

Semi-annual Securities Report

“Hanki Hokokusho”

(Excerpt)

for the six-month period ended September 30, 2022

MUFG Bank, Ltd.

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[Document Submitted]	Semi-annual Securities Report (“Hanki Hokokusho”)
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[Accounting Period]	During the 18th Fiscal Year (from April 1, 2022 to September 30, 2022)
[Company Name]	Kabushiki-Kaisha Mitsubishi UFJ Ginko
[Company Name in English]	MUFG Bank, Ltd.
[Position and Name of Representative]	Junichi Hanzawa, President & CEO
[Location of Head Office]	2-7-1, Marunouchi, Chiyoda-ku, Tokyo, Japan
[Phone No.]	03-3240-1111 (main)
[Contact for Communications]	Toshinao Endo, Managing Director, Head of Corporate Administration Division
[Nearest Contact]	2-7-1, Marunouchi, Chiyoda-ku, Tokyo, Japan
[Phone No.]	03-3240-1111 (main)
[Contact for Communications]	Toshinao Endo, Managing Director, Head of Corporate Administration Division
[Place Available for Public Inspection]	Available only at the Head Office

I. Overview of the Company

1. Key Financial Data and Trends

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

(Millions of yen, unless otherwise stated)

	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	Semi-annual Period of Fiscal 2022 From April 1, 2022 to September 30, 2022	Fiscal 2020 From April 1, 2020 to March 31, 2021	Fiscal 2021 From April 1, 2021 to March 31, 2022
Consolidated ordinary income	2,240,862	1,988,595	3,016,381	4,120,160	4,050,858
Consolidated ordinary profit	316,700	602,746	158,391	430,887	824,838
Semi-annual net income (loss) attributable to the shareholders of MUFG Bank	209,441	450,519	(43,859)	–	–
Net income attributable to the shareholders of MUFG Bank	–	–	–	307,761	503,001
Semi-annual consolidated comprehensive income	423,107	686,270	(322,871)	–	–
Consolidated comprehensive income	–	–	–	727,726	45,564
Consolidated total equity	12,425,304	13,161,537	11,583,233	12,571,975	12,242,901
Consolidated total assets	281,614,967	289,269,608	320,251,656	290,269,735	299,610,983
Total equity per share (yen)	973.28	1,030.21	898.21	984.24	954.38
Semi-annual net income (loss) per common share (yen)	16.95	36.47	(3.55)	–	–
Net income per common share (yen)	–	–	–	24.91	40.72
Diluted semi-annual net income per common share (yen)	16.95	36.47	–	–	–
Diluted net income per common share (yen)	–	–	–	24.91	40.72
Capital ratio (%)	4.26	4.39	3.46	4.18	3.93
Net cash provided by (used in) operating activities	23,514,410	1,952,656	(3,387,991)	33,234,771	2,115,348
Net cash used in investing activities	(8,773,321)	(1,325,045)	(3,911,939)	(9,680,070)	(533,106)
Net cash provided by (used in) financing activities	347,102	79,385	1,233,788	(126,285)	(178,550)
Cash and cash equivalents at end of semi-annual period	78,115,568	87,862,811	84,767,232	–	–
Cash and cash equivalents at end of period	–	–	–	86,975,271	89,394,022
Number of employees [Besides the above, average number of temporary employees]	107,583 [23,000]	104,191 [20,300]	102,060 [19,400]	106,023 [22,300]	102,767 [19,200]

- (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. Although residual securities exist, diluted semi-annual net income per common share for the semi-annual period of fiscal 2022 is not stated, as the Bank reported a semi-annual net loss per common share.
 3. Capital ratio is calculated by dividing (“total equity 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).”
 4. 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	16th Semi-annual Period	17th Semi-annual Period	18th Semi-annual Period	16th Term	17th Term
Period of account	September 2020	September 2021	September 2022	March 2021	March 2022
Ordinary income	1,457,575	1,284,130	2,177,024	2,635,402	2,557,193
Ordinary profit	263,812	425,340	626,708	202,247	407,057
Semi-annual net income	193,728	308,353	441,026	–	–
Net income	–	–	–	144,479	188,344
Capital stock	1,711,958	1,711,958	1,711,958	1,711,958	1,711,958
Total number of shares issued (thousands of shares)	Common stock 12,350,038 1st series Class 2 preferred stock 100,000 1st series Class 4 preferred stock 79,700 1st series Class 6 preferred stock 1,000 1st series Class 7 preferred stock 177,000	Common stock 12,350,038 1st series Class 2 preferred stock 100,000 1st series Class 4 preferred stock 79,700 1st series Class 6 preferred stock 1,000 1st series Class 7 preferred stock 177,000	Common stock 12,350,038 1st series Class 2 preferred stock 100,000 1st series Class 4 preferred stock 79,700 1st series Class 6 preferred stock 1,000 1st series Class 7 preferred stock 177,000	Common stock 12,350,038 1st series Class 2 preferred stock 100,000 1st series Class 4 preferred stock 79,700 1st series Class 6 preferred stock 1,000 1st series Class 7 preferred stock 177,000	Common stock 12,350,038 1st series Class 2 preferred stock 100,000 1st series Class 4 preferred stock 79,700 1st series Class 6 preferred stock 1,000 1st series Class 7 preferred stock 177,000
Total equity	10,105,647	10,185,556	7,900,901	9,897,602	8,890,653
Total assets	251,477,574	257,569,637	284,624,032	259,975,251	267,638,266
Balance of deposits	171,272,582	180,396,258	187,040,676	182,239,930	183,356,877
Balance of loans and bills discounted	88,346,810	85,251,601	97,491,075	88,447,036	90,421,234
Balance of securities	59,619,399	63,800,078	66,891,843	61,787,561	61,212,185
Dividends per share (yen)	Common stock 11.27	Common stock 12.18	Common stock 14.57	Common stock 18.44	Common stock 35.06
Capital ratio (%)	4.01	3.95	2.77	3.80	3.32
Number of employees [Besides the above, average number of temporary employees]	31,532 [10,007]	29,879 [9,473]	28,212 [8,667]	30,554 [9,973]	28,843 [9,280]

- (Notes)
1. National and local consumption taxes are accounted for using the tax-excluded method.
 2. Dividends per share for the 17th Term include special dividends of ¥10.21. Dividends per share for the 18th Semi-annual Period comprise special dividends.
 3. Capital ratio is calculated by dividing “total equity 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. (“MUFG”), the Group (MUFG Bank, Ltd. and its subsidiaries and affiliates) comprises the Bank, 116 consolidated subsidiaries, and 47 equity method investees, and is engaged in banking and other financial services (including leasing).

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

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

3. Information on Subsidiaries and Affiliates

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

(1) Excluded subsidiaries and affiliates

The Chukyo Bank, Limited, formerly the Bank’s equity-method applied affiliate, 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 company became an affiliate of the Bank during the current semi-annual period:

(Consolidated subsidiary)

Company name	Address	Ratio of voting rights holding (held) (%)
MUFG Trading, Ltd.	Chiyoda-ku, Tokyo	100

4. Employees

(1) Number of employees in consolidated companies

As of September 30, 2022

	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	2,600 [1,300]	17,123 [6,900]	4,088 [500]	52,606 [5,000]	2,575 [100]	1,118 [0]	21,950 [5,700]	102,060 [19,400]

- (Notes)
1. Number of employees includes locally hired overseas staff members, but excludes 3,047 contract employees and 19,300 temporary employees.
 2. Numbers within brackets indicate average number of temporary employees for 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 3,400 at the end of the current semi-annual period while 3,400 on average over the half year (both numbers are rounded to the nearest hundred).

(2) Employees of the Bank

As of September 30, 2022

	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	2,096 [1,028]	14,801 [6,398]	3,211 [454]	4 [1]	1,275 [50]	985 [17]	5,840 [717]	28,212 [8,667]

- (Notes)
1. Number of employees excludes employees loaned to other companies but includes employees loaned to the Bank, while it includes locally hired overseas staff members, but excludes 1,226 contract employees and 8,478 temporary employees.
 2. Number of employees excludes 107 Executive Officers (18 of whom serving as Directors concurrently).
 3. Number of temporary employees includes contractors. Number of contractors was 1,578 at the end of the current semi-annual period and 1,618 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 27,310.
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, 2022 filed in Japan on June 27, 2022. 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 Management Committee in October 2022 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
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 low interest rates in yen, an increase in net valuation losses on debt securities due to a rise in foreign currency (such as U.S. dollar) interest rates, and an increase in our funding costs.
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)	- External factors including health pandemics, natural disasters, conflicts, terrorism, geopolitical conflicts and economic sanctions arising from those events may result in disruptions 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"> - If our efforts to address climate change-related risks or to make appropriate disclosure are deemed insufficient, our corporate value may be impaired. - Our credit portfolio may be adversely affected by the negative impact of climate change on our borrowers and transaction counterparties.
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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 2022. These risk events include risk events of general applicability.

(7) Risks relating to the sale of MUFG Union Bank, N.A.

On September 21, 2021, the Bank agreed with U.S. Bancorp (USB) to sell all shares in MUFG Union Bank, N.A. (MUB), which is owned through MUFG Americas Holdings Corporation (MUAH), the Bank's U.S. subsidiary, and has entered into a Share Purchase Agreement.

Since all of the regulatory approvals necessary to complete the transfer of the MUB shares to USB (the Share Transfer) and related transactions contemplated by the Share Purchase Agreement have been obtained on or prior to October 19, 2022, the closing of the Share Transfer is expected to occur on December 1, 2022, subject to the satisfaction of the remaining conditions precedent. However, if there is any unexpected delay in satisfaction of these conditions precedent, the Share Transfer may not be completed as we currently expect.

The MUB businesses that the Bank will transfer to USB through the Share Transfer exclude the GCIB (Global Corporate & Investment Banking) business (with certain exceptions as agreed to by the parties, including certain deposits of the GCIB business that will be retained by MUB), the Global Markets business to the extent related to the GCIB business, which consist of transactions with clients and investors, 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 being transferred to the Bank and MUAH in phases prior to the Share Transfer. In addition, the Bank and USB plan to enter into a Transitional Service Agreement (TSA) and a Reverse Transitional Service Agreement (RTSA) with an aim for both companies to be able to collaborate to smoothly continue MUB's customer transactions by MUB and/or the Bank even after the Share Transfer and to provide even higher quality financial services. These planned business transfer and provision of services under the TSA and the RTSA are expected to require implementation of multiple complex measures in a short period of time and, especially with respect to systems, require, among other things, provision of assistance to USB in integrating certain systems and preparation for sharing certain systems with USB. These requirements are expected to impose various burdens on the Bank. Such burdens on the Bank may be greater than currently expected due to unanticipated future developments.

If the Share Transfer is not completed as planned by the Bank, including for any of the reasons described above, or if our actual costs and other requirements in connection with the Share Transfer exceed our current expectations, our business strategies, financial condition and results of operations may be adversely affected.

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

(1) Overview of Results of Operations, etc.

(Financial position and results of operations)

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

Assets increased by ¥20,640.6 billion compared to the end of the previous fiscal year to ¥320,251.6 billion. Major components were loans and bills discounted of ¥116,838.3 billion, cash and due from banks of ¥84,767.2 billion and securities of ¥69,673.1 billion.

Liabilities increased by ¥21,300.3 billion compared to the end of the previous fiscal year to ¥308,668.4 billion. Major components were deposits and negotiable certificates of deposit of ¥220,474.5 billion.

As for profits and losses, ordinary profit decreased by ¥444.3 billion compared to the same period of the previous fiscal year to ¥158.3 billion, and semi-annual net income attributable to the shareholders of MUFG Bank decreased by ¥494.3 billion compared to the same period of the previous fiscal year, and recorded a semi-annual net loss attributable to the shareholders of MUFG Bank of ¥43.8 billion.

Following the conclusion of the Share Purchase Agreement to transfer shares in MUFG Union Bank, N.A., of the aggregate of ¥631.8 billion of losses incurred in accordance with the FASB Accounting Standards Codification (“ASC”) 326, “Financial Instruments—Credit Losses,” and ASC 310, “Receivables,” the Bank recorded losses on fair value measurement of securities planned to be sold in an amount of ¥385.2 billion as non-recurring losses and losses on fair value measurement of loans to be sold in an amount of ¥232.5 billion as write-offs of loans.

Results by reportable segment are as follows:

1. Digital Service Business Unit

Net operating income was ¥25.8 billion, with an increase of ¥15.9 billion from the same period of the previous fiscal year.

2. Retail & Commercial Banking Business Unit

Net operating income was ¥30.7 billion, with an increase of ¥28.5 billion from the same period of the previous fiscal year.

3. Japanese Corporate & Investment Banking Business Unit

Net operating income was ¥161.0 billion, with an increase of ¥77.8 billion from the same period of the previous fiscal year.

4. Global Commercial Banking Business Unit

Net operating income was ¥142.3 billion, with an increase of ¥32.1 billion from the same period of the previous fiscal year.

5. Global Corporate & Investment Banking Business Unit

Net operating income was ¥178.8 billion, with an increase of ¥88.6 billion from the same period of the previous fiscal year.

6. Global Markets Business Unit

Net operating income was ¥148.5 billion, with an increase of ¥22.0 billion from the same period of the previous fiscal year.

7. Other units

Recorded a net operating loss of ¥24.5 billion, with a decrease of ¥32.5 billion from the same period of the previous fiscal year.

During the current semi-annual period, method to allocate revenue and expenses among business units has been changed and the calculation method of profit of reportable segments has been changed.

Segment information for the previous semi-annual period that was prepared in accordance with the calculation method after the change is provided in “(3) Reportable segment information for the six-month periods ended September 30, 2022 and 2021” in “26. SEGMENT INFORMATION” under “Notes to Semi-annual Consolidated Financial Statements (Unaudited) for the Six-Month Period Ended September 30, 2022.”

(Summary of cash flows)

With regard to cash flows, operating activities resulted in net cash outflow of ¥3,387.9 billion, with an increase of ¥5,340.6 billion in cash outflows from the same period of the previous fiscal year. Investing activities resulted in net cash outflow of ¥3,911.9 billion, with an increase of ¥2,586.8 billion in cash outflows from the same period of the previous fiscal year. Financing activities generated net cash of ¥1,233.7 billion, with an increase of ¥1,154.4 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 ¥84,767.2 billion, with a

decrease of ¥4,626.7 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, 2022 was 11.27%.

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 ¥1,635.1 billion, which represents an increase of ¥279.5 billion from the same period of the previous fiscal year. Of this, domestic operations posted an income of ¥669.7 billion, with an increase of ¥44.5 billion from the same period of the previous fiscal year, and overseas operations posted an income of ¥1,117.7 billion, with an increase of ¥283.0 billion from the same period of the previous fiscal year.

(Millions of yen)

Item	Semi-annual period	Domestic	Overseas	Amount of elimination	Total
		Amount	Amount	Amount	Amount
Net interest income	Previous semi-annual period	360,258	507,479	(22,704)	845,033
	Current semi-annual period	629,544	690,106	(43,356)	1,276,294
Of which, interest income	Previous semi-annual period	455,395	657,428	(32,423)	1,080,400
	Current semi-annual period	771,202	1,144,017	(71,318)	1,843,901
Of which, interest expenses	Previous semi-annual period	95,136	149,948	(9,718)	235,366
	Current semi-annual period	141,657	453,911	(27,962)	567,606
Net fees and commissions	Previous semi-annual period	180,035	243,254	(81,678)	341,612
	Current semi-annual period	177,982	323,913	(110,339)	391,557
Of which, fees and commissions income	Previous semi-annual period	254,616	278,104	(102,076)	430,644
	Current semi-annual period	250,228	370,077	(138,484)	481,821
Of which, fees and commissions expenses	Previous semi-annual period	74,580	34,849	(20,398)	89,032
	Current semi-annual period	72,245	46,163	(28,144)	90,264
Net trading income	Previous semi-annual period	9,901	30,181	1,524	41,607
	Current semi-annual period	5,450	58,165	5,689	69,305
Of which, trading income	Previous semi-annual period	10,535	74,949	(40,540)	44,944
	Current semi-annual period	8,588	154,011	(30,055)	132,544
Of which, trading expenses	Previous semi-annual period	633	44,768	(42,065)	3,336
	Current semi-annual period	3,137	95,845	(35,744)	63,238
Net other operating income	Previous semi-annual period	75,078	53,728	(1,456)	127,349
	Current semi-annual period	(143,203)	45,523	(4,284)	(101,964)
Of which, other operating income	Previous semi-annual period	114,172	100,700	(41,779)	173,092
	Current semi-annual period	171,316	262,853	(190,387)	243,782
Of which, other operating expenses	Previous semi-annual period	39,093	46,971	(40,322)	45,742
	Current semi-annual period	314,520	217,330	(186,103)	345,747

- (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 ¥3,093.8 billion compared to the same period of the previous fiscal year to ¥159,681.1 billion. Yield on interest-earning assets rose by 0.38 percentage points to 0.96% and the total interest income stood at ¥771.2 billion, with an increase of ¥315.8 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 ¥2,583.1 billion compared to the same period of the previous fiscal year to ¥198,530.7 billion. Yield on interest-bearing liabilities rose by 0.04 percentage points to 0.14% and total interest expenses stood at ¥141.6 billion, with an increase of ¥46.5 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	156,587,255	455,395	0.58
	Current semi-annual period	159,681,136	771,202	0.96
Of which, loans and bills discounted	Previous semi-annual period	65,996,662	246,517	0.74
	Current semi-annual period	66,926,197	302,812	0.90
Of which, securities	Previous semi-annual period	56,290,954	154,844	0.54
	Current semi-annual period	58,121,050	437,866	1.50
Of which, call loans and bills bought	Previous semi-annual period	57,479	22	0.07
	Current semi-annual period	1,099,068	1,480	0.26
Of which, receivables under resale agreements	Previous semi-annual period	25,580	(23)	(0.18)
	Current semi-annual period	1,175,971	4,599	0.78
Of which, receivables under securities borrowing transactions	Previous semi-annual period	–	–	–
	Current semi-annual period	–	–	–
Of which, due from banks	Previous semi-annual period	31,852,075	15,629	0.09
	Current semi-annual period	29,352,656	15,645	0.10
Interest-bearing liabilities	Previous semi-annual period	195,947,602	95,136	0.09
	Current semi-annual period	198,530,787	141,657	0.14
Of which, deposits	Previous semi-annual period	157,462,796	7,560	0.00
	Current semi-annual period	160,472,373	24,612	0.03
Of which, negotiable certificates of deposit	Previous semi-annual period	1,193,502	102	0.01
	Current semi-annual period	1,320,054	109	0.01
Of which, call money and bills sold	Previous semi-annual period	232,025	(44)	(0.03)
	Current semi-annual period	58,175	43	0.15
Of which, payables under repurchase agreements	Previous semi-annual period	6,030,627	5,175	0.17
	Current semi-annual period	11,259,639	49,781	0.88
Of which, payables under securities lending transactions	Previous semi-annual period	–	–	–
	Current semi-annual period	91	0	0.00
Of which, commercial paper	Previous semi-annual period	–	–	–
	Current semi-annual period	–	–	–
Of which, borrowed money	Previous semi-annual period	35,338,736	80,676	0.45
	Current semi-annual period	35,345,644	115,963	0.65

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

(ii) Overseas

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

The average balance of interest-earning assets in the current semi-annual period increased by ¥17,763.3 billion compared to the same period of the previous fiscal year to ¥86,536.2 billion. Yield on interest-earning assets rose by 0.73 percentage points to 2.63% and total interest income stood at ¥1,144.0 billion, with an increase of ¥486.5 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 ¥17,296.5 billion compared to the same period of the previous fiscal year to ¥87,009.5 billion. Yield on interest-bearing liabilities rose by 0.61 percentage points to 1.04% and total interest expenses stood at ¥453.9 billion, with an increase of ¥303.9 billion from the same period of the previous fiscal year.

