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Mitsubishi UFJ Trust and Banking Corporation
and Consolidated Subsidiaries

Yen figures are rounded down and presented in millions of yen.

Definitions of subsidiaries and affiliates are based on Paragraph 8, Article 2 of the Banking Act and Article 4-2 of the Order for Enforcement of the Banking Act.

Important Matters Fundamental to the Preparation of Consolidated Financial Statements

1. Scope of Consolidation

(1) The total number of consolidated subsidiaries of Mitsubishi UFJ Trust and Banking Corporation (the “Bank”): 57

Major subsidiaries:

Mitsubishi UFJ Real Estate Services Co., Ltd.
The Master Trust Bank of Japan, Ltd.
MU Investments Co., Ltd.
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.
Mitsubishi UFJ Trust International Limited
Mitsubishi UFJ Baillie Gifford Asset Management Limited
Mitsubishi UFJ Investor Services & Banking (Luxembourg) S.A
MUFG Lux Management Company S.A.
Mitsubishi UFJ Asset Management (UK) Limited
MUFG Investor Services Holdings Limited

(Changes in scope of consolidation)

From the current consolidated fiscal year, 10 companies have been included within the scope of consolidation due to new establishment.

From the current consolidated fiscal year, Ryoshin DC Card Company Ltd. and one other company are excluded from the scope of consolidation, as they were not classified as subsidiaries due to sale of shares and other reasons.

(2) Nonconsolidated subsidiaries

None

(3) Entities not recognized as subsidiaries, notwithstanding the majority of the voting rights held by the Bank’s own account:

Hygeia Co., Ltd.

(The reason not to be recognized as a subsidiary)

This company was established as a property management agent for beneficiaries of a land trust project, without any intent to control.

2. Application of Equity Method Accounting

(1) Nonconsolidated subsidiaries accounted for using the equity method

None

(2) The number of affiliates accounted for using the equity method: 7

Major affiliates:

AMP Capital Holdings Limited

(Changes in the application of equity method accounting)

From the current consolidated fiscal year, one company has been excluded from the application of equity method accounting due to redemption of investment.

(3) Nonconsolidated subsidiaries that are not accounted for using the equity method

None

(4) Affiliates not accounted for using the equity method

None

(5) Entities not recognized as affiliates, notwithstanding 20% to 50% of the voting rights held by the Bank’s own account

None

3. Balance Sheet Dates of Consolidated Subsidiaries

(1) The fiscal year end of consolidated subsidiaries are as follows:

December 31: 36 subsidiaries

January 24: 1 subsidiary

March 31: 20 subsidiaries

(2) Consolidated subsidiaries are consolidated based on their respective fiscal year end. Necessary adjustments have been made for significant transactions that occurred during the period between consolidated subsidiaries’ fiscal year end and the date of the consolidated financial statements.

4. Amortization of Goodwill

Goodwill is amortized using the straight-line method over the period in which the effect of the goodwill lasts.

When the amount of Goodwill is insignificant, the amount is expensed as incurred.

5. Significant Accounting Policies

(1) Trading Assets and Liabilities, and Trading Gain and Loss

Transactions for trading purposes (in which the Bank seeks to capture gains arising from short-term changes in interest rates, currency exchange rates, market prices of financial instruments, and other market-related indices or from arbitrage transactions) are recognized as "Trading assets" and "Trading liabilities" on a trade-date basis in the consolidated balance sheet. Gains (losses) from the transactions, including interest, gains (losses) on disposition, and valuation of trading securities and derivatives, is shown as "Trading gains" or "Trading losses" in the consolidated statement of income. Trading assets and trading liabilities are stated at fair value.

