,813	51,087	(477)	(477)
Currency options	Sold	–	–	–	–
	Bought	2,222	–	5	(2)
<b>OTC transactions:</b>					
Currency swaps		35,306,965	26,023,862	(49,369)	(49,369)
Forward contracts on foreign exchange		106,779,758	8,668,133	151,709	151,709
Currency options	Sold	6,960,076	1,346,858	(90,714)	8,261
	Bought	6,850,572	1,381,094	58,291	(32,058)
Total		–	–	¥ 69,912	¥ 78,531

		Millions of U.S. Dollars			
		September 30, 2021			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year		
<b>Transactions listed on exchange:</b>					
Currency futures	Sold	\$ 834	\$ 9	\$ (7)	\$ (7)
	Bought	2,082	518	17	17
<b>OTC transactions:</b>					
Currency swaps		300,363	224,773	1,029	1,029
Forward contracts on foreign exchange		934,636	80,881	1,364	1,364
Currency options	Sold	47,153	10,007	(637)	103
	Bought	42,761	9,834	328	(321)
Total		–	–	\$ 2,094	\$ 2,186

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

## (3) Equity-related derivatives

		Millions of Yen			
		September 30, 2021			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year		
<b>Transactions listed on exchange:</b>					
Stock index futures	Sold	¥	–	¥	–
	Bought		149	(2)	(2)
Stock index options	Sold		70,715	(2,844)	(678)
	Bought		72,918	495	(2,145)
<b>OTC transactions:</b>					
OTC securities option transactions	Sold		646	(126)	(106)
	Bought		22,792	(653)	(672)
Swaps on OTC securities index and others	Receivable index volatility/Payable interest		4,251	3,251	1
	Receivable interest/Payable index volatility		1,000	22	22
Total			–	– ¥ (3,108)	¥ (3,581)

		Millions of Yen			
		March 31, 2021			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year		
<b>Transactions listed on exchange:</b>					
Stock index futures	Sold	¥	510	¥	(2)
	Bought		3,177	32	32
Stock index options	Sold		88,277	(5,173)	10,517
	Bought		91,882	1,616	(2,493)
<b>OTC transactions:</b>					
OTC securities option transactions	Sold		605	(94)	113
	Bought		18,957	(282)	(299)
Swaps on OTC securities index and others	Receivable index volatility/Payable interest		4,251	4,251	17
	Receivable interest/Payable index volatility		1,000	38	38
Total			–	– ¥ (3,847)	¥ 7,924

		Millions of U.S. Dollars			
		September 30, 2021			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year		
<b>Transactions listed on exchange:</b>					
Stock index futures	Sold	\$	–	\$	–
	Bought		1	(0)	(0)
Stock index options	Sold		632	(25)	(6)
	Bought		652	4	(19)
<b>OTC transactions:</b>					
OTC securities option transactions	Sold		6	(1)	(1)
	Bought		204	(6)	(6)
Swaps on OTC securities index and others	Receivable index volatility/Payable interest		38	29	0
	Receivable interest/Payable index volatility		9	0	0
Total			–	– \$ (28)	\$ (32)

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



## (4) Bond-related derivatives

		Millions of Yen			
		September 30, 2021			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year		
<b>Transactions listed on exchange:</b>					
Bond futures	Sold	¥ 247,457	¥ –	¥ 341	¥ 341
	Bought	55,951	–	(146)	(146)
Bond futures options	Sold	124,133	–	(385)	(259)
	Bought	85,339	–	165	2
<b>OTC transactions:</b>					
OTC bond options	Sold	99,214	–	(237)	1
	Bought	99,214	–	348	127
Bond forward contracts	Sold	2,048,394	–	(4,196)	(4,196)
	Bought	1,150,753	–	4,934	4,934
Total return swaps	Sold	–	–	–	–
	Bought	158,625	158,625	(125)	(125)
Total		–	–	¥ 698	¥ 681