(Millions of yen)

Item	Semi-annual period	Average balance	Interest	Yield
		Amount	Amount	(%)
Interest-earning assets	Previous semi-annual period	68,772,865	657,428	1.90
	Current semi-annual period	86,536,228	1,144,017	2.63
Of which, loans and bills discounted	Previous semi-annual period	38,540,949	463,112	2.39
	Current semi-annual period	50,436,417	765,389	3.02
Of which, securities	Previous semi-annual period	8,914,858	74,932	1.67
	Current semi-annual period	10,883,142	113,392	2.07
Of which, call loans and bills bought	Previous semi-annual period	580,939	2,337	0.80
	Current semi-annual period	643,878	4,830	1.49
Of which, receivables under resale agreements	Previous semi-annual period	3,216,651	9,822	0.60
	Current semi-annual period	3,317,759	19,592	1.17
Of which, receivables under securities borrowing transactions	Previous semi-annual period	629,834	1,157	0.36
	Current semi-annual period	911,881	2,459	0.53
Of which, due from banks	Previous semi-annual period	11,617,859	11,498	0.19
	Current semi-annual period	13,400,899	83,876	1.24
Interest-bearing liabilities	Previous semi-annual period	69,712,971	149,948	0.42
	Current semi-annual period	87,009,562	453,911	1.04
Of which, deposits	Previous semi-annual period	48,769,769	86,680	0.35
	Current semi-annual period	54,490,565	236,364	0.86
Of which, negotiable certificates of deposit	Previous semi-annual period	4,957,604	6,974	0.28
	Current semi-annual period	8,091,588	59,307	1.46
Of which, call money and bills sold	Previous semi-annual period	387,730	435	0.22
	Current semi-annual period	449,374	2,610	1.15
Of which, payables under repurchase agreements	Previous semi-annual period	3,310,699	3,247	0.19
	Current semi-annual period	3,772,375	11,953	0.63
Of which, payables under securities lending transactions	Previous semi-annual period	41,059	278	1.35
	Current semi-annual period	84,195	331	0.78
Of which, commercial paper	Previous semi-annual period	680,906	484	0.14
	Current semi-annual period	1,820,404	15,010	1.64
Of which, borrowed money	Previous semi-annual period	1,537,954	11,834	1.53
	Current semi-annual period	1,644,510	10,690	1.29

- (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	225,360,121	(6,419,549)	218,940,572	1,112,823	(32,423)	1,080,400	0.98
	Current semi-annual period	246,217,365	(7,260,352)	238,957,012	1,915,220	(71,318)	1,843,901	1.53
Of which, loans and bills discounted	Previous semi-annual period	104,537,612	(1,267,774)	103,269,837	709,630	(5,572)	704,057	1.35
	Current semi-annual period	117,362,614	(1,677,882)	115,684,732	1,068,202	(16,579)	1,051,623	1.81
Of which, securities	Previous semi-annual period	65,205,813	(3,183,718)	62,022,095	229,777	(22,985)	206,791	0.66
	Current semi-annual period	69,004,193	(3,407,905)	65,596,288	551,258	(44,161)	507,097	1.54
Of which, call loans and bills bought	Previous semi-annual period	638,419	(13,646)	624,773	2,360	(2)	2,358	0.75
	Current semi-annual period	1,742,946	(37,212)	1,705,734	6,310	(227)	6,083	0.71
Of which, receivables under resale agreements	Previous semi-annual period	3,242,232	(16,404)	3,225,828	9,799	16	9,816	0.60
	Current semi-annual period	4,493,731	–	4,493,731	24,191	–	24,191	1.07
Of which, receivables under securities borrowing transactions	Previous semi-annual period	629,834	–	629,834	1,157	–	1,157	0.36
	Current semi-annual period	911,881	–	911,881	2,459	–	2,459	0.53
Of which, due from banks	Previous semi-annual period	43,469,934	(1,295,188)	42,174,746	27,127	(1,376)	25,750	0.12
	Current semi-annual period	42,753,556	(1,628,080)	41,125,475	99,522	(5,446)	94,075	0.45
Interest-bearing liabilities	Previous semi-annual period	265,660,574	(3,261,246)	262,399,327	245,085	(9,718)	235,366	0.17
	Current semi-annual period	285,540,349	(3,884,237)	281,656,112	595,569	(27,962)	567,606	0.40
Of which, deposits	Previous semi-annual period	206,232,565	(1,103,122)	205,129,443	94,241	(966)	93,274	0.09
	Current semi-annual period	214,962,939	(1,444,607)	213,518,332	260,976	(4,312)	256,664	0.23
Of which, negotiable certificates of deposit	Previous semi-annual period	6,151,106	–	6,151,106	7,076	–	7,076	0.22
	Current semi-annual period	9,411,643	–	9,411,643	59,416	–	59,416	1.25
Of which, call money and bills sold	Previous semi-annual period	619,755	(120,343)	499,411	391	(156)	234	0.09
	Current semi-annual period	507,549	(70,389)	437,159	2,654	(255)	2,398	1.09
Of which, payables under repurchase agreements	Previous semi-annual period	9,341,327	(16,404)	9,324,922	8,422	13	8,436	0.18
	Current semi-annual period	15,032,015	–	15,032,015	61,734	–	61,734	0.81
Of which, payables under securities lending transactions	Previous semi-annual period	41,059	–	41,059	278	–	278	1.35
	Current semi-annual period	84,287	–	84,287	331	–	331	0.78
Of which, commercial paper	Previous semi-annual period	680,906	–	680,906	484	–	484	0.14
	Current semi-annual period	1,820,404	–	1,820,404	15,010	–	15,010	1.64
Of which, borrowed money	Previous semi-annual period	36,876,690	(680,931)	36,195,759	92,510	(5,924)	86,586	0.47
	Current semi-annual period	36,990,155	(924,697)	36,065,458	126,653	(17,806)	108,846	0.60

(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 ¥250.2 billion, with a decrease of ¥4.3 billion from the same period of the previous fiscal year, while fees and commissions expenses were ¥72.2 billion, with a decrease of ¥2.3 billion from the same period of the previous fiscal year, resulting in a net fees and commissions income of ¥177.9 billion, with a decrease of ¥2.0 billion from the same period of the previous fiscal year. Fees and commissions income of overseas offices for the current semi-annual period was ¥370.0 billion, with an increase of ¥91.9 billion from the same period of the previous fiscal year, while fees and commissions expenses were ¥46.1 billion, with an increase of ¥11.3 billion from the same period of the previous fiscal year, resulting in a net fees and commissions income of ¥323.9 billion, with an increase of ¥80.6 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 ¥391.5 billion, with an increase of ¥49.9 billion from the same period of the previous fiscal year.

(Millions of yen)

Item	Semi-annual period	Domestic	Overseas	Amount of elimination	Total
		Amount	Amount	Amount	Amount
Fees and commissions income	Previous semi-annual period	254,616	278,104	(102,076)	430,644
	Current semi-annual period	250,228	370,077	(138,484)	481,821
Of which, domestic and foreign exchange services	Previous semi-annual period	82,881	6,476	(478)	88,879
	Current semi-annual period	74,494	7,251	(520)	81,224
Of which, other commercial banking services	Previous semi-annual period	91,674	127,529	(1,263)	217,940
	Current semi-annual period	97,119	193,221	(2,109)	288,231
Of which, guarantee services	Previous semi-annual period	20,892	15,343	(7,253)	28,981
	Current semi-annual period	21,629	22,378	(8,172)	35,835
Of which, securities-related services	Previous semi-annual period	7,646	36,392	(25)	44,013
	Current semi-annual period	5,921	34,178	(16)	40,083
Fees and commissions expenses	Previous semi-annual period	74,580	34,849	(20,398)	89,032
	Current semi-annual period	72,245	46,163	(28,144)	90,264
Of which, domestic and foreign exchange services	Previous semi-annual period	16,065	6,419	(163)	22,321
	Current semi-annual period	10,443	6,763	(238)	16,968

- (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 ¥8.5 billion, with a decrease of ¥1.9 billion from the same period of the previous fiscal year. Trading expenses of domestic offices were ¥3.1 billion, an increase of ¥2.5 billion from the same period of the previous fiscal year. As a result, net trading income for the current semi-annual period was ¥5.4 billion, with a decrease of ¥4.4 billion from the same period of the previous fiscal year. Trading income of overseas offices for the current semi-annual period was ¥154.0 billion, with an increase of ¥79.0 billion from the same period of the previous fiscal year. Trading expenses of overseas offices were ¥95.8 billion, with an increase of ¥51.0 billion from the same period of the previous fiscal year. As a result, net trading income for the current semi-annual period was ¥58.1 billion, with an increase of ¥27.9 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 ¥69.3 billion, with an increase of ¥27.6 billion from the same period of the previous fiscal year.

(Millions of yen)

Item	Semi-annual period	Domestic	Overseas	Amount of elimination	Total
		Amount	Amount	Amount	Amount
Trading income	Previous semi-annual period	10,535	74,949	(40,540)	44,944
	Current semi-annual period	8,588	154,011	(30,055)	132,544
Of which, income from trading securities	Previous semi-annual period	364	28,725	(29,090)	–
	Current semi-annual period	–	26,475	(26,475)	–
Of which, income from securities related to trading transactions	Previous semi-annual period	–	5	(5)	–
	Current semi-annual period	3,995	(26)	(27)	3,940
Of which, income from trading-related financial derivatives	Previous semi-annual period	9,717	46,218	(11,443)	44,492
	Current semi-annual period	4,160	127,562	(3,546)	128,175
Of which, income from other trading transactions	Previous semi-annual period	453	–	(0)	452
	Current semi-annual period	432	0	(5)	428
Trading expenses	Previous semi-annual period	633	44,768	(42,065)	3,336
	Current semi-annual period	3,137	95,845	(35,744)	63,238
Of which, expenses on trading securities	Previous semi-annual period	–	29,303	(29,090)	212
	Current semi-annual period	3,137	86,576	(26,475)	63,238
Of which, expenses on securities related to trading transactions	Previous semi-annual period	633	2,495	(5)	3,124
	Current semi-annual period	–	27	(27)	–
Of which, expenses on trading-related financial derivatives	Previous semi-annual period	–	12,968	(12,968)	–
	Current semi-annual period	–	9,235	(9,235)	–
Of which, expenses on other trading transactions	Previous semi-annual period	–	0	(0)	–
	Current semi-annual period	–	5	(5)	–

- (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 office

• 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	155,714,664	47,122,095	(1,228,902)	201,607,857
	Current semi-annual period	158,281,774	53,768,088	(1,708,989)	210,340,872
Of which, liquid deposits	Previous semi-annual period	122,156,820	30,921,650	(573,836)	152,504,634
	Current semi-annual period	124,666,822	32,733,971	(643,486)	156,757,307
Of which, fixed-term deposits	Previous semi-annual period	25,047,739	16,150,363	(645,942)	40,552,160
	Current semi-annual period	24,389,618	20,949,970	(1,054,261)	44,285,327
Of which, other deposits	Previous semi-annual period	8,510,104	50,081	(9,123)	8,551,062
	Current semi-annual period	9,225,334	84,146	(11,242)	9,298,238
Negotiable certificates of deposit	Previous semi-annual period	1,238,277	5,308,708	–	6,546,985
	Current semi-annual period	1,516,659	8,617,033	–	10,133,692
Total	Previous semi-annual period	156,952,942	52,430,803	(1,228,902)	208,154,843
	Current semi-annual period	159,798,434	62,385,121	(1,708,989)	220,474,565

- (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)	63,028,279	100.00	65,540,329	100.00
Manufacturing	11,423,987	18.13	11,678,875	17.82
Construction	674,962	1.07	774,425	1.18
Wholesale and retail	6,638,277	10.53	6,774,190	10.33
Finance and insurance	7,229,250	11.47	7,988,991	12.19
Real estate, goods rental and leasing	11,177,151	17.73	11,781,501	17.98
Services	2,940,067	4.67	2,753,284	4.20
Other industries	22,944,584	36.40	23,789,060	36.30
Overseas and Japan offshore market account	38,069,868	100.00	51,298,003	100.00
Governments and public organizations	438,249	1.15	629,399	1.23
Financial institutions	9,625,544	25.28	13,728,828	26.76
Others	28,006,074	73.57	36,939,775	72.01
Total	101,098,148	—	116,838,333	—

(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, 2022
1. Consolidated Total Capital Ratio (4/7)	11.27
2. Consolidated Tier 1 Capital Ratio (5/7)	9.67
3. Consolidated Common Equity Tier 1 Capital Ratio (6/7)	8.49
4. Consolidated Total Capital	13,936.3
5. Consolidated Tier 1 Capital	11,956.6
6. Consolidated Common Equity Tier 1 Capital	10,496.1
7. Risk-weighted Assets	123,573.2
8. Consolidated Total Capital Requirements	9,885.8

Consolidated leverage ratio (under uniform international standards)

	(%)
	As of September 30, 2022
Consolidated leverage ratio	4.40

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

(Billions of yen, %)

	As of September 30, 2022
1. Non-consolidated Total Capital Ratio (4/7)	10.03
2. Non-consolidated Tier 1 Capital Ratio (5/7)	8.59
3. Non-consolidated Common Equity Tier 1 Capital Ratio (6/7)	7.27
4. Non-consolidated Total Capital	10,674.4
5. Non-consolidated Tier 1 Capital	9,134.2
6. Non-consolidated Common Equity Tier 1 Capital	7,738.1
7. Risk-weighted Assets	106,322.0
8. Non-consolidated Total Capital Requirements	8,505.7

Non-consolidated leverage ratio (under uniform international standards)

(%)

	As of September 30, 2022
Non-consolidated leverage ratio	3.93

(Assessment of asset quality)

(Reference information)

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

1. Claims against bankrupt or de facto bankrupt borrowers

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

2. Doubtful claims

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

3. Claims in need of special attention

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

4. Normal claims

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

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

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

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

Consolidated gross operating income for the current semi-annual period increased by ¥280.8 billion from the same period of the previous fiscal year, primarily due to an increase in net interest income as a result of an increase in foreign currency loan and deposits amid rising interest rates. Meanwhile, general and administrative expenses increased by ¥72.6 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 ¥656.8 billion, with an increase of ¥208.1 billion from the same period of the previous fiscal year.

Meanwhile, semi-annual net income (loss) attributable to the shareholders of MUFG Bank was a loss of ¥43.8 billion, with a decrease of ¥494.3 billion from the same period of the previous fiscal year, primarily due to recording of losses related to the accounting treatment associated with the decision on share transfer in MUFG Union Bank, N.A.

Upon the conclusion of a share purchase agreement to transfer shares in MUFG Union Bank, N.A., of the aggregate of ¥631.8 billion of losses incurred in accordance with the FASB Accounting Standards Codification ("ASC") 326, "Financial Instruments—Credit Losses," and ASC 310, "Receivables," the Bank recorded ¥385.2 billion of losses related to securities held for sale subject to valuation as net non-recurring gains (losses) and ¥232.5 billion of losses related to loans for sale subject to valuation as write-offs of loans.