(2) Securities

- i. Debt securities held-to-maturity are stated at amortized cost (straight-line method) computed using the moving-average method. Available-for-sale securities are generally stated at fair value at the fiscal year end date, with cost of securities sold calculated using the moving-average method. Other securities whose fair value is not readily determinable are stated at cost method, computed using the moving-average method. Unrealized gains (losses) on available-for-sale securities are included directly in net assets, net of applicable income taxes, except in the case of application of the fair value hedge accounting method, in which the change in fair value recognized is recorded in current earnings.
- ii. Securities that are part of trust property which is independently managed money held in trust with the primary purpose of managing securities are stated at fair value. Unrealized gains (losses) on securities that are part of trust property except for the purpose of trading and held-to-maturity are included directly in net assets.

(3) Derivatives

Derivatives entered into for purposes other than trading are generally stated at fair value at the fiscal year end.

(4) Depreciation for Fixed Assets

- i. Tangible Fixed Assets (other than Lease Assets)
Depreciation for tangible fixed assets is computed mainly using the declining-balance method. Estimated useful lives are principally as follows:
 - Buildings: 15 years to 50 years
 - Others: 4 years to 17 years
- ii. Intangible Fixed Assets (other than Lease Assets)
Amortization of intangible fixed assets is computed using the straight-line method. The cost of computer software developed or obtained for internal use is amortized using the straight-line method over the estimated useful lives, typically 5 years, as determined by the Bank and the consolidated subsidiaries. Goodwill is amortized over the period in which the effect of the goodwill lasts.
- iii. Lease Assets
Depreciation of leased "Tangible fixed assets" and "Intangible fixed assets" under finance leases (other than those that were deemed to transfer the ownership of leased property to the lessees) is computed using the straight-line method over the lease term assuming zero residual value, unless residual value is guaranteed by the corresponding lease contract.

(5) Deferred Assets

The costs of issuing stocks are charged to expense as incurred.

(6) Allowance for Loan Losses

The Bank and the domestic consolidated subsidiaries determine the amount of allowance for loan losses in accordance with the predetermined internal rules for self-assessment of asset quality and internal rules for write-offs and provisions. For claims to debtors who are legally or formally bankrupt (debtors who have entered into bankruptcy, special liquidation proceedings, or whose notes have been dishonored and suspended from processing through clearing houses, etc.) and virtually bankrupt (debtors who are regarded as substantially in a similar condition as bankrupt), an allowance is provided based on the amount of claims, after the charge-off as stated below, net of amounts expected to be collected through the disposal of collateral or execution of guarantees. For claims to debtors who are likely to become bankrupt (debtors who are deemed to have high possibility of becoming bankrupt), where cash flows from collection of principal and interest cannot be reasonably estimated, an allowance is provided for the amount considered to be necessary based on an overall solvency assessment performed for the amount of claims, net of the amounts expected to be collected through the disposal of collateral or execution of guarantees. For claims to debtors who are likely to become bankrupt and to be closely watched and 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 at the initial contractual interest rate and the carrying value of the claims. For other claims, an allowance is provided based on the historical credit losses ratio during the defined periods and the amount of claims. All claims are assessed by both the service and the credit supervision division based on the internal rules for self-assessment of asset quality. The credit examination division, which is independent from the service division and the credit supervision division, subsequently conducts audits of their assessments. For collateralized or guaranteed claims to debtors who are legally bankrupt or virtually bankrupt, the amount of claims exceeding

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the estimated value of collateral or guarantees, which is deemed uncollectible, has been charged-off. In the current year, this amount was ¥887 million.

An allowance for loan losses of other consolidated subsidiaries is provided for at the amount deemed necessary based on historical loan loss experience for normal credits and at the amount deemed uncollectible based on the assessment of individual claims for specific claims for which collectibility is doubtful.

(7) Reserve for Employees' Bonuses

A reserve for employees' bonuses is provided for based on the estimated future payment of employees' bonuses attributed to the fiscal year.

(8) Reserve for Directors' Bonuses

A reserve for directors' bonuses is provided for based on the estimated future payment of directors' bonuses attributed to the fiscal year.