		Millions of Yen			
		March 31, 2021			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year		
<b>Transactions listed on exchange:</b>					
Bond futures	Sold	¥ 194,412	¥ –	¥ 993	¥ 993
	Bought	251,598	–	(300)	(300)
Bond futures options	Sold	308,710	–	(227)	250
	Bought	654,779	–	1,824	119
<b>OTC transactions:</b>					
OTC bond options	Sold	80,584	–	(50)	5
	Bought	80,584	–	336	266
Bond forward contracts	Sold	1,928,691	–	(9,045)	(9,045)
	Bought	1,077,132	–	4,044	4,044
Total return swaps	Sold	–	–	–	–
	Bought	158,625	158,625	(3,504)	(3,504)
Total		–	–	¥ (5,928)	¥ (7,170)

		Millions of U.S. Dollars			
		September 30, 2021			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year		
<b>Transactions listed on exchange:</b>					
Bond futures	Sold	\$ 2,211	\$ –	\$ 3	\$ 3
	Bought	500	–	(1)	(1)
Bond futures options	Sold	1,109	–	(3)	(2)
	Bought	763	–	1	0
<b>OTC transactions:</b>					
OTC bond options	Sold	886	–	(2)	0
	Bought	886	–	3	1
Bond forward contracts	Sold	18,302	–	(37)	(37)
	Bought	10,282	–	44	44
Total return swaps	Sold	–	–	–	–
	Bought	1,417	1,417	(1)	(1)
Total		–	–	\$ 6	\$ 6

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

## (5) Commodity-related derivatives

		Millions of Yen							
		September 30, 2021							
		Contract amount			Valuation gain (loss)				
		Total	Over one year	Fair value					
<b>OTC transactions:</b>									
Commodity options	Sold	¥	41	¥	–	¥	(5)	¥	(1)
	Bought		41		–		5		2
Total			–		–	¥	0	¥	0

		Millions of Yen							
		March 31, 2021							
		Contract amount			Valuation gain (loss)				
		Total	Over one year	Fair value					
<b>OTC transactions:</b>									
Commodity swaps	Receivable index volatility/ Payable floating rate	¥	16	¥	–	¥	(0)	¥	(0)
	Receivable floating rate/ Payable index volatility		16		–		0		0
Commodity options	Sold		225		38		(4)		42
	Bought		225		38		4		(27)
Total			–		–	¥	0	¥	15

		Millions of U.S. Dollars							
		September 30, 2021							
		Contract amount			Valuation gain (loss)				
		Total	Over one year	Fair value					
<b>OTC transactions:</b>									
Commodity options	Sold	\$	0	\$	–	\$	(0)	\$	(0)
	Bought		0		–		0		0
Total			–		–	\$	0	\$	0

## Notes:

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

## (6) Credit-related derivatives

		Millions of Yen			
		September 30, 2021			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
<b>OTC transactions:</b>					
Credit default options	Sold	¥ 865,385	¥ 781,434	¥ (16,035)	¥ (16,035)
	Bought	1,082,942	973,038	(8,960)	(8,960)
Total		–	–	¥ (24,995)	¥ (24,995)

		Millions of Yen			
		March 31, 2021			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
<b>OTC transactions:</b>					
Credit default options	Sold	¥ 1,479,005	¥ 1,377,589	¥ (17,362)	¥ (17,362)
	Bought	1,753,693	1,615,477	(12,772)	(12,772)
Total		–	–	¥ (30,135)	¥ (30,135)

		Millions of U.S. Dollars			
		September 30, 2021			
		Contract amount			
		Total	Over one year	Fair value	Valuation gain (loss)
<b>OTC transactions:</b>					
Credit default options	Sold	\$ 7,732	\$ 6,982	\$ (143)	\$ (143)
	Bought	9,676	8,694	(80)	(80)
Total		–	–	\$ (223)	\$ (223)

## Notes:

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

## (7) Other derivatives

		Millions of Yen			
		September 30, 2021			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year		
<b>OTC transactions:</b>					
Earthquake derivatives	Sold	¥ 18,000	¥ 11,000	¥ (367)	¥ 958
	Bought	18,319	11,000	684	(504)
Other	Sold	–	–	–	–
	Bought	5,285	5,285	–	–
Total		–	–	¥ 317	¥ 454