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)	1,080.4	1,843.9	763.5
Interest expenses (after deduction of expenses related to money held in trust)	(2)	235.3	567.6	332.2
Trust fees	(3)	5.8	7.0	1.2
Of which, credit costs for trust accounts	(4)	–	–	–
Fees and commissions income	(5)	430.6	481.8	51.1
Fees and commissions expenses	(6)	89.0	90.2	1.2
Trading income	(7)	44.9	132.5	87.5
Trading expenses	(8)	3.3	63.2	59.9
Other operating income	(9)	173.0	243.7	70.6
Other operating expenses	(10)	45.7	345.7	300.0
Consolidated gross operating income (= (1) - (2) + (3) + (5) - (6) + (7) - (8) + (9) - (10))	(11)	1,361.4	1,642.2	280.8
General and administrative expenses (after deduction of non-recurring expenses)	(12)	912.7	985.3	72.6
Consolidated net business profit (loss) (before provision for general allowance for credit losses = (11) + (4) - (12))		448.7	656.8	208.1
Other ordinary expenses (Provision for general allowance for credit losses)	(13)	–	(42.9)	(42.9)
Consolidated net business profit (loss) (= (11) - (12) - (13))		448.7	699.7	251.0
Other ordinary income	(14)	253.6	309.4	55.7
Of which, reversal of allowance for credit losses		51.9	–	(51.9)
Of which, gains on collection of bad debts		29.2	34.2	5.0
Of which, gains on sales of equity securities and other securities		123.2	126.2	2.9
Interest expenses (expenses related to money held in trust)	(15)	0.0	0.0	(0.0)
General and administrative expenses (non-recurring expenses)	(16)	(5.5)	1.9	7.4
Other ordinary expenses (after deduction of provision for general allowance for credit losses)	(17)	105.1	848.8	743.7
Of which, credit costs		37.8	314.3	276.4
Of which, losses on sales of equity securities and other securities		13.9	14.5	0.5
Of which, losses on write-down of equity securities and other securities		4.1	54.1	49.9
Net non-recurring gains (losses) (= (14) - (15) - (16) - (17))		154.0	(541.4)	(695.4)
Ordinary profit		602.7	158.3	(444.3)
Net extraordinary gains (losses)		35.2	(32.7)	(67.9)
Of which, impairment loss		(17.6)	(4.1)	13.5
Income before income taxes		637.9	125.6	(512.2)
Total income taxes		166.3	186.8	20.5
Net income (loss) before attribution of noncontrolling interests		471.6	(61.2)	(532.8)
Net income (loss) attributable to noncontrolling interests		21.1	(17.3)	(38.4)
Net income (loss) attributable to the shareholders of MUFG Bank		450.5	(43.8)	(494.3)

1) Analysis of Results of Operations

(i) Total credit costs

Total credit costs for the current semi-annual period increased by ¥257.8 billion compared to the same period of the previous fiscal year to ¥209.1 billion, primarily due to an increase in credit costs as a result of an increase in write-offs of loans.

(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	27.9	22.5
Of other ordinary income, gains on collection of bad debts	(4)	29.2	34.2	5.0
Of other ordinary expenses, provision for general allowance for credit losses	(5)	–	(42.9)	(42.9)
Of other ordinary expenses, credit costs	(6)	37.8	314.3	276.4
Write-offs of loans		33.6	255.9	222.3
Provision for specific allowance for credit losses		–	59.8	59.8
Other credit costs		4.2	(1.4)	(5.6)
Total credit costs (= (1) - (2) - (3) - (4) + (5) + (6))		(48.6)	209.1	257.8
Consolidated net business profit (loss) (before credit costs for trust accounts and provision for general allowance for credit losses)		448.7	656.8	208.1
Consolidated net business profit (loss) (after deduction of total credit costs)		497.4	447.6	(49.7)

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

The Bank posted ¥57.5 billion gains on equity securities and other securities for the current semi-annual period, with a decrease of ¥47.5 billion from the same period of the previous fiscal year.

Gains on sales of equity securities and other securities increased by ¥2.9 billion compared to the same period of the previous fiscal year to ¥126.2 billion while losses on sales of equity securities and other securities increased by ¥0.5 billion compared to the same period of the previous fiscal year to ¥14.5 billion. Losses on write-down of equity securities and other securities increased by ¥49.9 billion compared to the same period of the previous fiscal year to ¥54.1 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		105.1	57.5	(47.5)
Of other ordinary income, gains on sales of equity securities and other securities		123.2	126.2	2.9
Of other ordinary expenses, losses on sales of equity securities and other securities		13.9	14.5	0.5
Of other ordinary expenses, losses on write-down of equity securities and other securities		4.1	54.1	49.9

2) Analysis of Financial Position

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 individual customers and corporate clients mainly involving non-face-to-face transactions, as well as driving Bank-wide digital transformation
Retail & Commercial Banking Business Unit	: Providing financial services to individual and corporate customers in Japan
Japanese Corporate & Investment Banking Business Unit	: Providing financial services to major Japanese corporate customers globally
Global Commercial Banking Business Unit	: Providing financial services to individual and small to medium-sized corporate customers by 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 related to foreign currency exchange, treasury management and investment securities to customers, as well as conducting market transactions and liquidity and cash management 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	141.1	173.2	294.9	447.3	335.6	1,392.3	208.6	13.0	1,614.0
Non-consolidated	126.6	160.7	251.0	27.2	247.2	812.8	155.5	(8.4)	959.9
Net interest income	107.6	85.9	152.2	27.3	114.2	487.5	285.2	48.0	820.8
Net non-interest income	18.9	74.7	98.8	(0.0)	132.9	325.3	(129.7)	(56.5)	139.0
Subsidiaries	14.5	12.5	43.8	420.1	88.4	579.4	53.1	21.5	654.1
Expenses	115.2	142.5	133.9	304.9	156.8	853.5	60.0	37.6	951.3
Net operating income (Note 1)	25.8	30.7	161.0	142.3	178.8	538.7	148.5	(24.5)	662.7

(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 income from the loans to Mitsubishi UFJ Financial Group, Inc.

(i) Digital Service Business Unit

Gross operating income fell below that of the same period of the previous fiscal year due to decreases in income from domestic settlement and net interest income from residential loans, despite an increase in fees from loans reflecting the recovery in demand of foreign exchange.

(ii) Retail & Commercial Banking Business Unit

Gross operating income exceeded that of the same period of the previous fiscal year due to increases in income from foreign exchange and derivatives that captured market fluctuations, as well as an increase in net interest income from foreign currency deposits accompanied by the U.S. interest rate hikes.

(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 foreign currency deposits accompanied by the U.S. interest rate hikes, an increase in net interest income from loans in Japan and overseas as a result of increased interest spreads on loans, as well as an increase in income from foreign exchange.

(iv) Global Commercial Banking Business Unit

Gross operating income exceeded that of the same period of the previous fiscal year mainly due to an increase in interest income as a result of the rising policy rates in the U.S., as well as a strong performance by Bank of Ayudhya in loans and others.

(v) Global Corporate & Investment Banking Business Unit

Gross operating income exceeded that of the same period of the previous fiscal year mainly due to increases in income from commissions and income from deposits, as well as increased interest spreads on loans.

(vi) Global Markets Business Unit

Gross operating income exceeded that of the same period of the previous fiscal year mainly due to an increase in non-recurring revenues that captured client business opportunities derived from market fluctuation.

4. Critical Contracts for Operation

(1) The Bank and MUFG reached a definitive agreement for the sale of MUB and will invest in shares of 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. All of the regulatory approvals necessary to complete the transfer of the MUB shares to USB (the Share Transfer) and related transactions contemplated by the Share Purchase Agreement have been obtained on or prior to October 19, 2022. Accordingly, the closing of the Share Transfer is expected to occur on December 1, 2022, subject to the satisfaction of the remaining conditions precedent.

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 are discussing 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 (with certain exceptions as agreed to by the parties, including certain deposits of the GCIB business that will be retained by MUB), the Global Markets business to the extent related to the GCIB business, which consist of transactions with clients and investors, 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 being transferred to the Bank and MUAH in phases 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 and MUAH).

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 September 30, 2022)
(vi) Date of incorporation	April 2, 1929

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 (with certain exceptions as agreed to by the parties, including certain deposits of the GCIB business that will be retained by MUB), Global Markets business to the extent related to GCIB business, which consist of 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 15.2 billion. This is composed of the consideration to be paid by USB for the Share Transfer and a dividend to be paid by MUB to MUAH prior to the completion of the Share Transfer, each as discussed further below.
- (b) The consideration to be paid by USB is equal to a premium of USD 1.75 billion plus the tangible book value of MUB at the time of the completion of the Share Transfer. The consideration will be paid in a combination of cash and USB's common stock, consisting of: (x) USD 5.5 billion in cash to be paid by USB at the closing of the Share Transfer, (y) 44,374,155 shares of USB's common stock to be issued by USB at the closing of the Share Transfer, and (z) approximately USD 3.5 billion in cash expected to be paid by USB within 5 years of the closing of the Share Transfer.*
- (c) A dividend of approximately USD 4.2 billion is expected to be paid by MUB to MUAH prior to the completion of the Share Transfer.

* The value of the consideration will depend on the tangible book value of MUB and the stock price of USB at the time of completion of the Share Transfer.

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, 2022)	Number of shares issued as of the date of submission (November 29, 2022)	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) 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, 2022	–	12,707,738	–	1,711,958	–	1,711,958

(3) Major shareholders

By number of shares held

As of September 30, 2022

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, 2022

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

(4) Voting rights
1) Issued shares

As of September 30, 2022

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, 2022

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

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

2. Directors and Corporate Auditors

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

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

Accountant's Conclusion

We have reviewed the semi-annual consolidated financial statements of MUFG Bank, Ltd. and its consolidated subsidiaries (the "Bank"), which comprise the semi-annual consolidated balance sheet as of September 30, 2022, 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, 2022, and its consolidated financial performance and its consolidated 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 21, 2022

Semi-annual Consolidated Financial Statements (Unaudited)

MUFG Bank, Ltd. and Subsidiaries

Semi-annual Consolidated Balance Sheet (Unaudited) as of September 30, 2022

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	September 30	March 31	September 30
	<u>2022</u>	<u>2022</u>	<u>2022</u>
ASSETS:			
Cash and due from banks (Notes 3, 4, and 13)	¥ 84,767,232	¥ 89,394,022	\$ 585,369
Call loans and bills bought	1,125,358	1,329,509	7,771
Receivables under resale agreements (Note 4)	4,341,712	3,251,233	29,982
Receivables under securities borrowing transactions (Note 4)	828,163	1,038,729	5,719
Monetary claims bought (Notes 4 and 23)	5,325,400	4,227,395	36,775
Trading assets (Notes 13 and 23)	8,903,653	6,155,300	61,485
Money held in trust (Notes 5 and 23)	51,695	54,104	357
Securities (Notes 4, 6, 8, 12, 13 and 23)	69,673,110	63,978,590	481,135
Loans and bills discounted (Notes 7, 8, 13, 14 and 23)	116,838,333	107,350,620	806,839
Foreign exchange (Notes 7 and 8)	2,239,161	2,099,851	15,463
Tangible fixed assets (Note 9)	957,942	939,142	6,615
Intangible fixed assets	790,051	730,207	5,456
Asset for retirement benefits	967,088	912,172	6,678
Deferred tax assets	340,478	119,720	2,351
Customers' liabilities for acceptances and guarantees (Note 12)	10,542,374	9,183,614	72,801
Other assets (Notes 8 and 13)	13,615,976	9,953,590	94,026
Allowance for credit losses	(1,056,078)	(1,106,823)	(7,293)
Total assets	¥ 320,251,656	¥ 299,610,983	\$ 2,211,530

MUFG Bank, Ltd. and Subsidiaries

Semi-annual Consolidated Balance Sheet (Unaudited) as of September 30, 2022

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	September 30	March 31	September 30
	<u>2022</u>	<u>2022</u>	<u>2022</u>
LIABILITIES:			
Deposits (Notes 13 and 23)	¥ 210,340,872	¥ 204,567,192	\$ 1,452,530
Negotiable certificates of deposit (Note 23)	10,133,692	7,952,786	69,979
Call money and bills sold (Note 13)	988,364	322,579	6,825
Payables under repurchase agreements (Note 13)	21,108,462	12,815,670	145,767
Payables under securities lending transactions (Note 13)	66,047	157,661	456
Commercial paper	2,170,858	1,322,774	14,991
Trading liabilities (Notes 13 and 23)	4,962,232	3,137,703	34,267
Borrowed money (Notes 11, 13 and 23)	32,280,908	36,933,650	222,919
Foreign exchange	2,359,843	2,192,354	16,296
Bonds payable (Notes 11, 13 and 23)	2,116,826	2,070,421	14,618
Reserve for employee bonuses	62,901	55,423	434
Reserve for bonuses to directors	2,587	1,059	18
Reserve for stocks payment	3,525	3,749	24
Liability for retirement benefits	85,340	77,067	589
Reserve for retirement benefits to directors	396	427	3
Reserve for loyalty award credits	12,637	11,406	87
Reserve for contingent losses	78,970	107,761	545
Deferred tax liabilities	14,463	195,502	100
Deferred tax liabilities for land revaluation (Note 10)	88,457	90,620	611
Acceptances and guarantees (Note 12)	10,542,374	9,183,614	72,801
Other liabilities (Note 13)	11,248,657	6,168,654	77,679
Total liabilities	¥ 308,668,423	¥ 287,368,082	\$ 2,131,541
EQUITY (Notes 16, 17 and 22):			
Capital stock			
Common stock:			
Authorized, 33,000,000 thousand shares; issued, 12,350,038 thousand shares as of September 30 and March 31, 2022, with no stated value	¥ 1,586,958	¥ 1,586,958	\$ 10,959
Preferred stock:			
Authorized, 1,157,700 thousand shares; issued, 357,700 thousand shares as of September 30 and March 31, 2022, with no stated value	125,000	125,000	863
Capital surplus	3,667,681	3,669,248	25,328
Retained earnings	4,751,880	5,127,252	32,815
Treasury stock—at cost 357,700 thousand shares as of September 30 and March 31, 2022	(645,700)	(645,700)	(4,459)
Total shareholders' equity	9,485,820	9,862,758	65,505
Accumulated other comprehensive income:			
Net unrealized gain on available-for-sale securities (Notes 4 and 6)	385,085	1,230,161	2,659
Net deferred gain on derivatives under hedge accounting	(481,574)	(115,487)	(3,326)
Land revaluation surplus (Note 10)	174,344	179,246	1,204
Foreign currency translation adjustments	1,375,048	454,804	9,496
Defined retirement benefit plans	154,241	175,242	1,065
Total accumulated other comprehensive income	1,607,144	1,923,967	11,098
Non-controlling interests	490,267	456,174	3,386
Total equity	11,583,233	12,242,901	79,989
Total liabilities and equity	¥ 320,251,656	¥ 299,610,983	\$ 2,211,530

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, 2022**

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	Six-Month Period Ended September 30		Six-Month Period Ended September 30
	<u>2022</u>	<u>2021</u>	<u>2022</u>
INCOME:			
Interest income:	¥ 1,843,075	¥ 1,080,400	\$ 12,728
Interest on loans and bills discounted	1,050,797	704,057	7,256
Interest and dividends on securities	507,097	206,791	3,502
Trust fees (Note 25)	7,082	5,847	49
Fees and commissions (Note 25)	481,821	430,644	3,327
Trading income	130,379	44,944	900
Other operating income	311,826	173,092	2,153
Other income (Note 19)	248,039	309,944	1,713
Total income	3,022,225	2,044,874	20,870
EXPENSES:			
Interest expenses:	567,609	235,370	3,920
Interest on deposits	256,664	93,274	1,772
Fees and commissions	90,264	89,032	623
Trading expenses	63,238	3,336	437
Other operating expenses (Note 20)	757,702	45,742	5,232
General and administrative expenses (Note 18)	987,326	907,187	6,818
Other expenses (Note 20)	430,414	126,242	2,972
Total expenses	2,896,555	1,406,913	20,002
Income before income taxes	125,669	637,961	868
Income taxes:			
Current	144,784	110,670	1,000
Deferred	42,097	55,651	291
Total income taxes	186,881	166,322	1,291
Net (loss) income before attribution of non-controlling interests	(61,212)	471,638	(423)
Net (loss) income attributable to non-controlling interests	(17,352)	21,119	(120)
Net (loss) income attributable to the shareholders of MUFG Bank	¥ (43,859)	¥ 450,519	\$ (303)
	Yen		U.S. Dollars
	Six-Month Period Ended September 30		Six-Month Period Ended September 30
	<u>2022</u>	<u>2021</u>	<u>2022</u>
Per share of common stock (Notes 17 and 22):			
Basic (loss) earnings per common share	¥ (3.55)	¥ 36.47	\$ (0.02)
Diluted earnings per common share	–	36.47	–
Cash dividends applicable to the reporting period per common share	–	12.18	–

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, 2022

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	Six-Month Period Ended September 30		Six-Month Period Ended September 30
	<u>2022</u>	<u>2021</u>	<u>2022</u>
Net (loss) income before attribution of non-controlling interests	¥ (61,212)	¥ 471,638	\$ (423)
Other comprehensive (loss) income:			
Net unrealized (loss) gain on available-for-sale securities	(841,494)	44,299	(5,811)
Net deferred loss on derivatives under hedge accounting	(366,793)	(12,013)	(2,533)
Foreign currency translation adjustments	948,433	184,930	6,549
Defined retirement benefit plans	(20,998)	(12,441)	(145)
Share of other comprehensive income in affiliates accounted for using the equity method	19,194	9,856	133
Total other comprehensive (loss) income	<u>(261,659)</u>	<u>214,631</u>	<u>(1,807)</u>
Comprehensive (loss) income	<u>¥ (322,871)</u>	<u>¥ 686,270</u>	<u>\$ (2,230)</u>
Total comprehensive (loss) income attributable to:			
The shareholders of MUFG Bank	¥ (355,779)	¥ 658,975	\$ (2,457)
Non-controlling interests	32,908	27,294	227

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, 2022

	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, 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	
BALANCE, APRIL 1, 2022	¥ 1,711,958	¥ 3,669,248	¥ 5,127,252	¥ (645,700)	¥ 9,862,758	¥ 1,230,161	¥ (115,487)	¥ 179,246	¥ 454,804	¥ 175,242	¥ 1,923,967	¥ 456,174	¥ 12,242,901	
Dividends paid	-	-	(336,415)	-	(336,415)	-	-	-	-	-	-	-	(336,415)	
Net loss attributable to the shareholders of MUFG Bank	-	-	(43,859)	-	(43,859)	-	-	-	-	-	-	-	(43,859)	
Reversal of land revaluation surplus	-	-	4,902	-	4,902	-	-	-	-	-	-	-	4,902	
Changes in equity of consolidated subsidiaries	-	(1,566)	-	-	(1,566)	-	-	-	-	-	-	-	(1,566)	
Other changes in the period	-	-	-	-	-	(845,076)	(366,087)	(4,902)	920,244	(21,000)	(316,822)	34,092	(282,729)	
BALANCE, SEPTEMBER 30, 2022	¥ 1,711,958	¥ 3,667,681	¥ 4,751,880	¥ (645,700)	¥ 9,485,820	¥ 385,085	¥ (481,574)	¥ 174,344	¥ 1,375,048	¥ 154,241	¥ 1,607,144	¥ 490,267	¥ 11,583,233	