(9) Reserve for Stock Payments

A reserve for stock payments is provided for based on the estimated amount of the future payments of directors' compensation attributed to the fiscal year.

(10) Reserve for Directors' Retirement Gratuities

A reserve for directors' retirement gratuities of consolidated subsidiaries is provided for based on the estimated amount of the future payments whose occurrence is possible and attributable to the fiscal year.

(11) Reserve for Contingent Losses

A reserve for contingent losses is provided for losses that contingently occur in off-balance or trust transactions at the amount deemed necessary.

(12) Employees' Retirement Benefits

With regard to the calculation of the retirement benefit obligation, a benefit formula basis is used to allocate the projected benefit obligation to the period up to the end of the fiscal year.

The method of amortization of prior service cost and net actuarial gains (losses) is as follows.

Prior service cost is amortized using the straight-line method over an appropriate term within the average remaining service period of the employees (10 to 15 years) at the time the cost is incurred.

Net actuarial gains (losses) are amortized, starting from the consolidated fiscal year following the incurrence, using the straight-line method over an appropriate term within the average remaining service period of the current employees (10 to 15 years) at the time the actuarial gains (losses) are incurred.

In addition, certain consolidated subsidiaries adopt the simplified method, which assumes the projected benefit obligation to be equal to the benefits payable assuming the voluntary retirement of all employees at the fiscal year end, for calculation of the liability for retirement benefits and retirement benefit expenses.

(13) Foreign Currency Translations into Domestic Currency

Assets and liabilities denominated in foreign currencies and foreign branch accounts of the Bank are translated into yen at the exchange rates prevailing at the consolidated balance sheet date, with the exception of investments in subsidiaries and affiliates, which are translated at historical exchange rates.

Foreign currency-denominated assets and liabilities of consolidated subsidiaries are translated into yen at the exchange rates prevailing at the fiscal year end of each company.

(14) Method of Hedge Accounting

i. Hedge Accounting for Interest Rate Risks

The hedge accounting method applied by the Bank to identify hedged items of hedging transactions for interest rate risks generated from financial assets and liabilities is the portfolio hedging or individual hedging method, in accordance with procedures described in Industry Audit Committee Report No. 24, "Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry," issued by the Japanese Institute of Certified Public Accountants ("JICPA") on February 13, 2002, and Accounting Committee Report No. 14, "Practical Guidelines for Accounting for Financial Instruments," issued by the JICPA on January 31, 2000. The interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differentials paid or received under the swap agreements are recognized and included in interest expense or income, while other transactions are accounted for using deferral hedge accounting.

In hedging strategies used to offset fluctuations in the fair value of fixed-rate deposits, loans, and other financial products, the Bank distinguishes hedged items according to maturity and designates interest rate swaps and other derivative instruments as the hedging instruments, individually or by group, in line with Industry Audit Committee Report No. 24.

In hedging strategies used to offset fluctuations in the fair value of fixed-rate bonds classified as available-for-sale securities, the Bank distinguishes hedged items according to type of bond and designates interest rate swaps, etc., as the hedging instrument for

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each type of bond. As the Bank closely matches critical factors for hedged items with hedging instruments, it determines that the hedge is highly effective and omits the testing of the hedge effectiveness.

In hedging activities to fix forecasted cash flows on variable-rate or short-term fixed-rate deposits, loans, and other financial products, the Bank categorizes hedged items by indexed interest rates and length of reset period of interest rate and designates interest rate swaps as the hedging instrument in accordance with Industry Audit Committee Report No. 24. As the Bank closely matches critical factors for hedged items with hedging instruments, it has determined that the hedge is highly effective and omits the testing of hedge effectiveness. The effectiveness of hedging activities is also assessed through a correlation analysis of the factors characterizing interest rate fluctuations.