		Millions of Yen			
		March 31, 2021			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year		
<b>OTC transactions:</b>					
Earthquake derivatives	Sold	¥ 18,000	¥ 18,000	¥ (288)	¥ 681
	Bought	18,674	18,000	961	(242)
Other	Sold	–	–	–	–
	Bought	5,228	3,290	–	–
Total		–	–	¥ 672	¥ 438

		Millions of U.S. Dollars			
		September 30, 2021			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year		
<b>OTC transactions:</b>					
Earthquake derivatives	Sold	\$ 161	\$ 98	\$ (3)	\$ 9
	Bought	164	98	6	(5)
Other	Sold	–	–	–	–
	Bought	47	47	–	–
Total		–	–	\$ 3	\$ 4

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

## 24. REVENUE FROM CONTRACTS WITH CUSTOMERS

### *Disaggregation of contract revenue*

Six-month period ended September 30, 2021	Millions of Yen	Millions of U.S. Dollars
Fees and commissions income on:	¥ 430,644	\$ 3,848
Domestic and foreign exchange services	88,879	794
Deposit-taking services	27,888	249
Lending services (*1)	113,487	1,014
Securities-related services	44,013	393
Credit card-related services (*1)	23,629	211
Guarantee services (*2)	28,981	259
Other (*1)	103,763	927
Trust fees	5,847	52

(\*1) Includes revenue which is outside the scope of ASBJ Statement No. 29, "Accounting Standard for Revenue Recognition."

(\*2) Represents revenue which is outside the scope of ASBJ Statement No. 29, "Accounting Standard for Revenue Recognition."

(\*3) Fees and commissions income on foreign exchange services are generated primarily from Digital Service Business Unit, Retail & Commercial Banking Business Unit, Japanese Corporate & Investment Banking Business Unit, Global Commercial Banking Business Unit and Global Corporate & Investment Banking Business Unit; fees and commissions income on deposit-taking services are generated primarily from Digital Service Business Unit and Global Commercial Banking Business Unit; fees and commissions income on lending services are generated primarily from Digital Service Business Unit, Retail & Commercial Banking Business Unit, Japanese Corporate & Investment Banking Business Unit and Global Corporate & Investment Banking Business Unit; fees and commissions income on securities-related services are generated primarily from Retail & Commercial Banking Business Unit, Japanese Corporate & Investment Banking Business Unit and Global Corporate & Investment Banking Business Unit; fees and commissions income on credit card-related services are generated primarily from Digital Service Business Unit and Global Commercial Banking Business Unit; and fees and commissions income on trust fees are generated primarily from Global Commercial Banking Business Unit.

(\*4) Details of performance obligations for each kind of revenue and timing of revenue recognition are stated in "(16) Revenue Recognition" under "2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES" of "Notes to Semi-annual Consolidated Financial Statements (Unaudited)."

## 25. SEGMENT INFORMATION

Notes:

- (1) “Ordinary income (expenses)” and “Ordinary profit” are defined as follows:
- 1) “Ordinary profit” means “Ordinary income” less “Ordinary expenses.”
  - 2) “Ordinary income” means total income less certain special income included in “Other income” in the semi-annual consolidated statement of income.
  - 3) “Ordinary expenses” means total expenses less certain special expenses included in “Other expenses” in the semi-annual consolidated statement of income.
- (2) A reconciliation of the ordinary profit under the internal management reporting system for the six-month periods ended September 30, 2021 and 2020 to income before income taxes shown in the semi-annual consolidated statement of income was as follows:

Six-month periods ended September 30	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Ordinary profit	¥ 602,746	¥ 316,700	\$ 5,386
Gain on disposal of fixed assets	14,509	12,653	130
Gain on sales of stocks of subsidiaries	4,295	—	38
Gain on sales of stocks of affiliates	29,053	—	260
Gain on changes in equity	8,419	—	75
Loss on disposal of fixed assets	(3,388)	(3,474)	(30)
Impairment loss on fixed assets	(17,674)	(16,478)	(158)
Income before income taxes	¥ 637,961	¥ 309,400	\$ 5,700

For the six-month periods ended September 30, 2021 and 2020:

(1) Reportable segments

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

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

Digital Service Business Unit:	Providing financial services to domestic individual customers and corporate clients mainly involving non-face-to-face transactions, as well as spearheading the Bank’s across-the-board digital transformation
Retail & Commercial Banking Business Unit:	Providing financial services to Japanese individual and small to medium sized corporate customers
Japanese Corporate & Investment Banking Business Unit:	Providing financial services to major Japanese corporate customers
Global Commercial Banking Business Unit:	Providing financial services to individual and small to medium sized corporate customers of overseas commercial bank investees of the Group
Global Corporate & Investment Banking Business Unit:	Providing financial services to major non-Japanese corporations
Global Markets Business Unit:	Providing services relating to foreign currency exchange, funds and investment securities to customers, as well as conducting market transactions and managing liquidity and cash for the Group
Other units:	Other than the businesses mentioned above

(Changes in reportable segments)

MUFG, which is a parent company of the Bank, has been implementing structural reforms of business groups in the medium-term business plan, which was launched in the six-month period ended September 30, 2021, responding to changes in the business environment such as the digital transformation of society. Consequently, the Group also restructured its business units consisting of Retail & Commercial Banking Business Unit, Japanese Corporate & Investment Banking Business Unit, Global Commercial Banking Business Unit, Global Corporate & Investment Banking Business Unit, Global Markets Business Unit and Other units accordingly and reportable segments reflect the units after the structural reforms.

Segment information for the six-month period ended September 30, 2020 is restated based on the segmentation method after the change.

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

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

(3) Reportable segment information for the six-month periods ended September 30, 2021 and 2020

Millions of Yen										
Six-month period ended September 30, 2021	Digital Service	Retail & Commercial Banking	Japanese Corporate & Investment Banking	Global Commercial Banking	Global Corporate & Investment Banking	Customer business units subtotal	Global Markets	Other units	Total	
Gross operating income	¥ 147,054	¥ 160,148	¥ 206,273	¥ 376,815	¥ 217,941	¥ 1,108,232	¥ 179,968	¥ 30,420	¥ 1,318,621	
Non-consolidated	133,180	147,375	179,931	872	155,761	617,122	140,090	32,249	789,462	
Net interest income	110,036	76,362	95,431	872	73,121	355,823	74,187	49,675	479,687	
Net non-interest income	23,144	71,013	84,500	–	82,640	261,298	65,902	(17,425)	309,775	
Subsidiaries	13,873	12,772	26,341	375,942	62,180	491,109	39,878	(1,829)	529,158	
Expenses	141,179	153,960	123,126	267,241	130,370	815,878	52,008	20,651	888,538	
Net operating income	¥ 5,874	¥ 6,187	¥ 83,146	¥ 109,573	¥ 87,571	¥ 292,353	¥ 127,960	¥ 9,768	¥ 430,082	

Millions of Yen										
Six-month period ended September 30, 2020	Digital Service	Retail & Commercial Banking	Japanese Corporate & Investment Banking	Global Commercial Banking	Global Corporate & Investment Banking	Customer business units subtotal	Global Markets	Other units	Total	
Gross operating income	¥ 142,897	¥ 150,094	¥ 202,520	¥ 415,410	¥ 176,063	¥ 1,086,985	¥ 333,440	¥ 20,262	¥ 1,440,689	
Non-consolidated	128,703	138,416	177,344	491	120,412	565,368	298,361	22,358	886,087	
Net interest income	113,267	75,566	80,262	617	60,691	330,405	61,065	30,341	421,812	
Net non-interest income	15,435	62,849	97,082	(125)	59,721	234,963	237,295	(7,983)	464,274	
Subsidiaries	14,194	11,678	25,175	414,918	55,650	521,616	35,079	(2,095)	554,601	
Expenses	141,961	154,605	124,251	263,489	123,822	808,130	50,044	40,628	898,803	
Net operating income	¥ 935	¥ (4,510)	¥ 78,268	¥ 151,921	¥ 52,240	¥ 278,854	¥ 283,396	¥ (20,365)	¥ 541,885	