MUFG Bank, Ltd. and Subsidiaries

Semi-annual Consolidated Statement of Changes in Equity (Unaudited)
For the Six-Month Period Ended September 30, 2022

	Millions of U.S. Dollars (Note 1)													Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Accumulated other comprehensive income							Non-controlling shareholders	
						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, 2022	\$ 11,822	\$ 25,338	\$ 35,407	\$ (4,459)	\$ 68,108	\$ 8,495	\$ (798)	\$ 1,238	\$ 3,141	\$ 1,210	\$ 13,286	\$ 3,150	\$ 84,545	
Dividends paid	-	-	(2,323)	-	(2,323)	-	-	-	-	-	-	-	(2,323)	
Net loss attributable to the shareholders of MUFG Bank	-	-	(303)	-	(303)	-	-	-	-	-	-	-	(303)	
Reversal of land revaluation surplus	-	-	34	-	34	-	-	-	-	-	-	-	34	
Changes in equity of consolidated subsidiaries	-	(11)	-	-	(11)	-	-	-	-	-	-	-	(11)	
Other changes in the period	-	-	-	-	-	(5,836)	(2,528)	(34)	6,355	(145)	(2,188)	235	(1,952)	
BALANCE, SEPTEMBER 30, 2022	\$ 11,822	\$ 25,328	\$ 32,815	\$ (4,459)	\$ 65,505	\$ 2,659	\$ (3,326)	\$ 1,204	\$ 9,496	\$ 1,065	\$ 11,098	\$ 3,386	\$ 79,989	

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, 2022

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	Six-Month Period Ended September 30		Six-Month Period Ended September 30
	<u>2022</u>	<u>2021</u>	<u>2022</u>
OPERATING ACTIVITIES:			
Income before income taxes	¥ 125,669	¥ 637,961	\$ 868
Adjustments for:			
Income taxes paid	(237,367)	(124,512)	(1,639)
Income taxes refunds	18,343	1,716	127
Depreciation and amortization	98,012	116,242	677
Impairment loss on fixed assets	4,149	17,674	29
Amortization of goodwill	3,749	3,180	26
Equity in earnings of the equity method investees	(23,118)	(13,580)	(160)
Decrease in allowance for credit losses	(106,869)	(125,146)	(738)
Increase (decrease) in reserve for employee bonuses	5,106	(11,873)	35
Increase (decrease) in reserve for bonuses to directors	1,405	(249)	10
Decrease in reserve for stocks payment	(224)	(1,393)	(2)
Increase in asset for retirement benefits	(26,122)	(27,649)	(180)
Increase in liability for retirement benefits	588	2,969	4
Decrease in reserve for retirement benefits to directors	(31)	(81)	(0)
Decrease in reserve for loyalty award credits	(18)	(6)	(0)
Decrease in reserve for contingent losses	(32,465)	(401)	(224)
Interest income (accrual basis)	(1,843,075)	(1,080,400)	(12,728)
Interest expenses (accrual basis)	567,609	235,370	3,920
Losses (gains) on securities	633,983	(210,772)	4,378
Losses on money held in trust	4,913	897	34
Foreign exchange gains	(2,125,088)	(18,840)	(14,675)
Gains on disposition of fixed assets	(1,413)	(11,120)	(10)
(Increase) decrease in trading assets	(2,518,100)	323,626	(17,389)
Increase (decrease) in trading liabilities	1,725,829	(648,943)	11,918
Adjustment of unsettled trading accounts	221,900	352,583	1,532
Net (increase) decrease in loans and bills discounted	(6,794,138)	3,475,752	(46,918)
Net increase (decrease) in deposits	2,328,660	(1,874,441)	16,081
Net increase in negotiable certificates of deposit	2,130,968	317,586	14,716
Net decrease in borrowed money (excluding subordinated borrowings)	(7,330,266)	(1,717,436)	(50,620)
Net (increase) decrease in call loans, bills bought and receivables under resale agreements	(1,488,105)	714,164	(10,276)
Net decrease in receivables under securities borrowing transactions	406,174	40,918	2,805
Net increase in call money, bills sold and payables under repurchase agreements	8,386,363	499,393	57,913
Net increase (decrease) in commercial paper	847,911	(207,551)	5,855
Net decrease in payables under securities lending transactions	(108,443)	(21,556)	(749)
Net (increase) decrease in foreign exchange assets	(96,296)	38,682	(665)
Net increase (decrease) in foreign exchange liabilities	177,301	(201,544)	1,224
Net increase (decrease) in straight bonds due to issuance and redemption	3,920	(139,623)	27
Interest and dividends received (cash basis)	1,802,785	1,115,243	12,449
Interest paid (cash basis)	(463,871)	(243,811)	(3,203)
Other-net	311,677	739,630	2,152
Total adjustments	(3,513,660)	1,314,695	(24,264)
Net cash (used in) provided by operating activities	¥ (3,387,991)	¥ 1,952,656	\$ (23,396)

MUFG Bank, Ltd. and Subsidiaries

**Semi-annual Consolidated Statement of Cash Flows (Unaudited)
For the Six-Month Period Ended September 30, 2022**

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	Six-Month Period Ended September 30		Six-Month Period Ended September 30
	<u>2022</u>	<u>2021</u>	<u>2022</u>
INVESTING ACTIVITIES:			
Purchases of securities	¥ (44,594,786)	¥ (45,288,463)	\$ (307,954)
Proceeds from sales of securities	24,503,118	34,156,560	169,209
Proceeds from redemption of securities	16,268,508	9,888,902	112,344
Payments for increase in money held in trust	(77,919)	(8,980)	(538)
Proceeds from decrease in money held in trust	75,732	8,980	523
Purchases of tangible fixed assets	(25,342)	(34,211)	(175)
Purchases of intangible fixed assets	(72,712)	(87,556)	(502)
Proceeds from sales of tangible fixed assets	12,719	30,743	88
Proceeds from sales of intangible fixed assets	12	374	0
Proceeds from business transfers	—	6,081	—
Proceeds from sales of stocks of subsidiaries affecting the scope of consolidation	—	2,814	—
Other-net	(1,269)	(291)	(9)
Net cash used in investing activities	<u>(3,911,939)</u>	<u>(1,325,045)</u>	<u>(27,014)</u>
FINANCING ACTIVITIES:			
Proceeds from subordinated borrowings	2,299,206	790,132	15,877
Repayments of subordinated borrowings	(666,341)	(568,780)	(4,601)
Proceeds from issuance of subordinated bonds and bonds with subscription rights to shares	1,926	1,055	13
Payments for redemption of subordinated bonds and bonds with subscription rights to shares	(60,128)	(54,187)	(415)
Proceeds from issuance of common stock to non-controlling interests	1,305	3,386	9
Cash dividends paid	(336,415)	(88,549)	(2,323)
Cash dividends paid to non-controlling interests	(5,390)	(3,628)	(37)
Payments for purchases of stocks of subsidiaries not affecting the scope of consolidation	(373)	(43)	(3)
Net cash provided by financing activities	<u>1,233,788</u>	<u>79,385</u>	<u>8,520</u>
Effect of foreign exchange rate changes on cash and cash equivalents	<u>1,441,277</u>	<u>180,573</u>	<u>9,953</u>
Net (decrease) increase in cash and cash equivalents	(4,624,864)	887,570	(31,937)
Cash and cash equivalents, beginning of period	<u>89,394,022</u>	<u>86,975,271</u>	<u>617,319</u>
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	<u>(1,925)</u>	<u>—</u>	<u>(13)</u>
Decrease in cash and cash equivalents due to absorption-type split	<u>—</u>	<u>(30)</u>	<u>—</u>
Cash and cash equivalents, end of period (Note 3)	<u>¥ 84,767,232</u>	<u>¥ 87,862,811</u>	<u>\$ 585,369</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, 2022

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, 2022 and the semi-annual consolidated financial statements for the six-month period ended September 30, 2021 (except for balance sheet related items) to conform to the classifications used in the semi-annual consolidated financial statements as of September 30, 2022 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 ¥144.81 to U.S. \$1, the approximate rate of exchange as of September 30, 2022. 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 116 subsidiaries as of September 30, 2022.

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 47 affiliates were accounted for using the equity method as of September 30, 2022.

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, 2022 were as follows:

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

A change in the subsidiaries in the six-month period ended September 30, 2022 was as follows:
MUFG Trading, Ltd. was newly included in the scope of consolidation as it was newly established in the six-month period ended September 30, 2022.

- b) There were no unconsolidated subsidiaries as of September 30, 2022.

- c) The company that was not regarded as a subsidiary, although the majority of voting rights (right to execute business) was owned by the Bank as of September 30, 2022 was as follows:
HISHOH Biopharma Co., Ltd. was not regarded as a subsidiary since the Bank’s consolidated subsidiaries in the venture capital business held its shares for the purpose of incubating their investees or earning capital gains through business revitalization, and not for the purpose of controlling the entity.
- 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, 2022.

2) Application of the equity method

- a) There were no unconsolidated subsidiaries accounted for using the equity method as of September 30, 2022.
- b) Major affiliates accounted for using the equity method as of September 30, 2022 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, 2022 were as follows:

Mars Growth Capital Pre-Unicorn Fund, LP 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, 2022. In addition, The Chukyo Bank, Ltd. was excluded from the scope of the equity method due to sales of equities in the six-month period ended September 30, 2022.

- c) There were no unconsolidated subsidiaries not accounted for using the equity method as of September 30, 2022.
- d) There were no affiliates not accounted for using the equity method as of September 30, 2022.
- e) The following companies as of September 30, 2022 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:

Kamui Pharma Co., Ltd.
HuLA Immune Inc.
GEXVal Inc.
DT Axis Inc.
Reborna Biosciences, Inc.
Feliqs Corporation
Alchemedicine, Inc.

3) The six-month period end dates of subsidiaries

- a) The six-month period end dates of subsidiaries as of September 30, 2022 were as follows:

	Number of subsidiaries
April 30	1
June 30	78
September 30	37

- 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, 2022.

(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, revised on March 29, 2017). 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 ¥219,897 million (\$1,519 million) and ¥222,003 million as of September 30, 2022 and March 31, 2022, 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 the FASB Accounting Standards Codification (“ASC”) 326, “Financial Instruments—Credit Losses” 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 variables, 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 variables 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.

No allowance for credit losses was recorded for the loans reclassified as loans held for sale in connection with the execution of the Share Purchase Agreement pursuant to which all of the shares of MUFG Union Bank, N.A. (“MUB”) held by MUFG Americas Holdings Corporation (“MUAH”) was sold to U.S. Bancorp (“USB”) because these loans were measured at fair value in accordance with ASC Topic 310, “Receivables.” Please refer to “27.SUBSEQUENT EVENTS.”

(Estimated impact of the COVID-19 pandemic and the Russia-Ukraine situation relating to allowance for credit losses)

The process of calculating allowance for credit losses in our principal consolidated domestic banking subsidiaries involves various estimates such as determination of borrower credit ratings that are based on evaluation and classification of borrowers’ 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 borrowers 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 uncertain business environment caused by such factors as the prolonged COVID-19 pandemic and Russia-Ukraine situation has had a significant impact on the financial position and operating results of certain borrowers. Determination of internal credit ratings for these borrowers may be highly dependent on our 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 Group 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. The Group makes such adjustments based on future loss projections and other factors to loss rates calculated based on historical loss experience when and to the extent such adjustments are necessary, by taking into account the rate of increase in the credit loss rate or the default probability in a more recent period, additional expected losses and other factors, especially in light of the prolonged COVID-19 pandemic and the Russia-Ukraine situation. The amount of impact of these adjustments was ¥67,098 million (\$463 million) as of September 30, 2022 (¥77,572 million as of March 31, 2022).

In addition, certain overseas subsidiaries that apply U.S. GAAP have adopted ASC 326, “Financial Instruments—Credit Losses,” and provide for allowance for credit losses by estimating credit losses currently expected over the remaining term of the relevant assets. Expected credit losses are calculated using a quantitative model that reflects economic forecast scenarios based on macroeconomic variables. The calculation process includes determination of macroeconomic variables used in multiple 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 our calculation of allowance for credit losses, including those described above, are subject to uncertainty. In particular, on estimation of borrowers’ future performance and business sustainability, and adjustments to the loss rate calculated based on historical experience for future loss projections and other factors, as well as macroeconomic variables in multiple economic forecast scenarios and the weightings applied to each economic forecast scenario, by certain subsidiaries that apply U.S. GAAP, are based on estimation relating to the economic environment with respect to which objective data are not readily available.

The outlook relating to the COVID-19 pandemic and the Russia-Ukraine situation, which are expected to further impact our borrowers' operating environment and the economic environment, remains subject to significant uncertainties. Accordingly, the Group makes certain assumptions, including that, although the impact of the COVID-19 pandemic will continue, restrictions on economic activity will be eased mainly in developed countries, resulting in gradual decrease in the economic impact, and that the uncertainty in the business environment caused by the Russia-Ukraine situation will remain. The recorded allowance for credit losses represents the best estimation made in a manner designed to ensure objectivity and rationality.

For the six-month period ended September 30, 2022, such assumptions remained substantially unchanged because the observable changes subsequent to the end of the previous fiscal year in the factors and circumstances underlying the outlook relating to the COVID-19 pandemic and the Russia-Ukraine situation were not sufficiently significant. However, these assumptions are highly uncertain and, as the Group continues to monitor risks, including the risk of an economic downturn, which may fluctuate due to, for example, prolongation of high global inflation and acceleration of monetary tightening, provision for credit losses may be recognized for the fiscal year ending March 31, 2023 and subsequent reporting periods due to such and other developments affecting the financial performance of borrowers or 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” (March 17, 2022) 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 the Group Tax Sharing System

The Bank and some of its domestic consolidated subsidiaries apply the group tax sharing system in which Mitsubishi UFJ Financial Group is the tax sharing parent company.

(22) Per Share Information

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

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

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

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

(23) Changes in Accounting Policies

(Changes in Accounting Policies Due to the Revisions of Accounting Standards, etc.)

(Implementation Guidance on Accounting Standard for Fair Value Measurement)

The “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021; the “Implementation Guidance on Fair Value Measurement”), has been applied from the beginning of the six-month period ended September 30, 2022. In accordance with the transitional treatment set forth in Paragraph 27-2 of the Implementation Guidance on Fair Value Measurement, the Bank has applied new accounting policies based on the Implementation Guidance on Fair Value Measurement prospectively. There is no impact on our semi-annual consolidated financial statements as of the end of and for the six-month period ended September 30, 2022 due to the application of this Guidance.

In accordance with transitional measures set forth in Paragraph 27-3 of the Implementation Guidance on Fair Value Measurement, the note regarding quantitative information about investment trusts under matters concerning fair value, etc. of financial instruments and breakdown by input level in “23. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES” below does not include information for the fiscal year ended March 31, 2022.

(24) Additional Information

(Transition from the Consolidated Taxation System to the Group Tax Sharing System)

The Bank and some of its domestic consolidated subsidiaries have shifted from the consolidated taxation system to the group tax sharing system from the beginning of the six-month period ended September 30, 2022. Accordingly, the accounting treatment and disclosure of corporate tax, local corporation tax, and tax-effect accounting are applied and made in accordance with the “Practical Solution on the Accounting and Disclosure under the Group Tax Sharing System” (ASBJ PITF No. 42, August 12, 2021, the “Practical Issues Report No. 42”). Based on Paragraph 32 (1) of Practical Issues Report No. 42, the Bank has concluded that there is no impact from the changes in its accounting policies resulting from the application of Practical Issues Report No. 42.

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, 2022 and 2021.

4. SECURITIES

Securities as of September 30, 2022 and March 31, 2022 include equity securities in affiliates of ¥355,793 million (\$2,457 million) and ¥350,566 million, respectively, and capital subscriptions to entities such as limited liability companies of ¥35,643 million (\$246 million) and ¥27,329 million, respectively. These amounts include investments in jointly controlled entities in an amount of ¥8,369 million (\$58 million) and ¥4,893 million as of September 30, 2022 and March 31, 2022, respectively.

Securities loaned under unsecured or secured securities lending transactions, which are included in “Securities” and “Monetary claims bought,” amounted to ¥74,416 million (\$514 million) and ¥100,040 million as of September 30, 2022 and March 31, 2022, respectively.

For securities borrowed and purchased under resale agreements where the secured parties are permitted to sell or re-pledge the securities without restrictions, ¥4,138,529 million (\$28,579 million) and ¥7,205,125 million of such securities were re-pledged as of September 30, 2022 and March 31, 2022, respectively.