ii. Hedge Accounting for Foreign Exchange Risks

To hedge foreign exchange risks caused by fluctuating exchange rates on financial assets and liabilities denominated in foreign currencies, the Bank identified hedged items by grouping foreign currency-denominated claims and credits by currency and designated currency swaps and forward exchange contracts (fund-related swap transactions) as hedging instruments in accordance with Industry Audit Committee Report No. 25, "Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in the Banking Industry," issued by the JICPA on July 29, 2002. Foreign exchange risk hedges were accounted for using deferral hedge accounting. The method of assessing the effectiveness of hedging strategies is to designate currency swap transactions that are entered into for the purpose of the counteracting foreign exchange risks of foreign currency-denominated claims and credits and other derivative instruments as the hedging instruments, and to confirm that the foreign currency positions of the hedging instruments corresponding to the foreign currency-denominated claims and credits exist. The Bank also undertakes hedging using foreign currency-denominated liabilities and forward exchange contracts in the same currency as the hedging instruments in order to mitigate foreign exchange risks of foreign currency-dominated securities other than bonds available for sale. The Bank applies fair value hedging to the applicable instruments.

iii. Hedge Accounting for Stock Price Fluctuation Risk

Individual hedging is applied to hedge market fluctuation risks arising from strategic equity securities held by the Bank. Instruments such as total return swaps are used as hedging instruments. The effectiveness of hedging transactions is assessed by the correlation between changes in fair value of hedged items and changes in fair value of hedging instruments. The fair value hedge accounting method is applied.

iv. Intercompany and Intracompany Swap Transactions

With respect to the intercompany and intracompany derivative transactions, realized gains (losses) or valuation gains (losses) on interest rate swap transactions and currency swap transactions are reported in current earnings or deferred as net assets without elimination because mirror transactions with third parties against these swap transactions designated as hedging instruments are appropriately conducted in conformity with the nondiscretionary and the strict hedging policy stipulated in Industry Audit Committee Reports No. 24 and No. 25.

(15) Consumption Taxes

With respect to the Bank and its domestic consolidated subsidiaries, the national consumption tax and the local consumption tax ("consumption taxes") are excluded from transaction amounts. The portions of the consumption taxes, which were paid on the purchase of assets and are not deductible as a tax credit, are mainly charged to expense as incurred.

(16) Application of consolidated taxation system

The Bank and certain domestic consolidated subsidiaries apply consolidation taxation for which Mitsubishi UFJ Financial Group, Inc. ("MUFG"), as the parent company, makes a consolidated tax payment.

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Additional Information

Acquisition of shares of firm

On October 31, 2018, the Bank entered into a Share Sale Deed with Australian financial group Commonwealth Bank of Australia (“CBA”) and its wholly owned subsidiary, Colonial First State Group Limited (the “Seller”) to acquire 100% of the shares in each of the nine subsidiaries of the Seller, which collectively represent CBA’s global asset management business known as Colonial First State Global Asset Management (“CFSGAM”), from the Seller (the “Proposed Transaction”), subject to applicable regulatory and other approvals and certain other conditions.

1. Objectives of the transaction

MUFG has stated in the current Medium-Term Business Plan that its Asset Management & Investor Services Business Group aims to become “the unparalleled industry leader in Japan as well as a global player boasting significant presence overseas.” To achieve this goal of becoming a major player in the global asset management market, MUFG has been pursuing growth through inorganic investments, while endeavoring to enhance its asset management capabilities and product competitiveness, with the Bank being the core subsidiary in the Business Group.

CFSGAM is a global asset management group with approximately AUD 210 billion in assets under management (“AuM”) and is currently the third largest asset management group by AuM in the Asian markets, excluding Japan. CFSGAM offers a wide range of products including equities, fixed income and alternatives, and has specialist capabilities in Asian and emerging equity markets, alternatives (property and infrastructure), as well as passive and other products.

Through this Proposed Transaction, MUFG expects to be able to meet various client needs by expanding its product lineup and enhancing its presence as the largest asset management firm in the Asia and Oceania region. MUFG aims to work together with CFSGAM to continue delivering value to our current and future clients.