Millions of U.S. Dollars										
Six-month period ended September 30, 2021	Digital Service	Retail & Commercial Banking	Japanese Corporate & Investment Banking	Global Commercial Banking	Global Corporate & Investment Banking	Customer business units subtotal	Global Markets	Other units	Total	
Gross operating income	\$ 1,314	\$ 1,431	\$ 1,843	\$ 3,367	\$ 1,947	\$ 9,902	\$ 1,608	\$ 272	\$ 11,782	
Non-consolidated	1,190	1,317	1,608	8	1,392	5,514	1,252	288	7,054	
Net interest income	983	682	853	8	653	3,179	663	444	4,286	
Net non-interest income	207	634	755	–	738	2,335	589	(156)	2,768	
Subsidiaries	124	114	235	3,359	556	4,388	356	(16)	4,728	
Expenses	1,261	1,376	1,100	2,388	1,165	7,290	465	185	7,939	
Net operating income	\$ 52	\$ 55	\$ 743	\$ 979	\$ 782	\$ 2,612	\$ 1,143	\$ 87	\$ 3,843	

Notes:

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

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

Six-month periods ended September 30	Millions of Yen		Millions of U.S. Dollars
	2021	2020	2021
Net operating income per reportable segment information	¥ 430,082	¥ 541,885	\$ 3,843
Net business profit of subsidiaries excluded from the reportable segment information	11,044	14,504	99
Provision for allowance for credit losses	–	(86,514)	–
Credit-related expenses	(37,870)	(158,401)	(338)
Gain on reversal of allowance for credit losses	51,939	–	464
Gain on reversal of reserve for contingent losses (credit-related)	5,379	–	48
Gain on collection of bad debts	29,224	20,033	261
Gains on equity securities and other securities	105,137	24,392	939
Equity in earnings of the equity method investees	13,580	9,646	121
Amortization of net unrecognized actuarial gain or loss	10,983	(9,669)	98
Other	(16,756)	(39,178)	(150)
Ordinary profit under the internal management reporting system	<u>¥ 602,746</u>	<u>¥ 316,700</u>	<u>\$ 5,386</u>

Notes:

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

- (5) Other segment related information

1) Information by service

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

2) Information by geographic region

a) Ordinary income

Millions of Yen									
Six-month period ended September 30, 2021									
Japan	USA	North America (except for USA)	Latin America	Europe/Middle East	Thailand	Asia/Oceania (except for Thailand)	Total		
¥ 988,211	¥ 433,751	¥ 8,362	¥ 24,780	¥ 87,157	¥ 200,330	¥ 246,002	¥ 1,988,595		

  

Millions of Yen									
Six-month period ended September 30, 2020									
Japan	USA	North America (except for USA)	Latin America	Europe/Middle East	Thailand	Asia/Oceania (except for Thailand)	Total		
¥ 1,068,584	¥ 470,540	¥ 9,554	¥ 21,315	¥ 101,861	¥ 265,405	¥ 303,600	¥ 2,240,862		

  

Thousands of U.S. Dollars									
Six-month period ended September 30, 2021									
Japan	USA	North America (except for USA)	Latin America	Europe/Middle East	Thailand	Asia/Oceania (except for Thailand)	Total		
\$ 8,830	\$ 3,876	\$ 75	\$ 221	\$ 779	\$ 1,790	\$ 2,198	\$ 17,768		

Notes:

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



b) Tangible fixed assets

Millions of Yen							
As of September 30, 2021							
Japan	USA	North America (except for USA)	Latin America	Europe/Middle East	Asia/Oceania	Total	
¥ 755,401	¥ 91,147	¥ 164	¥ 391	¥ 3,456	¥ 129,272	¥ 979,833	

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

Millions of U.S. Dollars							
As of September 30, 2021							
Japan	USA	North America (except for USA)	Latin America	Europe/Middle East	Asia/Oceania	Total	
\$ 6,749	\$ 814	\$ 1	\$ 3	\$ 31	\$ 1,155	\$ 8,755	

3) Information by major customer

There was no applicable information to be reported for the six-month periods ended September 30, 2021 and 2020.

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

Impairment loss on fixed assets is not allocated to the reportable segments. The impairment loss was ¥17,674 million (\$158 million) and ¥16,478 million for the six-month periods ended September 30, 2021 and 2020, respectively.