The remaining ¥8,145,713 million (\$56,251 million) and ¥4,799,813 million of these securities were held without disposition as of September 30, 2022 and March 31, 2022, 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, 2022				
	Carrying amount	Fair value	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Japanese government bonds	¥ 7,225,308	¥ 7,219,508	¥ (5,800)	¥ 12,002	¥ (17,802)
Municipal bonds	569,920	566,693	(3,226)	–	(3,226)
Corporate bonds	137,492	137,156	(336)	–	(336)
Foreign bonds	2,808,590	2,657,216	(151,373)	637	(152,011)
Other	518,657	514,261	(4,396)	747	(5,144)
Total	¥ 11,259,969	¥ 11,094,835	¥ (165,133)	¥ 13,387	¥ (178,521)

	Millions of Yen				
	March 31, 2022				
	Carrying amount	Fair value	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Japanese government bonds	¥ 1,748,029	¥ 1,758,197	¥ 10,167	¥ 13,689	¥ (3,521)
Municipal bonds	175,071	173,960	(1,111)	4	(1,115)
Corporate bonds	60,283	60,173	(110)	1	(111)
Foreign bonds	234,652	225,923	(8,728)	49	(8,777)
Other	518,016	521,137	3,121	4,428	(1,306)
Total	¥ 2,736,051	¥ 2,739,391	¥ 3,339	¥ 18,172	¥ (14,833)

	Millions of U.S. Dollars				
	September 30, 2022				
	Carrying amount	Fair value	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Japanese government bonds	\$ 49,895	\$ 49,855	\$ (40)	\$ 83	\$ (123)
Municipal bonds	3,936	3,913	(22)	–	(22)
Corporate bonds	949	947	(2)	–	(2)
Foreign bonds	19,395	18,350	(1,045)	4	(1,050)
Other	3,582	3,551	(30)	5	(36)
Total	\$ 77,757	\$ 76,616	\$ (1,140)	\$ 92	\$ (1,233)

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

Millions of Yen					
September 30, 2022					
	Carrying amount	Acquisition cost	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Domestic equity securities	¥ 3,541,011	¥ 1,430,113	¥ 2,110,898	¥ 2,142,613	¥ (31,715)
Domestic bonds	35,096,503	35,211,188	(114,684)	36,637	(151,321)
Japanese government bonds	27,889,747	27,976,594	(86,846)	20,770	(107,617)
Municipal bonds	3,739,837	3,758,480	(18,643)	3,315	(21,958)
Corporate bonds	3,466,918	3,476,113	(9,194)	12,551	(21,746)
Foreign equity securities	196,219	170,628	25,590	30,108	(4,517)
Foreign bonds	14,190,906	15,456,820	(1,265,914)	6,775	(1,272,689)
Other	6,430,923	6,443,015	(12,091)	149,220	(161,311)
Total	¥ 59,455,564	¥ 58,711,765	¥ 743,798	¥ 2,365,354	¥ (1,621,555)

Millions of Yen					
March 31, 2022					
	Carrying amount	Acquisition cost	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Domestic equity securities	¥ 3,864,742	¥ 1,476,431	¥ 2,388,310	¥ 2,426,193	¥ (37,883)
Domestic bonds	37,559,473	37,601,627	(42,153)	85,178	(127,331)
Japanese government bonds	29,992,064	30,031,469	(39,405)	62,264	(101,669)
Municipal bonds	3,947,956	3,954,544	(6,587)	6,662	(13,250)
Corporate bonds	3,619,453	3,615,613	3,840	16,251	(12,411)
Foreign equity securities	218,466	191,048	27,417	49,262	(21,844)
Foreign bonds	15,460,807	16,099,542	(638,735)	45,862	(684,598)
Other	4,961,930	4,830,306	131,623	199,489	(67,865)
Total	¥ 62,065,420	¥ 60,198,957	¥ 1,866,463	¥ 2,805,985	¥ (939,522)

Millions of U.S. Dollars					
September 30, 2022					
	Carrying amount	Acquisition cost	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Domestic equity securities	\$ 24,453	\$ 9,876	\$ 14,577	\$ 14,796	\$ (219)
Domestic bonds	242,362	243,154	(792)	253	(1,045)
Japanese government bonds	192,595	193,195	(600)	143	(743)
Municipal bonds	25,826	25,955	(129)	23	(152)
Corporate bonds	23,941	24,005	(63)	87	(150)
Foreign equity securities	1,355	1,178	177	208	(31)
Foreign bonds	97,997	106,739	(8,742)	47	(8,789)
Other	44,409	44,493	(83)	1,030	(1,114)
Total	\$ 410,576	\$ 405,440	\$ 5,136	\$ 16,334	\$ (11,198)

Notes:

- Gains of ¥151,695 million (\$1,048 million) and ¥177,610 million included in “Net unrealized gain (loss)” for the six-month period ended September 30, 2022 and for the fiscal year ended March 31, 2022, respectively, were recognized in profit or loss by applying the fair value hedge accounting.
- Following conclusion of the share transfer agreement on MUB shares, unrealized loss was recognized on the securities whose carrying amount was measured at the fair value as of September 30, 2022 pursuant to ASC 326 “Financial Instruments—Credit Losses.” The acquisition cost is based on the amount after considering losses and the acquisition cost and unrealized loss as of September 30, 2022 do not include ¥385,215 million (\$2,660 million) of such losses.

3. 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, 2022 and for the fiscal year ended March 31, 2022 were ¥46,193 million (\$319 million), consisting of ¥2,471 million (\$17 million) on domestic equity securities and ¥43,721 million (\$302 million) of others, and ¥4,969 million, consisting of ¥4,944 million on domestic equity securities and ¥24 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:

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

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

5. MONEY HELD IN TRUST

There was no “Money held in trust” classified as held-to-maturity as of September 30, 2022 and March 31, 2022.

“Money held in trust” classified as other than trading and held-to-maturity as of September 30, 2022 and March 31, 2022 was as follows:

	Millions of Yen				
	September 30, 2022				
	Carrying amount	Acquisition cost	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Money held in trust classified as other than trading and held-to-maturity	¥ 4,737	¥ 4,737	¥ –	¥ –	¥ –
	Millions of Yen				
	March 31, 2022				
	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	¥ 2,226	¥ 2,226	¥ –	¥ –	¥ –
	Millions of U.S. Dollars				
	September 30, 2022				
	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	\$ 33	\$ 33	\$ –	\$ –	\$ –

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

Net unrealized gain on available-for-sale securities as of September 30, 2022 and March 31, 2022 was as follows:

	Millions of Yen		Millions of U.S. Dollars
	September 30, 2022	March 31, 2022	September 30, 2022
Unrealized gain:	¥ 604,173	¥ 1,709,202	\$ 4,172
Available-for-sale securities	604,173	1,709,202	4,172
Deferred tax liabilities	(206,530)	(470,056)	(1,426)
Net unrealized gain on available-for-sale securities before adjustments by ownership share	397,642	1,239,146	2,746
Non-controlling interests	(2,739)	(5,993)	(19)
Bank's ownership share in unrealized gain on available-for-sale securities held by affiliates accounted for using the equity method	(9,818)	(2,991)	(68)
Net unrealized gain on available-for-sale securities	<u>¥ 385,085</u>	<u>¥ 1,230,161</u>	<u>\$ 2,659</u>

Notes:

1. Unrealized gains as of September 30, 2022 and March 31, 2022 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 ¥151,695 million (\$1,048 million) and ¥177,610 million, respectively, as described in Note 4 (2).
2. Unrealized gain in the table above includes ¥12,069 million (\$83 million) and ¥20,350 million of net unrealized gain on available-for-sale securities invested in limited partnerships as of September 30, 2022 and March 31, 2022, respectively.
3. Following conclusion of the share transfer agreement on MUB shares, unrealized loss was recognized on the securities whose carrying amount was measured at the fair value as of September 30, 2022 pursuant to ASC 326 "Financial Instruments—Credit Losses." Unrealized gain as of September 30, 2022 does not include ¥385,215 million (\$2,660 million) of such losses.

7. BILLS DISCOUNTED AND FOREIGN EXCHANGES

Bills discounted and bills rediscounted are accounted for as financial transactions in accordance with JICPA Industry Committee Practical Guidelines No. 24.

With respect to banker's acceptances, commercial bills, documentary bills and foreign exchanges bought which were accepted through bills discounted, the Bank is permitted to sell or re-pledge without restrictions. The face value of such bills discounted as of September 30, 2022 and March 31, 2022 amounted to ¥1,083,703 million (\$7,484 million) and ¥1,166,976 million, respectively. Furthermore, the face value of foreign exchanges bought delivered by rediscounted bills out of the above amount as of September 30, 2022 and March 31, 2022 amounted to ¥9,338 million (\$64 million) and ¥8,552 million, respectively.

8. NON-PERFORMING LOANS

Loans to be disclosed under the Banking Act and the Financial Reconstruction Act (the "FRA") were as follows. Disclosed loans include corporate bonds included in Securities (to the extent that such bonds were issued through private placements as stipulated in Article 2, Paragraph 3 of the Financial Instruments and Exchange Act and that the principal of and interest on such bonds are partly or fully guaranteed by the Bank), Loans and bills discounted, Foreign exchanges, accrued interest and suspense payments included in Other assets, and Customers' liabilities for acceptances and guarantees, each as included in the semi-annual consolidated balance sheet, and securities loaned (to the extent borrowers have the right to sell or pledge such securities) as included in the notes.

"Loans and bills discounted" as of September 30, 2022 and March 31, 2022 included the following:

	Millions of Yen		Millions of U.S. Dollars
	September 30, 2022	March 31, 2022	September 30, 2022
Bankrupt or De facto Bankrupt	¥ 243,757	¥ 245,042	\$ 1,683
Doubtful	678,599	692,173	4,686
Special Attention	375,885	359,056	2,596
Accruing loans contractually past due 3 months or more	13,703	6,487	95
Restructured loans	362,182	352,569	2,501
Subtotal	1,298,242	1,296,272	8,965
Normal	128,976,982	117,851,169	890,664
Total	<u>¥ 130,275,225</u>	<u>¥ 119,147,441</u>	<u>\$ 899,629</u>

Bankrupt or De facto Bankrupt represents loans to borrowers that are bankrupt or in substantially similar condition due to reasons including a petition being filed to commence bankruptcy, reorganization or rehabilitation proceedings.

Doubtful represents loans to borrowers that are not yet in a state of bankruptcy but that are in deteriorated financial condition, with deteriorated operating results, and with a high likelihood of loan principal and interest not being collected or received in accordance with contractual terms, other than loans included in the Bankrupt or De facto Bankrupt category.

Accruing loans contractually past due 3 months or more represent loans with respect to which principal repayments or interest payments have been past due for 3 months or more, other than loans included in the Bankrupt or De facto Bankrupt category or the Doubtful category.

Restructured loans represent loans that have been modified with concessionary terms, including interest rate reductions, deferral of interest payments, deferral of principal repayments, waivers of loan claims and other renegotiated terms, that are favorable to borrowers, for the purpose of assisting such borrowers in improving their financial condition, other than loans included in the Bankrupt or De facto Bankrupt category, the Doubtful category or the Accruing loans contractually past due 3 months or more category.

Normal represents loans with no particular issues identified in terms of the financial condition and results of operations of borrowers and thus not included in the Bankrupt or De facto Bankrupt category, the Doubtful category, the Accruing loans contractually past due 3 months or more category or the Restructured loan category.

The amounts provided in the table above represent gross amounts before deduction of allowance for credit losses.

9. TANGIBLE FIXED ASSETS

The accumulated depreciation of “Tangible fixed assets” as of September 30, 2022 and March 31, 2022 amounted to ¥932,813 million (\$6,442 million) and ¥904,493 million, respectively.

10. 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.

11. BORROWED MONEY AND BONDS PAYABLE

“Borrowed money” and “Bonds payable” included the following subordinated borrowings or subordinated bonds as of September 30, 2022 and March 31, 2022:

	Millions of Yen		Millions of
	September 30, 2022	March 31, 2022	U.S. Dollars September 30, 2022
Subordinated borrowings included in “Borrowed money”	¥ 11,317,768	¥ 8,707,450	\$ 78,156
Subordinated bonds included in “Bonds payable”	463,102	494,708	3,198

12. 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” is shown as a contra account, representing the Bank’s right to receive indemnity from the applicants.

Guarantee obligations for private placement bonds included in “Securities” (provided in accordance with the Article 2-3 of the “Financial Instruments and Exchange Act”) as of September 30, 2022 and March 31, 2022 were ¥299,500 million (\$2,068 million) and ¥259,497 million, respectively.

13. ASSETS PLEDGED AS COLLATERAL

Assets pledged as collateral and their relevant liabilities as of September 30, 2022 and March 31, 2022 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	September 30, 2022	March 31, 2022	September 30, 2022
Assets pledged as collateral:			
Cash and due from banks	¥ 4,043	¥ 3,410	\$ 28
Securities	7,471,397	16,621,197	51,594
Loans and bills discounted	13,267,648	11,021,496	91,621
Other assets	1,675	5,118	12
Total	¥ 20,744,764	¥ 27,651,222	\$ 143,255
Relevant liabilities to above assets:			
Deposits	¥ 569,153	¥ 563,799	\$ 3,930
Call money and bills sold	–	5,702	–
Trading liabilities	214	15,713	1
Borrowed money	19,976,974	27,230,290	137,953
Bonds payable	27,521	29,626	190
Other liabilities	34	93	0
Total	¥ 20,573,898	¥ 27,845,226	\$ 142,075

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, 2022	March 31, 2022	September 30, 2022
Assets pledged as collateral:			
Cash and due from banks	¥ –	¥ 14	\$ –
Trading assets	1,309,059	531,854	9,040
Securities	14,545,728	13,035,967	100,447
Loans and bills discounted	4,272,059	4,420,416	29,501
Total	¥ 20,126,847	¥ 17,988,253	\$ 138,988

Furthermore, “Trading assets” and “Securities” sold under repurchase agreements or loaned under securities lending with cash collateral were ¥1,333,572 million (\$9,209 million) and ¥14,618,117 million (\$100,947 million), respectively, as of September 30, 2022 and ¥1,082,616 million and ¥5,888,592 million, respectively, as of March 31, 2022.

“Payables under repurchase agreements” relevant to above assets were ¥17,744,210 million (\$122,534 million) and ¥8,958,286 million as of September 30, 2022 and March 31, 2022, respectively.

“Payables under securities lending transactions” relevant to above assets were ¥66,047 million (\$456 million) and ¥157,661 million as of September 30, 2022 and March 31, 2022, respectively.

“Securities” pledged by GC Repos under the Subsequent Collateral JGB Allocation Method were ¥1,682,703 million (\$11,620 million) and ¥695,798 million as of September 30, 2022 and March 31, 2022, respectively.

“Non-recourse debts” of a consolidated special purpose company corresponding to borrowed money were ¥2,100 million (\$15 million) and ¥2,100 million as of September 30, 2022 and March 31, 2022, respectively. Relevant assets to above non-recourse debt corresponding to loans and bills discounted were ¥20,000 million (\$138 million) and ¥20,000 million as of September 30, 2022 and March 31, 2022, respectively. These amounts include a portion of the amounts stated under “Assets pledged as collateral” in the above table.

14. 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 ¥91,091,865 million (\$629,044 million) and ¥85,411,838 million as of September 30, 2022 and March 31, 2022, 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 initiation of the request for additional collateral and/or guarantees.

15. 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.

16. 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.

17. 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, 2022 and 2021 were as follows:

	Number of shares in thousands			
	April 1, 2022	Increase	Decrease	September 30, 2022
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, 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

There was no issuance of stock acquisition rights and treasury stock acquisition rights during the six-month periods ended September 30, 2022 and 2021.

The Bank paid the following cash dividends during the six-month periods ended September 30, 2022 and 2021:

For the six-month period ended September 30, 2022:

Cash dividends approved at the Board of Directors' meeting held on May 16, 2022:	Total amount (Millions of Yen)	Per share amount (Yen)	Dividend record date	Effective date
Common stock	¥ 156,474	¥ 12.67	Mar. 31, 2022	May 17, 2022
Cash dividends approved at the Board of Directors' meeting held on May 16, 2022:	Total amount (Millions of U.S. Dollars)	Per share amount (U.S. Dollar)	Dividend record date	Effective date
Common stock	\$ 1,081	\$ 0.09	Mar. 31, 2022	May 17, 2022

Cash dividends approved at the Board of Directors' meeting held on July 29, 2022:	Total amount (Millions of Yen)	Per share amount (Yen)	Dividend record date	Effective date
Common stock	¥ 179,940	¥ 14.57	–	August 1, 2022

Cash dividends approved at the Board of Directors' meeting held on July 29, 2022:	Total amount (Millions of U.S. Dollars)	Per share amount (U.S. Dollar)	Dividend record date	Effective date
Common stock	\$ 1,243	\$ 0.10	–	August 1, 2022

There were no cash dividends whose dividend record date belongs to the six-month period ended September 30, 2022, but whose effective date is subsequent to September 30, 2022:

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

Subject to approval at the Board of Directors' meeting, the Bank paid the following cash dividends on November 16, 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

18. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the six-month periods ended September 30, 2022 and 2021 included the following items:

Six-month period ended September 30	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Personnel expenses	¥ 468,379	¥ 437,321	\$ 3,234
Depreciation and amortization	98,012	116,242	677

19. OTHER INCOME

Other income for the six-month periods ended September 30, 2022 and 2021 was as follows:

Six-month period ended September 30	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Gain on disposal of fixed assets	¥ 5,843	¥ 14,509	\$ 40
Gain on sales of stocks of subsidiaries	–	4,295	–
Gain on sales of stocks of affiliates	–	29,053	–
Gain on changes in equity	–	8,419	–
Gain on reversal of allowance for credit losses	–	51,939	–
Gain on collection of bad debts	34,276	29,224	237
Gains on sales of equity securities and other securities	126,250	123,294	872
Equity in earnings of the equity method investees	23,118	13,580	160
Gain on reversal of reserve for contingent losses	28,687	5,379	198
Other	29,862	30,247	206
Total	¥ 248,039	¥ 309,944	\$ 1,713

20. OTHER EXPENSES

Other expenses for the six-month periods ended September 30, 2022 and 2021 was as follows:

Six-month period ended September 30	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Loss on disposal of fixed assets	¥ 4,430	¥ 3,388	\$ 31
Impairment loss on fixed assets	4,149	17,674	29
Write-offs of loans	255,988	33,630	1,768
Loss on write-down of equity securities and other securities	54,143	4,187	374
Loss on sales of equity securities and other securities	14,523	13,968	100
Loss on sales of shares of affiliates	29,985	–	207
Outsourcing expenses of consolidated subsidiaries operating information services	13,545	14,901	94
Loss on forgiveness of loans and others	3,990	7,349	28
Provision of reserve for contingent losses	–	8,371	–
Other	49,658	22,769	343
Total	<u>¥ 430,414</u>	<u>¥ 126,242</u>	<u>\$ 2,972</u>

(Additional information)

Following conclusion of the share transfer agreement of MUB shares, MUAH recorded losses of ¥631,861 million (\$4,363 million) in accordance with ASC 326 “Financial Instruments—Credit Losses,” ASC 310 “Receivables,” etc. in the semi-annual period ended June 30, 2022. Among such losses, the Bank recorded losses on fair value measurement of securities planned to be sold in an amount of ¥385,215 million (\$2,660 million) under “Other operating expenses” and losses on fair value measurement of loans to be sold in an amount of ¥232,571 million (\$1,606 million) under “Other expenses.”