2. Name of the Seller in the Proposed Transaction

Colonial First State Group Limited

3. Names, business description and scale of the entities to be acquired

(1) Names	Colonial First State Asset Management (Australia) Limited Colonial First State Infrastructure Holdings Limited Colonial First State Managed Infrastructure Limited First State Investment Managers (Asia) Limited First State Investments (UK Holdings) Limited First State Investments (US) LLC Realindex Investments Pty Limited CFSGAM IP Holdings Pty Limited CFSGAM Services Pty Ltd
(2) Business description	Asset Management, etc.
(3) Assets under management	Approximately AUD 210 billion (as of December 31, 2017)
(4) Operating income	AUD 343 million (for the fiscal year ended June 30, 2018)

4. Expected date of the stock acquisition

The Bank expects to close the Proposed Transaction in the middle of 2019.

5. Acquisition price and the ratio of equity interest after the acquisition

Subject to the satisfaction of conditions precedent (including obtaining necessary regulatory approvals) set out in the Share Sale Deed, the Bank expects to acquire 100% equity interest in each of the CFSGAM entities for a total acquisition price of approximately AUD 4.0 billion.

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Notes related to the Consolidated Balance Sheet

1. Securities

Equity securities and investments in subsidiaries and affiliates (other than equity securities and investments in consolidated subsidiaries): ¥43,373 million.

2. Securities Borrowed

“Investment securities” includes ¥213,461 million of unsecured securities loaned for which borrowers have rights to sell or pledge. With respect to securities borrowed under loan contracts and securities purchased under resale agreements, where the secured parties are permitted to sell or repledge the securities without restrictions, ¥1,052,436 million was repledged and ¥20,005 million was held at the fiscal year end.

3. Nonaccrual Loans

Loans to borrowers in bankruptcy and past-due loans are included in loans and bills discounted, and the amounts were ¥109 million and ¥3,850 million, respectively.

Loans are generally assigned a nonaccrual status when substantial doubt exists as to ultimate collectibility of either principal or interest if they are past due for a certain period or for other reasons. Loans to borrowers in bankruptcy represent nonaccrual loans, after the partial charge-off of claims deemed uncollectible, to debtors who are legally bankrupt, which are defined in Article 96, Paragraph 1, Subparagraphs 3 and 4 of the Enforcement Ordinance for the Corporation Tax Act (Government Ordinance No. 97, 1965).

Past-due loans are nonaccrual loans other than loans to borrowers in bankruptcy and loans for which interest payments are deferred in order to assist the financial recovery of debtors in financial difficulties.

4. Accruing Loans Contractually Three Months or More Past Due

Accruing loans contractually three months or more past due are included in loans and bills discounted, and the amount was ¥190 million. Accruing loans contractually three months or more past due are loans on which payments of principal and/or interest have not been made for a period of three months or more after the day following the first due date and are not included in the loans to borrowers in bankruptcy or the past-due loans.

5. Restructured Loans

Restructured loans are included in loans and bills discounted in the amount of ¥2,067 million.

Such restructured loans are loans on which concessions (e.g., reduction of the stated interest rate, deferral of interest payment, extension of maturity date, or reduction of the face amount or maturity amount of the debt or accrued interest) have been granted to assist debtors in financial difficulty and recovery to repay to creditors. Loans classified as loans to borrowers in bankruptcy, past-due loans, and accruing loans contractually three months or more past due are excluded.

6. Nonaccrual Loans, Accruing Loans Contractually Three Months or More Past Due, and Restructured Loans

The total amount of nonaccrual loans, accruing loans contractually three months or more past due, and restructured loans was ¥6,218 million.

The amounts reflected in Notes 3 to 6 represent the gross receivable amounts prior to reduction of the allowance for loan losses.