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

Millions of Yen										
Six-month period ended September 30, 2021	Digital Service	Retail & Commercial Banking	Japanese Corporate & Investment Banking	Global Commercial Banking	Global Corporate & Investment Banking	Customer business units subtotal	Global Markets	Other units	Total	
Amortization	¥	– ¥	– ¥	– ¥	1,641 ¥	1,539 ¥	3,180 ¥	– ¥	– ¥	3,180
Unamortized balance		–	–	–	38,976	40,123	79,100	–	–	79,100

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

Millions of U.S. Dollars										
Six-month period ended September 30, 2021	Digital Service	Retail & Commercial Banking	Japanese Corporate & Investment Banking	Global Commercial Banking	Global Corporate & Investment Banking	Customer business units subtotal	Global Markets	Other units	Total	
Amortization	\$	– \$	– \$	– \$	15 \$	14 \$	28 \$	– \$	– \$	28
Unamortized balance		–	–	–	348	358	707	–	–	707

6) Information on gain on negative goodwill by reportable segment

There was no applicable information to be reported for the six-month periods ended September 30, 2021 and 2020.

## 26. SUBSEQUENT EVENTS

### Agreement for the Sale of MUFG Union Bank, and Transfer of Certain Businesses of MUFG Union Bank

On September 21, 2021, MUAH entered into a Share Purchase Agreement with U.S. Bancorp (“USB”) to sell all of the shares in MUFG Union Bank, N.A. (“MUB”) held by MUAH.

The MUB businesses that will be transferred to USB through the planned transfer of the MUB shares (“Share Transfer”) exclude the GCIB (Global Corporate & Investment Banking) business, the Global Markets business to the extent related to the GCIB business (transactions with clients and investors) that is currently run by MUB, and certain assets and liabilities, etc. that are part of shared middle and back office functions, etc. It was decided by a resolution of the Board of Directors of the Bank subsequent to the reporting period (ended September 30, 2021) that such businesses, and the customer assets and liabilities, etc. related to these businesses (including related transactions with such customers) will be transferred to the Bank’s U.S. branches, subsidiaries or affiliates prior to the Share Transfer for consideration to be paid in the form of cash.

#### (1) Business divestiture

##### 1) Outline of the business divestiture

###### a) Name of the acquiring entity

U.S. Bancorp

###### b) Description of the businesses to be divested

Retail and Commercial Banking businesses of MUB

###### c) Main objectives of the business divestiture

The Bank has viewed the U.S. regional banking business as an important business for the group’s strategy. At the same time, given MUB’s current business environment, including the need for increased technology investments as part of digital transformation, a certain scale is required to maintain and strengthen MUB’s competitiveness.

Under these circumstances, the Bank concluded that transferring MUB to USB, a major U.S. bank with a strong business foundation, is the most appropriate decision that is expected to lead to providing higher quality financial services to customers and communities and unlock MUB’s potential franchise value. From the perspective of the Bank’s optimization of management resources under the current medium-term business plan, the Bank determined that the sale of MUB and the shift of focus to corporate transactions in the United States are expected to maximize shareholder value through an increase in capital efficiency.

###### d) Date of the business divestiture

Expected to be effective in the first half of calendar year 2022

###### e) Legal form of the business divestiture

Transfer of shares for consideration to be paid in the form of cash and shares

##### 2) Name of the reporting segment in which the businesses to be divested are mainly included

Global Commercial Banking Business Group

#### (2) Transaction under common control

##### 1) Overview and objectives of the business transfer

The GCIB (Global Corporate & Investment Banking) business, the Global Markets business to the extent related to the GCIB business (transactions with clients and investors) that is currently run by MUB, and certain assets and liabilities, etc. that are part of shared middle and back office functions, etc., are expected to be transferred from MUB to the Bank’s U.S. branches, subsidiaries or affiliates prior to the Share Transfer.

The MUFG group will continue to view the U.S. market as a strategically important market after the Share Transfer and, through this transaction, aims to optimize management resources with a strategic focus on corporate transactions where the MUFG group believes it can leverage its strengths.

##### 2) Overview of the accounting treatment to be applied

The transaction will be treated as a transaction under common control in accordance with ASBJ Statement No. 21, “Accounting Standard for Business Combinations” (ASBJ, January 16, 2019) and ASBJ Guidance No. 10, “Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ, January 16, 2019).