21. LEASES

Operating Leases

(1) Lessee

Future lease payments including interest payables under noncancelable operating leases as of September 30, 2022 and March 31, 2022 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	September 30, 2022	March 31, 2022	September 30, 2022
Due within one year	¥ 23,916	¥ 24,180	\$ 165
Due after one year	75,274	76,820	520
Total	<u>¥ 99,190</u>	<u>¥ 101,001</u>	<u>\$ 685</u>

*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, 2022 and March 31, 2022 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	September 30, 2022	March 31, 2022	September 30, 2022
Due within one year	¥ 2,582	¥ 1,958	\$ 18
Due after one year	37,149	12,658	257
Total	<u>¥ 39,732</u>	<u>¥ 14,617</u>	<u>\$ 274</u>

22. PER SHARE INFORMATION

Six-month period ended September 30	Yen		U.S. Dollars
	2022	2021	2022
Basic (loss) earnings per common share	¥ (3.55)	¥ 36.47	\$ (0.02)
Diluted earnings per common share	–	36.47	–

Note:

Diluted earnings per common share is omitted for the six-month period ended September 30, 2022, since basic loss per common share has been posted, although potential shares exist.

	Yen		U.S. Dollars
	September 30, 2022	March 31, 2022	September 30, 2022
Total equity per common share	¥ 898.21	¥ 954.38	\$ 6.20

Notes:

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

Six-month period ended September 30	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Net (loss) income attributable to the shareholders of the Bank	¥ (43,859)	¥ 450,519	\$ (303)
Net (loss) income attributable to the shareholders of the Bank related to common shares	(43,859)	450,519	(303)

Six-month period ended September 30	Number of shares in thousands	
	2022	2021
Average number of common shares during the period	12,350,038	12,350,038

Six-month period ended September 30	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Diluted earnings per common share			
Adjustment to net income attributable to the shareholders of the Bank	¥ –	¥ (9)	\$ –

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

	Millions of Yen		Millions of U.S. Dollars
	September 30, 2022	March 31, 2022	September 30, 2022
Total equity	¥ 11,583,233	¥ 12,242,901	\$ 79,989
Deductions from total equity:			
Non-controlling interests	490,267	456,174	3,386
Total	490,267	456,174	3,386
Total equity attributable to common shares	¥ 11,092,965	¥ 11,786,726	\$ 76,604

	Number of shares in thousands	
	September 30, 2022	March 31, 2022
Number of common shares used in computing total equity per common share at the end of the period	12,350,038	12,350,038

23. 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, 2022 and March 31, 2022 together with their difference and the fair value of financial instruments by level within the fair value hierarchy as of September 30, 2022 and March 31, 2022.

The following tables do not include investment trusts and equity securities with no quoted market price available for which transitional measures are applied in accordance with Paragraph 24-3 and Paragraph 24-9 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021; 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 24-16 of Guidance for Application of Fair Value Measurement (see (1)*2, (Note) 3, (Note) 4).

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

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

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

Level 3: Fair value determined based on significant unobservable inputs

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

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

	Millions of Yen			
	September 30, 2022			
	Carrying amount			
	Level 1	Level 2	Level 3	Total
Monetary claims bought (*1)	¥ –	¥ 644,022	¥ 278,994	¥ 923,017
Trading assets	425,600	4,595,097	54,589	5,075,287
Money held in trust (Trading purpose, other)	–	51,695	–	51,695
Securities (Available-for-sale securities)	36,445,378	21,025,025	504,441	57,974,844
<i>Of which:</i>				
<i>Domestic equity securities</i>	3,508,800	31,734	476	3,541,011
<i>Japanese government bonds</i>	27,304,727	585,019	–	27,889,747
<i>Municipal bonds</i>	–	3,739,837	–	3,739,837
<i>Corporate bonds</i>	–	3,463,357	3,561	3,466,918
<i>Foreign equity securities</i>	149,660	1,989	44,569	196,219
<i>Foreign bonds</i>	5,419,042	8,705,860	66,003	14,190,906
<i>Investment trusts (*2)</i>	58,719	4,397,150	1,864	4,457,733
<i>Other</i>	4,426	100,076	387,966	492,469
Total assets	36,870,978	26,315,840	838,025	64,024,845
Trading liabilities	309,705	135,649	–	445,355
Total liabilities	309,705	135,649	–	445,355
Derivatives (*3) (*4) (*5)	¥ 5,568	¥ (646,261)	¥ 139,651	¥ (501,041)
<i>Of which:</i>				
<i>Interest related instruments</i>	1,310	(933,220)	136,179	(795,731)
<i>Currency related instruments</i>	1,926	292,773	311	295,011
<i>Equity related instruments</i>	102	22,163	(675)	21,589
<i>Bond related instruments</i>	2,229	8,664	3,474	14,368
<i>Commodity related instruments</i>	–	–	–	–
<i>Credit derivative instruments</i>	–	(36,642)	–	(36,642)
<i>Other</i>	–	–	362	362

(*1) Monetary claims bought includes securitized products accounted for in the same manner as available-for-sale securities, which are ¥923,017 million.

(*2) Investment trusts, to which the transitional measures provided by Paragraph 24-3 and Paragraph 24-9 of the Guidance for Application of Fair Value Measurement are applied, are not included in the above table. Such investment trusts amount to ¥231,760 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 ¥(382,348) million.
- (*5) Derivatives to which hedge accounting is applied are primarily interest rate swaps 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 for which ASBJ PITF No. 40, “Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR” (March 17, 2022) is applied are subject to deferral hedge accounting.

	Millions of Yen			
	March 31, 2022			
	Carrying amount			
	Level 1	Level 2	Level 3	Total
Monetary claims bought (*1)	¥ –	¥ 651,709	¥ 32,121	¥ 683,831
Trading assets	362,881	3,001,911	46,277	3,411,070
Money held in trust (Trading purpose, other)	–	54,104	–	54,104
Securities (Available-for-sale securities)	40,436,424	16,696,483	452,350	57,585,257
<i>Of which:</i>				
<i>Domestic equity securities</i>	3,848,573	16,168	–	3,864,742
<i>Japanese government bonds</i>	29,583,836	408,227	–	29,992,064
<i>Municipal bonds</i>	–	3,947,956	–	3,947,956
<i>Corporate bonds</i>	–	3,616,933	2,519	3,619,453
<i>Foreign equity securities</i>	184,157	1,837	32,471	218,466
<i>Foreign bonds</i>	6,806,267	8,577,273	77,265	15,460,807
<i>Other (*2)</i>	13,589	128,085	340,092	481,768
Total assets	40,799,306	20,404,209	530,749	61,734,265
Trading liabilities	296,177	86,928	–	383,105
Total liabilities	296,177	86,928	–	383,105
Derivatives (*3) (*4) (*5)	¥ 7,633	¥ (192,058)	¥ 50,509	¥ (133,915)
<i>Of which:</i>				
<i>Interest related instruments</i>	327	(172,233)	44,633	(127,272)
<i>Currency related instruments</i>	(1,455)	38,045	3,734	40,324
<i>Equity related instruments</i>	2	(26,946)	(625)	(27,569)
<i>Bond related instruments</i>	8,759	(3,418)	2,770	8,111
<i>Commodity related instruments</i>	–	–	–	–
<i>Credit derivative instruments</i>	–	(27,506)	–	(27,506)
<i>Other</i>	–	–	(3)	(3)

- (*1) Monetary claims bought includes securitized products accounted for in the same manner as available-for-sale securities, which are ¥683,831 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 ¥3,485,631 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 ¥(348,478) million.
- (*5) Derivatives to which hedge accounting is applied are primarily interest rate swaps 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 for which ASBJ PITF No. 40, “Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR” (March 17, 2022) is applied are subject to deferral hedge accounting.

	Thousands of U.S. Dollars			
	September 30, 2022			
	Carrying amount			
	Level 1	Level 2	Level 3	Total
Monetary claims bought (*1)	\$ –	\$ 4,447	\$ 1,927	\$ 6,374
Trading assets	2,939	31,732	377	35,048
Money held in trust (Trading purpose, other)	–	357	–	357
Securities (Available-for-sale securities)	251,677	145,190	3,483	400,351
<i>Of which:</i>				
<i>Domestic equity securities</i>	24,230	219	3	24,453
<i>Japanese government bonds</i>	188,556	4,040	–	192,595
<i>Municipal bonds</i>	–	25,826	–	25,826
<i>Corporate bonds</i>	–	23,917	25	23,941
<i>Foreign equity securities</i>	1,033	14	308	1,355
<i>Foreign bonds</i>	37,422	60,119	456	97,997
<i>Investment trusts (*2)</i>	405	30,365	13	30,783
<i>Other</i>	31	691	2,679	3,401
Total assets	254,616	181,727	5,787	442,130
Trading liabilities	2,139	937	–	3,075
Total liabilities	2,139	937	–	3,075
Derivatives (*3) (*4) (*5)	\$ 38	\$ (4,463)	\$ 964	\$ (3,460)
<i>Of which:</i>				
<i>Interest related instruments</i>	9	(6,444)	940	(5,495)
<i>Currency related instruments</i>	13	2,022	2	2,037
<i>Equity related instruments</i>	1	153	(5)	149
<i>Bond related instruments</i>	15	60	24	99
<i>Commodity related instruments</i>	–	–	–	–
<i>Credit derivative instruments</i>	–	(253)	–	(253)
<i>Other</i>	–	–	2	2

(*1) Monetary claims bought includes securitized products accounted for in the same manner as available-for-sale securities, which are \$6,374 million.

(*2) Investment trusts, to which the transitional measures provided by Paragraph 24-3 and Paragraph 24-9 of the Guidance for Application of Fair Value Measurement are applied, are not included in the above table. Such investment trusts amount to \$1,600 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 \$(2,640) million.

(*5) Derivatives to which hedge accounting is applied are primarily interest rate swaps 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 for which ASBJ PITF No. 40, “Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR” (March 17, 2022) 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 sheet

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

Millions of Yen						
September 30, 2022						
	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
Monetary claims bought (*1)	¥ –	¥ –	¥ 4,397,986	¥ 4,397,986	¥ 4,402,382	¥ (4,396)
Securities (Held-to-maturity debt securities)	7,219,508	3,361,066	–	10,580,574	10,741,311	(160,737)
<i>Of which:</i>						
<i>Japanese government bonds</i>	7,219,508	–	–	7,219,508	7,225,308	(5,800)
<i>Municipal bonds</i>	–	566,693	–	566,693	569,920	(3,226)
<i>Corporate bonds</i>	–	137,156	–	137,156	137,492	(336)
<i>Foreign bonds</i>	–	2,657,216	–	2,657,216	2,808,590	(151,373)
<i>Other</i>	–	–	–	–	–	–
Loans and bills discounted (*2)	–	42	116,306,431	116,306,474	115,942,589	363,885
Total assets	7,219,508	3,361,108	120,704,417	131,285,034	131,086,283	198,751
Deposits	¥ –	¥210,419,271	¥ –	¥210,419,271	¥210,340,872	¥ 78,398
Negotiable certificates of deposit	–	10,144,295	–	10,144,295	10,133,692	10,602
Borrowed money	–	31,633,505	–	31,633,505	32,280,908	(647,403)
Bonds payable	–	2,125,493	–	2,125,493	2,116,826	8,666
Total liabilities	–	254,322,565	–	254,322,565	254,872,300	(549,735)

(*1) Monetary claims bought includes securitized products accounted for in the same manner as held-to-maturity debt securities, which are ¥518,657 million.

(*2) Loans and bills discounted are presented net of allowances for credit losses in the amount of ¥895,744 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, 2022						
	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
Monetary claims bought (*1)	¥ –	¥ –	¥ 3,546,685	¥ 3,546,685	¥ 3,543,563	¥ 3,121
Securities (Held-to-maturity debt securities)	1,758,197	460,056	–	2,218,253	2,218,035	217
<i>Of which:</i>						
<i>Japanese government bonds</i>	1,758,197	–	–	1,758,197	1,748,029	10,167
<i>Municipal bonds</i>	–	173,960	–	173,960	175,071	(1,111)
<i>Corporate bonds</i>	–	60,173	–	60,173	60,283	(110)
<i>Foreign bonds</i>	–	225,923	–	225,923	234,652	(8,728)
<i>Other</i>	–	–	–	–	–	–
Loans and bills discounted (*2)	–	192	106,674,217	106,674,409	106,412,584	261,825
Total assets	1,758,197	460,248	110,220,902	112,439,348	112,174,183	265,164
Deposits	¥ –	¥204,585,403	¥ –	¥204,585,403	¥204,567,192	¥ 18,211
Negotiable certificates of deposit	–	7,957,226	–	7,957,226	7,952,786	4,440
Borrowed money	–	36,786,791	–	36,786,791	36,933,650	(146,858)
Bonds payable	–	2,121,046	–	2,121,046	2,070,421	50,624
Total liabilities	–	251,450,468	–	251,450,468	251,524,050	(73,581)

(*1) Monetary claims bought includes securitized products accounted for in the same manner as held-to-maturity debt securities, which are ¥518,016 million.

(*2) Loans and bills discounted are presented net of allowances for credit losses in the amount of ¥938,036 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, 2022						
	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
Monetary claims bought (*1)	\$ –	\$ –	\$ 30,371	\$ 30,371	\$ 30,401	\$ (30)
Securities (Held-to-maturity debt securities)	49,855	23,210	–	73,065	74,175	(1,110)
<i>Of which:</i>						
<i>Japanese government bonds</i>	49,855	–	–	49,855	49,895	(40)
<i>Municipal bonds</i>	–	3,913	–	3,913	3,936	(22)
<i>Corporate bonds</i>	–	947	–	947	949	(2)
<i>Foreign bonds</i>	–	18,350	–	18,350	19,395	(1,045)
<i>Other</i>	–	–	–	–	–	–
Loans and bills discounted(*2)	–	0	803,166	803,166	800,653	2,513
Total assets	49,855	23,210	833,536	906,602	905,229	1,372
Deposits	\$ –	\$ 1,453,071	\$ –	\$ 1,453,071	\$ 1,452,530	\$ 541
Negotiable certificates of deposit	–	70,052	–	70,052	69,979	73
Borrowed money	–	218,448	–	218,448	222,919	(4,471)
Bonds payable	–	14,678	–	14,678	14,618	60
Total liabilities	–	1,756,250	–	1,756,250	1,760,046	(3,796)

(*1) Monetary claims bought includes securitized products accounted for in the same manner as held-to-maturity debt securities, which are \$3,582 million.

(*2) Loans and bills discounted are presented net of allowances for credit losses in the amount of \$6,186 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. Foreign equity securities with maturity, 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 investment trusts is determined based on the closing price on the stock exchange or the publicly available standard price and listed investment trusts and listed real estate investment trusts are principally classified into Level 1 and other investment trusts are principally classified into Level 2. The investment trusts whose standard price is deemed to be the fair value are not classified into any fair value hierarchy applying the transitional measures in accordance with Paragraph 24-3 and Paragraph 24-9 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 certain loans with variable interest rates, 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 rate 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, 2022

Category	Valuation technique	Significant unobservable inputs	Range of inputs	Weighted-average of inputs (*1)
Monetary claims bought				
Securitized products	Internal model (*2)	Correlations between underlying assets	3.0%	3.0%
		Liquidity premium	1.4%	1.4%
		Prepayment rate	18.0%	18.0%
		Probability of default	0.0%-99.0%	–
		Recovery rate	69.3%	69.3%
Securities				
Foreign equity securities	Present value technique	Liquidity premium	0.7%-1.7%	1.0%
Foreign bonds	Return on equity method	Probability of default	0.0%-2.2%	0.3%
		Recovery rate	35.0%-90.0%	83.0%
		Market-required return on capital	8.0%-10.0%	9.3%
Other	Present value technique	Liquidity premium	1.1%-3.2%	2.9%
Derivatives				
Interest related instruments	Option pricing models	Correlations between interest rates	45.3%-55.5%	–
		Correlations between interest rate and foreign exchange rate	16.3%-41.3%	–
		Option volatility	58.4%-73.7%	–

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

(*2) Details are stated in “Monetary claims bought” under (Note) 1. Explanation about valuation techniques and inputs used to measure fair value.

As of March 31, 2022

Category	Valuation technique	Significant unobservable inputs	Range of inputs	Weighted-average of inputs (*1)
Monetary claims bought				
Securitized products	Internal model (*2)	Correlations between underlying assets	3.0%	3.0%
		Liquidity premium	0.9%	0.9%
		Prepayment rate	29.0%	29.0%
		Probability of default	0.0%-85.3%	–
		Recovery rate	69.9%	69.9%
Securities				
Foreign equity securities	Present value technique	Liquidity premium	0.8%-1.7%	1.1%
Foreign bonds	Return on equity method	Probability of default	0.0%-8.0%	0.4%
		Recovery rate	35.0%-90.0%	78.5%
		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	39.9%-53.2%	–
		Correlations between interest rate and foreign exchange rate	15.3%-40.7%	–
		Option volatility	57.6%-80.6%	–

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

(*2) Details are stated in “Monetary claims bought” under (Note) 1. Explanation about valuation techniques and inputs used to measure fair value.

(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, 2022																
	March 31, 2022		Included in net comprehensive income (*1)		Changes due to other purchases, issues, sales and settlements		Transfers into fair value of Level 3 (*3)		Transfers out of fair value of Level 3 (*4)		September 30, 2022		Change in unrealized gains (losses) included in net income for financial assets and liabilities still held at September 30, 2022 (*1)			
Monetary claims bought	¥	32,121	¥	26,586	¥	(2,598)	¥	222,886	¥	–	¥	–	¥	278,994	¥	26,586
Trading assets		46,277		8,312		–		(0)		–		–		54,589		8,312
Securities		452,350		65,389		2,625		(22,051)		6,241		(113)		504,441		64,870
<i>Of which:</i>																
<i>Equity securities</i>		–		889		23		(629)		192		–		476		407
<i>Corporate bonds</i>		2,519		1		(158)		(57)		1,255		–		3,561		–
<i>Foreign stocks</i>		32,471		4,406		4,707		383		2,600		–		44,569		4,371
<i>Foreign bonds</i>		77,265		(2,145)		12,576		(21,748)		168		(113)		66,003		(2,145)
<i>Investment trusts</i>		–		(60)		–		–		1,925		–		1,864		(60)
<i>Other</i>		340,092		62,296		(14,523)		–		100		–		387,966		62,296
Total assets	¥	530,749	¥	100,287	¥	26	¥	200,834	¥	6,241	¥	(113)	¥	838,025	¥	99,768
Derivatives (*5)	¥	50,509	¥	(8,772)	¥	–	¥	82,288	¥	19,497	¥	(3,872)	¥	139,651	¥	(10,079)
<i>Of which:</i>																
<i>Interest related</i>		44,633		(10,294)		–		86,677		19,090		(3,927)		136,179		(10,175)
<i>Currency related</i>		3,734		578		–		(4,464)		406		55		311		(847)
<i>Equity related</i>		(625)		(50)		–		–		–		–		(675)		(50)
<i>Bond related</i>		2,770		888		–		(183)		–		–		3,474		888
<i>Commodity related</i>		–		–		–		–		–		–		–		–
<i>Other</i>		(3)		105		–		259		–		–		362		104

(*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) Transfers into Level 3 from Level 2 were made primarily based on the significance of unobservable inputs considering CVA on the counterparty’s credit risk and FVA on unsecured funding principally in interest rate related transactions. This transfer was implemented at the beginning of the six-month period ended September 30, 2022.

(*4) Transfers into Level 2 from Level 3 were made primarily based on the significance of unobservable inputs considering CVA on the counterparty’s credit risk and FVA on unsecured funding principally in interest related transactions. This transfer was implemented at the beginning of the six-month period ended September 30, 2022.

(*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, 2022

	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)	March 31, 2022	Change in unrealized gains (losses) included in net income for financial assets and liabilities still held at March 31, 2022 (*1)
Monetary claims bought	¥ –	¥ 2,254	¥ 300	¥ 29,567	¥ –	¥ –	¥ 32,121	¥ 2,254
Trading assets	46,179	4,177	–	(4,079)	–	–	46,277	4,177
Securities	430,304	29,521	(2,943)	(7,385)	2,854	–	452,350	29,517
<i>Of which:</i>								
<i>Corporate bonds</i>	57	3	(281)	(114)	2,854	–	2,519	–
<i>Foreign stocks</i>	–	215	131	32,124	–	–	32,471	215
<i>Foreign bonds</i>	116,351	11	11,314	(50,411)	–	–	77,265	11
<i>Other</i>	313,895	29,290	(14,108)	11,015	–	–	340,092	29,290
Total assets	¥ 476,484	¥ 35,953	¥ (2,643)	¥ 18,101	¥ 2,854	¥ –	¥ 530,749	¥ 35,949
Derivatives (*5)	¥ (2,473)	¥ (26,839)	¥ –	¥ 56,325	¥ 28,138	¥ (4,642)	¥ 50,509	¥ (27,178)
<i>Of which:</i>								
<i>Interest related</i>	(11,100)	(28,805)	–	57,230	26,077	1,231	44,633	(25,783)
<i>Currency related</i>	6,018	1,399	–	129	2,060	(5,874)	3,734	(1,977)
<i>Equity related</i>	(376)	(249)	–	–	–	0	(625)	(249)
<i>Bond related</i>	2,312	818	–	(360)	–	–	2,770	818
<i>Commodity related</i>	0	(0)	–	–	–	–	–	–
<i>Other</i>	672	(1)	–	(674)	–	–	(3)	13

(*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 consolidated statements of comprehensive income.

(*3) Transfers into Level 3 from Level 2 were made primarily based on the significance of unobservable inputs considering CVA on the counterparty’s credit risk and FVA on unsecured funding principally in interest rate related transactions. This transfer was implemented at the beginning of the fiscal year ended March 31, 2022.

(*4) Transfers into Level 2 from Level 3 were made primarily based on the significance of unobservable inputs considering CVA on the counterparty’s credit risk and FVA on unsecured funding principally in currency related transactions. This transfer was implemented at the beginning of the fiscal year ended March 31, 2022.

(*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 U.S. Dollars

Six-month period ended September 30, 2022

	March 31, 2022	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, 2022	Change in unrealized gains (losses) included in net income for financial assets and liabilities still held at September 30, 2022 (*1)
Monetary claims bought	\$ 222	\$ 184	\$ (18)	\$ 1,539	\$ –	\$ –	\$ 1,927	\$ 184
Trading assets	320	57	–	0	–	–	377	57
Securities	3,124	452	18	(152)	43	(1)	3,483	448
<i>Of which:</i>								
<i>Equity securities</i>	–	6	0	(4)	1	–	3	3
<i>Corporate bonds</i>	17	0	(1)	(0)	9	–	25	–
<i>Foreign stocks</i>	224	30	33	3	18	–	308	30
<i>Foreign bonds</i>	534	(15)	87	(150)	1	(1)	456	(15)
<i>Investment trusts</i>	–	(0)	–	–	13	–	13	(0)
<i>Other</i>	2,349	430	(100)	–	1	–	2,679	430
Total assets	\$ 3,665	\$ 693	\$ 0	\$ 1,387	\$ 43	\$ (1)	\$ 5,787	\$ 689
Derivatives (*5)	\$ 349	\$ (61)	\$ –	\$ 568	\$ 135	\$ (27)	\$ 964	\$ (70)
<i>Of which:</i>								
<i>Interest related</i>	308	(71)	–	599	132	(27)	940	(70)
<i>Currency related</i>	26	4	–	(31)	3	0	2	(6)
<i>Equity related</i>	(4)	(0)	–	–	–	–	(5)	(0)
<i>Bond related</i>	19	6	–	(1)	–	–	24	6
<i>Commodity related</i>	–	–	–	–	–	–	–	–
<i>Other</i>	(0)	1	–	2	–	–	2	1

(*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) Transfers into Level 3 from Level 2 were made primarily based on the significance of unobservable inputs considering CVA on the counterparty’s credit risk and FVA on unsecured funding principally in interest rate related transactions. This transfer was implemented at the beginning of the six-month period ended September 30, 2022.

(*4) Transfers into Level 2 from Level 3 were made primarily based on the significance of unobservable inputs considering CVA on the counterparty’s credit risk and FVA on unsecured funding principally in interest related transactions. This transfer was implemented at the beginning of the six-month period ended September 30, 2022.

(*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 and prepayment rate

Recovery rate is the proportion of the total outstanding balance of a bond or loan that is expected to be collected in a liquidation scenario. Prepayment rate represents the proportion of principal that is expected to be paid prematurely in each period on a security or pool of securities. Recovery rate and prepayment rate would affect estimation of future cash flows to a certain extent and changes in these inputs could result in a significant increase or decrease in fair value. A significant increase (decrease) in recovery rate causes a significant increase (decrease) in fair value and a significant increase (decrease) in prepayment rate causes a significant decrease (increase) 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 an adjustment 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.

Correlation

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. Information about investment trusts to which Paragraph 24-3 and Paragraph 24-9 of Guidance for Application of Fair Value Measurement are applied

A reconciliation of the beginning balance and the ending balance and unrealized gains (losses) recognized in net income or loss

	Millions of Yen							
	Six-month period ended September 30, 2022							
	March 31, 2022	Included in net income (*1)	Included in other comprehensive income (*2)	Changes due to purchases, sales and redemption	Standard price deemed to be fair value	Standard price not deemed to be fair value	September 30, 2022	Change in unrealized gains (losses) included in net income for investment trusts held at September 30, 2022 (*1)
Investment trusts (Available-for-sale securities)	¥ 46,871	¥ 20,020	¥ 151	¥ 164,715	¥ -	¥ -	¥ 231,760	¥ 20,020
<i>Of which</i>								
Paragraph 24-3 (financial instruments) (*3)	44,884	20,020	116	164,718	-	-	229,741	20,020
Paragraph 24-9 (real estate)	1,987	-	34	(2)	-	-	2,019	-

	Millions of U.S. Dollars							
	Six-month period ended September 30, 2022							
	March 31, 2022	Included in net income (*1)	Included in other comprehensive income (*2)	Changes due to purchases, sales and redemption	Standard price deemed to be fair value	Standard price not deemed to be fair value	September 30, 2022	Change in unrealized gains (losses) included in net income for investment trusts held at September 30, 2022 (*1)
Investment trusts (Available-for-sale securities)	\$ 324	\$ 138	\$ 1	\$ 1,137	\$ -	\$ -	\$ 1,600	\$ 138
<i>Of which</i>								
Paragraph 24-3 (financial instruments) (*3)	310	138	1	1,137	-	-	1,586	138
Paragraph 24-9 (real estate)	14	-	0	(0)	-	-	14	-

(*1) Principally included in “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) Main restriction concerning cancellation or repurchase request is redemption whose upper limit is set in an amount of ¥226,052 million (\$1,561 million).

(Note) 4. 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, 2022	March 31, 2022	September 30, 2022
Equity securities with no quoted market price available (*1) (*3)	¥ 149,818	¥ 151,264	\$ 1,035
Investment in partnerships and others (*2) (*3)	183,937	160,505	1,270

(*1) Equity securities with no quoted market price available include unlisted equity securities. Their fair value is not disclosed in accordance with Paragraph 5 of “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 31, 2020).

(*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 24-16 of the Guidance for Application of Fair Value Measurement.

(*3) With respect to unlisted equity securities and others, an impairment loss of ¥7,979 million (\$55 million) and ¥4,884 million was recorded in the six-month period ended September 30, 2022 and the fiscal year ended March 31, 2022, respectively.

24. DERIVATIVES

The Bank has the following derivative contracts outstanding as of September 30, 2022 and March 31, 2022:

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, 2022					
		Contract amount				Valuation gain (loss)	
		Total	Over one year	Fair value			
Transactions listed on exchange:							
Interest rate futures	Sold	¥ 481,985	¥ 295,121	¥ (332)	¥ (332)		
	Bought	328,554	91,441	1,643	1,643		
OTC transactions:							
Forward rate agreement	Sold	35,503	–	17	17		
	Bought	–	–	–	–		
Interest rate swaps	Receivable fixed rate/ Payable floating rate	184,881,156	136,907,266	(1,509,886)	(1,509,886)		
	Receivable floating rate/ Payable fixed rate	189,426,483	137,311,463	1,070,136	1,070,136		
	Receivable floating rate/ Payable floating rate	28,559,306	21,125,943	29,607	29,607		
	Receivable fixed rate/ Payable fixed rate	1,024,100	925,667	7,109	7,109		
	Interest rate swaptions	Sold	2,327,634	1,465,967	(43,949)	6,951	
		Bought	1,760,850	1,444,121	45,466	(925)	
Other	Sold	1,921,872	1,598,634	(34,817)	(20,765)		
	Bought	3,113,869	2,483,493	21,101	(2,978)		
Total		–	–	¥ (413,905)	¥ (419,423)		

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

		Millions of Yen					
		March 31, 2022					
		Contract amount				Valuation gain (loss)	
		Total	Over one year	Fair value			
Transactions listed on exchange:							
Interest rate futures	Sold	¥ 2,170,549	¥ 58,184	¥ 935	¥ 935		
	Bought	190,992	57,859	(608)	(608)		
OTC transactions:							
Forward rate agreement	Sold	203,954	–	–	–		
	Bought	247,046	–	–	–		
Interest rate swaps	Receivable fixed rate/ Payable floating rate	160,970,537	121,377,739	590,668	590,668		
	Receivable floating rate/ Payable fixed rate	168,638,261	122,967,026	(589,430)	(589,430)		
	Receivable floating rate/ Payable floating rate	66,510,263	20,978,194	29,370	29,370		
	Receivable fixed rate/ Payable fixed rate	1,029,856	917,652	7,441	7,441		
	Interest rate swaptions	Sold	2,484,667	1,452,916	(42,890)	5,637	
		Bought	1,812,653	1,409,310	41,530	210	
Other	Sold	1,601,106	1,376,225	(12,625)	(1,492)		
	Bought	2,788,687	2,174,582	15,198	(5,726)		
Total		–	–	¥ 39,588	¥ 37,005		

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

Millions of U.S. Dollars

September 30, 2022

		Contract amount			Fair value	Valuation gain (loss)
		Total	Over one year			
Transactions listed on exchange:						
Interest rate futures	Sold	\$ 3,328	\$ 2,038	\$ (2)	\$ (2)	
	Bought	2,269	631	11	11	
OTC transactions:						
Forward rate agreement	Sold	245	–	0	0	
	Bought	–	–	–	–	
Interest rate swaps	Receivable fixed rate/ Payable floating rate	1,276,715	945,427	(10,427)	(10,427)	
	Receivable floating rate/ Payable fixed rate	1,308,104	948,218	7,390	7,390	
	Receivable floating rate/ Payable floating rate	197,219	145,887	204	204	
	Receivable fixed rate/ Payable fixed rate	7,072	6,392	49	49	
Interest rate swaptions	Sold	16,074	10,123	(303)	48	
	Bought	12,160	9,973	314	(6)	
Other	Sold	13,272	11,040	(240)	(143)	
	Bought	21,503	17,150	146	(21)	
Total		–	–	–	–	
				–	–	
				(2,858)	(2,896)	

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

(2) Currency-related derivatives

		Millions of Yen			
		September 30, 2022			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year		
Transactions listed on exchange:					
Currency futures	Sold	¥ 65,723	¥ –	¥ (538)	¥ (538)
	Bought	418,368	79,286	2,459	2,459
OTC transactions:					
Currency swaps		44,468,408	31,153,759	(29,492)	(29,492)
Forward contracts on foreign exchange		154,697,316	12,441,724	376,814	376,814
Currency options	Sold	7,055,120	1,196,435	(314,455)	(206,305)
	Bought	6,910,941	1,309,619	282,397	149,784
Total		–	–	¥ 317,184	¥ 292,722

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

		Millions of Yen			
		March 31, 2022			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year		
Transactions listed on exchange:					
Currency futures	Sold	¥ 46,750	¥ 2,158	¥ 578	¥ 578
	Bought	283,916	55,008	(2,048)	(2,048)
OTC transactions:					
Currency swaps		37,320,143	26,649,402	112,532	112,532
Forward contracts on foreign exchange		123,953,581	10,017,568	128,605	128,605
Currency options	Sold	5,797,089	1,084,413	(119,733)	(35,461)
	Bought	5,562,990	1,147,318	75,028	297
Total		–	–	¥ 194,962	¥ 204,503

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

		Millions of U.S. Dollars			
		September 30, 2022			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year		
Transactions listed on exchange:					
Currency futures	Sold	\$ 454	\$ –	\$ (4)	\$ (4)
	Bought	2,889	548	17	17
OTC transactions:					
Currency swaps		307,081	215,135	(204)	(204)
Forward contracts on foreign exchange		1,068,278	85,918	2,602	2,602
Currency options	Sold	48,720	8,262	(2,172)	(1,425)
	Bought	47,724	9,044	1,950	1,034
Total		–	–	\$ 2,190	\$ 2,021

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

(3) Equity-related derivatives

		Millions of Yen			
		September 30, 2022			
		Contract amount			Valuation gain (loss)
		Total	Over one year	Fair value	
Transactions listed on exchange:					
Stock index options	Sold	¥ 13,820	¥ –	¥ (139)	¥ (94)
	Bought	6,594	–	241	232
OTC transactions:					
OTC securities option	Sold	–	–	–	–
transactions	Bought	22,418	–	(675)	(675)
Swaps on OTC securities	Receivable index	3,251	–	511	511
index	volatility/Payable interest				
	Receivable interest/	–	–	–	–
	Payable index volatility				
Total		–	– ¥	(61) ¥	(25)

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

		Millions of Yen			
		March 31, 2022			
		Contract amount			Valuation gain (loss)
		Total	Over one year	Fair value	
Transactions listed on exchange:					
Stock index futures	Sold	¥ 565	¥ –	¥ 2	¥ 2
	Bought	–	–	–	–
OTC transactions:					
OTC securities option	Sold	–	–	–	–
transactions	Bought	20,766	–	(625)	(625)
Swaps on OTC securities	Receivable index	4,251	3,251	23	23
index	volatility/Payable interest				
	Receivable interest/	1,000	–	7	7
	Payable index volatility				
Total		–	– ¥	(591) ¥	(591)

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

		Millions of U.S. Dollars			
		September 30, 2022			
		Contract amount			Valuation gain (loss)
		Total	Over one year	Fair value	
Transactions listed on exchange:					
Stock index options	Sold	\$ 95	\$ –	\$ (1)	\$ (1)
	Bought	46	–	2	2
OTC transactions:					
OTC securities option	Sold	–	–	–	–
transactions	Bought	155	–	(5)	(5)
Swaps on OTC securities	Receivable index	22	–	4	4
index	volatility/Payable interest				
	Receivable interest/	–	–	–	–
	Payable index volatility				
Total		–	– \$	(0) \$	(0)

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

(4) Bond-related derivatives

		Millions of Yen			
		September 30, 2022			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Bond futures	Sold	¥ 620,984	¥ –	¥ (860)	¥ (860)
	Bought	86,764	–	(64)	(64)
Bond futures options	Sold	88,544	–	(496)	(27)
	Bought	1,468,948	–	3,651	(818)
OTC transactions:					
Bond forward contracts	Sold	607,562	–	8,187	8,187
	Bought	1,204,292	–	11,429	11,429
Total return swaps	Sold	–	–	–	–
	Bought	158,625	158,625	(7,478)	(7,478)
Total		–	–	¥ 14,368	¥ 10,368

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

		Millions of Yen			
		March 31, 2022			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Bond futures	Sold	¥ 832,256	¥ –	¥ 12,116	¥ 12,116
	Bought	679,940	–	(4,988)	(4,988)
Bond futures options	Sold	20,448	–	(119)	379
	Bought	794,471	–	1,751	(5,275)
OTC transactions:					
OTC bond options	Sold	78,287	–	(220)	12
	Bought	78,287	–	251	10
Bond forward contracts	Sold	619,908	–	(210)	(210)
	Bought	536,169	–	799	799
Total return swaps	Sold	–	–	–	–
	Bought	158,625	158,625	(1,267)	(1,267)
Total		–	–	¥ 8,111	¥ 1,575

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

		Millions of U.S. Dollars			
		September 30, 2022			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year	Fair value	Valuation gain (loss)
Transactions listed on exchange:					
Bond futures	Sold	\$ 4,288	\$ –	\$ (6)	\$ (6)
	Bought	599	–	(0)	(0)
Bond futures options	Sold	611	–	(3)	(0)
	Bought	10,144	–	25	(6)
OTC transactions:					
Bond forward contracts	Sold	4,196	–	57	57
	Bought	8,316	–	79	79
Total return swaps	Sold	–	–	–	–
	Bought	1,095	1,095	(52)	(52)
Total		–	–	\$ 99	\$ 72

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

(5) Commodity-related derivatives

Not applicable for the six-month period ended September 30, 2022

		Millions of Yen			
		March 31, 2022			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year		
OTC transactions:					
Commodity options	Sold	¥ 43	¥ –	¥ (5)	¥ (1)
	Bought	43	–	5	2
Total		–	– ¥	0 ¥	0

Notes:

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

(6) Credit-related derivatives

		Millions of Yen			
		September 30, 2022			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year		
OTC transactions:					
Credit default options	Sold	¥ 1,375,624	¥ 1,166,791	¥ (33,309)	¥ (33,309)
	Bought	1,603,189	1,498,654	(3,332)	(3,332)
Total		–	– ¥	(36,642) ¥	(36,642)

Notes:

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

		Millions of Yen			
		March 31, 2022			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year		
OTC transactions:					
Credit default options	Sold	¥ 1,032,102	¥ 927,832	¥ (21,981)	¥ (21,981)
	Bought	1,153,673	1,063,394	(5,525)	(5,525)
Total		–	– ¥	(27,506) ¥	(27,506)

Notes:

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

		Millions of U.S. Dollars			
		September 30, 2022			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year		
OTC transactions:					
Credit default options	Sold	\$ 9,500	\$ 8,057	\$ (230)	\$ (230)
	Bought	11,071	10,349	(23)	(23)
Total		–	– \$	(253) \$	(253)

Notes:

1. The transactions above are stated at fair value and the related valuation gain (loss) is reported in the 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, 2022			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year		
OTC transactions:					
Earthquake derivatives	Sold	¥ 18,000	¥ 7,000	¥ (294)	¥ 994
	Bought	18,354	7,000	648	(542)
Investment trust related zero cost option		10,319	10,319	8	8
Other	Sold	–	–	–	–
	Bought	6,838	2,534	–	–
Total		–	–	¥ 362	¥ 459

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

		Millions of Yen			
		March 31, 2022			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year		
OTC transactions:					
Earthquake derivatives	Sold	¥ 18,000	¥ –	¥ (403)	¥ 1,241
	Bought	18,000	–	399	(777)
Other	Sold	–	–	–	–
	Bought	5,779	2,141	–	–
Total		–	–	¥ (3)	¥ 463

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

		Millions of U.S. Dollars			
		September 30, 2022			
		Contract amount		Fair value	Valuation gain (loss)
		Total	Over one year		
OTC transactions:					
Earthquake derivatives	Sold	\$ 124	\$ 48	\$ (2)	\$ 7
	Bought	127	48	4	(4)
Investment trust related zero cost option		71	71	0	0
Other	Sold	–	–	–	–
	Bought	47	17	–	–
Total		–	–	\$ 2	\$ 3

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

25. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of contract revenue

	Millions of Yen				Millions of
	Six-month period ended September 30				U.S. Dollars
	2022		2021		Six-month period ended September 30 2022
Fees and commissions income on:	¥	481,821	¥	430,644	\$ 3,327
Domestic and foreign exchange services		81,224		88,879	561
Deposit-taking services		31,614		27,888	218
Lending services (*1)		156,455		113,487	1,080
Securities-related services		40,083		44,013	277
Credit card-related services (*1)		28,849		23,629	199
Guarantee services (*2)		35,835		28,981	247
Other (*1)		107,759		103,763	744
Trust fees	¥	7,082	¥	5,847	\$ 49

(*1) Including 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 domestic and foreign exchange services are primarily generated 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 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)."

26. 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, 2022 and 2021 to income before income taxes shown in the semi-annual consolidated statement of income was as follows:

Six-month period ended September 30	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Ordinary profit	¥ 158,391	¥ 602,746	\$ 1,094
Gain on disposal of fixed assets	5,843	14,509	40
Gain on sales of stocks of subsidiaries	–	4,295	–
Gain on sales of stocks of affiliates	–	29,053	–
Gain on changes in equity	–	8,419	–
Loss on sales of shares of affiliates	(29,985)	–	(207)
Loss on disposal of fixed assets	(4,430)	(3,388)	(31)
Impairment loss on fixed assets	(4,149)	(17,674)	(29)
Income before income taxes	¥ 125,669	¥ 637,961	\$ 868

For the six-month periods ended September 30, 2022 and 2021:

(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 Japanese 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 related to foreign currency exchange, funds and investment securities to customers, as well as conducting market transactions and managing liquidity and cash for the Group
Other units:	Other than the businesses mentioned above

(2) Calculation method of gross operating income, net operating income and fixed assets

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. Fixed assets disclosed as reportable asset information represent the total amount of tangible and intangible fixed assets, and fixed assets of the Bank are allocated to each segment.

(Changes in calculation method of profit or loss of reportable segment)

From the six-month period ended September 30, 2022, inter-division allocation method of revenue and expenses has been changed and the calculation method of profit of reportable segments has been changed.

Segment information for the six-month period ended September 30, 2021 has been restated based on the calculation method after the change.

(3) Reportable segment information for the six-month periods ended September 30, 2022 and 2021

Six-month period ended September 30, 2022	Millions of Yen								
	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	¥ 141,117	¥ 173,277	¥ 294,916	¥ 447,356	¥ 335,672	¥ 1,392,340	¥ 208,658	¥ 13,077	¥ 1,614,076
Non-consolidated	126,614	160,717	251,084	27,253	247,217	812,886	155,539	(8,476)	959,950
Net interest income	107,676	85,997	152,281	27,326	114,246	487,529	285,283	48,072	820,885
Net non-interest income	18,937	74,719	98,802	(73)	132,971	325,357	(129,743)	(56,548)	139,065
Subsidiaries	14,503	12,560	43,832	420,102	88,454	579,453	53,118	21,553	654,125
Expenses	¥ 115,262	¥ 142,558	¥ 133,914	¥ 304,971	¥ 156,852	¥ 853,560	¥ 60,078	¥ 37,665	¥ 951,303
Net operating income	¥ 25,854	¥ 30,719	¥ 161,002	¥ 142,384	¥ 178,819	¥ 538,780	¥ 148,579	¥ (24,587)	¥ 662,772
Fixed assets	¥ 147,479	¥ 163,381	¥ 150,069	¥ 1,189	¥ 134,465	¥ 596,585	¥ 82,744	¥ 410,347	¥ 1,089,676
Increase in fixed assets	15,186	13,966	15,309	425	9,690	54,579	8,537	4,482	67,599
Depreciation	5,145	7,259	16,709	92	15,459	44,667	11,049	3,985	59,703

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. The amount of fixed assets by segment is shown using the amount of fixed assets of the Bank. Fixed assets of consolidated subsidiaries not allocated and consolidation adjustments amount to ¥658,317 million. With respect to some fixed assets which are not allocated to each segment, some related expenses are allocated to each segment on a reasonable allocation basis.
5. Regarding increase in fixed assets, the amount of increase in fixed assets of the Bank is presented.
6. Regarding depreciation, the amount of depreciation attributable to the Bank is presented.

Six-month period ended September 30, 2021	Millions of Yen								
	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	¥ 146,306	¥ 160,328	¥ 206,846	¥ 374,110	¥ 222,143	¥ 1,109,736	¥ 179,968	¥ 28,915	¥ 1,318,621
Non-consolidated	132,432	147,556	180,054	872	155,936	616,853	140,090	32,518	789,462
Net interest income	111,653	76,876	96,508	872	74,241	360,153	74,046	45,487	479,687
Net non-interest income	20,779	70,680	83,546	—	81,695	256,700	66,043	(12,969)	309,775
Subsidiaries	13,873	12,772	26,792	373,238	66,206	492,883	39,878	(3,603)	529,158
Expenses	¥ 136,416	¥ 158,122	¥ 123,653	¥ 263,900	¥ 132,019	¥ 814,112	¥ 53,447	¥ 20,977	¥ 888,538
Net operating income	¥ 9,889	¥ 2,205	¥ 83,193	¥ 110,210	¥ 90,124	¥ 295,624	¥ 126,520	¥ 7,938	¥ 430,082

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.

Millions of U.S. Dollars									
Six-month period ended September 30, 2022	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	\$ 974	\$ 1,197	\$ 2,037	\$ 3,089	\$ 2,318	\$ 9,615	\$ 1,441	\$ 90	\$ 11,146
Non-consolidated	874	1,110	1,734	188	1,707	5,613	1,074	(59)	6,629
Net interest income	744	594	1,052	189	789	3,367	1,970	332	5,669
Net non-interest income	131	516	682	(1)	918	2,247	(896)	(390)	960
Subsidiaries	100	87	303	2,901	611	4,001	367	149	4,517
Expenses	\$ 796	\$ 984	\$ 925	\$ 2,106	\$ 1,083	\$ 5,894	\$ 415	\$ 260	\$ 6,569
Net operating income	\$ 179	\$ 212	\$ 1,112	\$ 983	\$ 1,235	\$ 3,721	\$ 1,026	\$ (170)	\$ 4,577
Fixed assets	\$ 1,018	\$ 1,128	\$ 1,036	\$ 8	\$ 929	\$ 4,120	\$ 571	\$ 2,834	\$ 7,525
Increase in fixed assets	105	96	106	3	67	377	59	31	467
Depreciation	36	50	115	1	107	308	76	28	412

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. The amount of fixed assets by segment is shown using the amount of fixed assets of the Bank. Fixed assets of consolidated subsidiaries not allocated and consolidation adjustments amount to \$4,546 million. With respect to some fixed assets which are not allocated to each segment, some related expenses are allocated to each segment on a reasonable allocation basis.
5. Regarding increase in fixed assets, the amount of increase in fixed assets of the Bank is presented.
6. Regarding depreciation, the amount of depreciation attributable to the Bank is presented.

- (4) A reconciliation of the ordinary profit under the internal management reporting system and net operating income per reportable segment information was as follows:

Six-month period ended September 30	Millions of Yen		Millions of U.S. Dollars
	2022	2021	2022
Net operating income per reportable segment information	¥ 662,772	¥ 430,082	\$ 4,577
Net business profit of subsidiaries excluded from the reportable segment information	3,927	11,044	27
Provision for allowance for credit losses	42,919	–	296
Credit-related expenses	(314,345)	(37,870)	(2,171)
Gain on reversal of allowance for credit losses	–	51,939	–
Gain on reversal of reserve for contingent losses (credit-related)	27,960	5,379	193
Gain on collection of bad debts	34,276	29,224	237
Gains on equity securities and other securities	57,583	105,137	398
Equity in earnings of the equity method investees	23,118	13,580	160
Amortization of net unrecognized actuarial gain or loss	22,007	10,983	152
Other	(401,829)	(16,756)	(2,775)
Ordinary profit under the internal management reporting system	<u>¥ 158,391</u>	<u>¥ 602,746</u>	<u>\$ 1,094</u>

Notes:

- “Credit-related expenses” includes write-offs of loans and provision of specific allowance for credit losses.
- “Gains on equity securities and other securities” includes gains or losses on sales of equity securities and losses on write-down of equity securities.
- Following conclusion of the share transfer agreement on MUB shares, losses on fair value measurement of securities planned to be sold in an amount of ¥385,215 million (\$2,660 million) and losses on fair value measurement of loans to be sold in an amount of ¥232,571 million (\$1,606 million) are included in “Other” and “Credit related expenses”, respectively, out of the aggregate loss of ¥631,861 million (\$4,363 million) incurred in accordance with ASC 326 “Financial Instruments—Credit Losses,” ASC 310 “Receivables,” etc.

- (5) Other segment related information

1) Information by service

Information by service is omitted since it is similar with (3) Reportable segment information.

2) Information by geographic region

a) Ordinary income

Millions of Yen							
Six-month period ended September 30, 2022							
Japan	USA	North America (except for USA)	Latin America	Europe/Middle East	Thailand	Asia/Oceania (except for Thailand)	Total
¥ 1,372,884	¥ 718,910	¥ 17,495	¥ 37,538	¥ 141,132	¥ 275,297	¥ 453,123	¥ 3,016,381

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 U.S. Dollars							
Six-month period ended September 30, 2022							
Japan	USA	North America (except for USA)	Latin America	Europe/Middle East	Thailand	Asia/Oceania (except for Thailand)	Total
\$ 9,481	\$ 4,965	\$ 121	\$ 259	\$ 975	\$ 1,901	\$ 3,129	\$ 20,830

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, 2022							
Japan	USA	North America (except for USA)	Latin America	Europe/Middle East	Asia/Oceania	Total	
¥ 696,512	¥ 107,798	¥ 242	¥ 325	¥ 4,422	¥ 148,640	¥	957,942

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 U.S. Dollars							
As of September 30, 2022							
Japan	USA	North America (except for USA)	Latin America	Europe/Middle East	Asia/Oceania	Total	
\$ 4,810	\$ 744	\$ 2	\$ 2	\$ 31	\$ 1,026	\$	6,615

3) Information by major customer

There was no applicable information to be reported for the six-month periods ended September 30, 2022 and 2021.

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

Impairment loss on fixed assets has been allocated to the reportable segments from March 31, 2022. For the six-month period ended September 30, 2021, impairment loss on fixed assets was not allocated to the reportable segments. The impairment loss was ¥17,674 million for the six-month period ended September 30, 2021.

Millions of Yen									
Six-month period ended September 30, 2022	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
Impairment loss	¥ 1,093	¥ 1,114	¥ 13	¥ 0	¥ 3	¥ 2,224	¥ 5	¥ 355	¥ 2,585

Millions of U.S. Dollars									
Six-month period ended September 30, 2022	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
Impairment loss	\$ 8	\$ 8	\$ 0	\$ 0	\$ 0	\$ 15	\$ 0	\$ 2	\$ 18

Note: Impairment loss on fixed assets of the Bank's subsidiaries is not allocated to the reportable segments. The impairment loss was ¥1,563 million (\$11 million) for the six-month period ended September 30, 2022.

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

Six-month period ended September 30, 2022	Millions of Yen									
	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	¥	– ¥	130 ¥	– ¥	1,894 ¥	1,724 ¥	3,749 ¥	– ¥	– ¥	3,749
Unamortized balance		–	1,109	–	41,601	40,530	83,241	–	–	83,241

Six-month period ended September 30, 2021	Millions of Yen									
	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

Six-month period ended September 30, 2022	Millions of U.S. Dollars									
	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	\$	– \$	0 \$	– \$	13 \$	12 \$	26 \$	– \$	– \$	26
Unamortized balance		–	8	–	287	280	575	–	–	575

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, 2022 and 2021.

27. SUBSEQUENT EVENTS

Sale of MUFG Union Bank, N.A. and Transfer of Certain Businesses of MUFG Union Bank, N.A.

On December 1, 2022, MUAH, a subsidiary of the Bank whose financial statements as of the end of and for the six-month period ended June 30, 2022 have been consolidated with the Bank's financial statements, sold all of the shares in MUB held by MUAH to USB (hereinafter referred to as the "Share Transfer").

The MUB businesses that were transferred to USB through the Share Transfer excluded the GCIB (Global Corporate & Investment Banking) business (with certain exceptions as agreed to by the parties, including certain deposits of the GCIB business that are retained by MUB), the Global Markets business to the extent related to the GCIB business, which consisted of transactions with clients and investors, and certain assets and liabilities, etc. that were 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) were transferred to the Bank and MUAH prior to the Share Transfer for consideration 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 divested businesses

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, would be the most appropriate decision that was 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 would help maximize shareholder value through an increase in capital efficiency.

d) Date of the business divestiture

December 1, 2022

e) Legal form of the business divestiture

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

2) Overview of the accounting treatment applied

Gains or losses on the sale are currently under calculation.

3) Name of the reporting segment in which the divested businesses were mainly included

Global Commercial Banking Business Group

4) Approximate amount of income or loss related to the divested businesses recorded in the semi-annual consolidated statement of income for the six-month period ended September 30, 2022

Total income ¥213 billion

Loss before income taxes ¥(599) billion

5) Overview of continued involvement related to the business divestiture

The Bank received shares of USB as part of the consideration for the Share Transfer.

In addition, the Bank and USB have entered into a Transitional Service Agreement and a Reverse Transitional Service Agreement with an aim for both the Bank and MUB to be able to smoothly continue to provide high quality financial services even after the Share Transfer. The Bank provides and receives certain services based on such agreements.

In addition, the corporate credit card business for GCIB business customers and certain Japanese customers is expected to be transferred from MUB to the Bank, subject to certain conditions precedent, including the receipt of regulatory approval.

(2) Transaction under common control

1) Overview and objectives of the business transfer

The GCIB business (with certain exceptions as agreed to by the parties, including certain deposits of the GCIB business that are retained by MUB), the Global Markets business to the extent related to the GCIB business, which consisted of transactions with clients and investors, and certain assets and liabilities, etc. that were part of shared middle and back office functions, etc., were transferred to the Bank and MUAH prior to the Share Transfer.

The MUFG group continues 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 Bank believes it can leverage its strengths.

2) Overview of the accounting treatment applied

The transaction is treated as a transaction under common control under 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).

3) Amounts of assets and liabilities transferred in connection with the business transfer

The amounts are currently under calculation.