7. Assets Pledged

Assets pledged as collateral:

Investment securities: ¥57,859 million

Loans and bills discounted: ¥251,710 million

Liabilities related to pledged assets:

Deposits: ¥43,500 million

Borrowed money: ¥220,300 million

Other than the assets pledged above, investment securities of ¥1,706,329 million and loans and bills discounted of ¥1,627,649 million were pledged as collateral for settlement of exchange transactions or as deposits for trading margin of futures. Investment securities which were sold under repurchase agreements were ¥4,309,661 million, related to payables under repurchase agreements of ¥4,259,717 million.

8. Loan Commitments

Overdraft facilities and loan commitment limits are contracts under which customers have access to funds up to a certain limit upon application for a loan, provided no violation of any condition in the contracts has occurred. The unused amount within the limits relating to these contracts was ¥2,159,553 million.

As most of these commitments expire without being drawn down, the unused amount does not necessarily represent a future cash requirement. Most of these contracts have conditions that allow the Bank and consolidated subsidiaries to refuse customers' applications for loans or to decrease contract limits for proper reasons, such as changes in financial situation, deterioration in the customers' creditworthiness, and others. At the inception of contracts, the Bank and consolidated subsidiaries obtain collateral, such as real estate and securities, if necessary. Subsequently, the Bank and consolidated subsidiaries perform periodic reviews of the customers' business results, based on internal rules, and take necessary measures to reconsider conditions in contracts and/or evaluate whether additional collateral and guarantees are required.

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9. Land Revaluation Surplus

Pursuant to the Act on Revaluation of Land, Act No. 34 promulgated on March 31, 1998, land used for business operations has been revalued as presented below. An amount equivalent to the taxes on land revaluation surplus was recorded under liabilities as “Deferred tax liabilities on land revaluation surplus”. Land revaluation surplus after netting of deferred tax liabilities is stated as “Land revaluation surplus” in net assets.

Dates of the revaluation:

March 31, 1998, December 31, 2001, and March 31, 2002

The method of revaluation as set forth in Article 3, Paragraph 3 of the Act on Revaluation of Land:

The land price for revaluation is determined by the following factors:

- The method established and published by the Director General of the National Tax Agency as the basis for the taxable amount subject to land-holding tax prescribed by Article 16 of the Land-holding Tax Act pursuant to Article 2, Subparagraph 4 of the Enforcement Ordinance for the Act on Revaluation of Land (Government Ordinance No. 119 promulgated on March 31, 1998).
- The land price of the adjacent standard area prescribed by Article 6 of the Public Notice of Land Prices Act pursuant to Article 2, Subparagraph 1 of the Enforcement Ordinance for the Act on Revaluation of Land.
- Appropriate adjustments for land shape and the timing of assessments, or based on appraisals by real estate appraisers in accordance with appropriate adjustments for timing of assessments, pursuant to Subparagraph 5.

10. Accumulated Depreciation

Accumulated depreciation on tangible fixed assets amounted to ¥145,481 million.

11. Amounts Deducted from the Cost

Amounts deducted from the cost of tangible fixed assets (based on the Corporation Tax Act) were ¥15,337 million.

12. Borrowed Money

Subordinated borrowings of ¥651,030 million were included in borrowed money.

13. Bonds and Notes

Subordinated bonds and notes of ¥240,000 million were included in bonds and notes.

14. Guaranteed Trusts

Principal of trusts of the Bank, for which repayment of the principal to the customers is guaranteed, amounted to ¥7,617,688 million, which is money trust.

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Notes related to the Consolidated Statement of Income

1. Other Ordinary Income

“Other ordinary income – Others” include gains on sales of stocks and other securities of ¥33,832 million.

2. Other Ordinary Expense

“Other ordinary expense – Others” include losses on sales of stocks and other securities of ¥54,240 million.

3. Extraordinary gains and losses

“Extraordinary gains – Others” and “Extraordinary losses – Others” represent gains and losses on hedging instruments that had been deferred and were recognized as gains and losses for the current consolidated fiscal year due to the extinguishment of hedged items for transactions to which hedge accounting is applied following the transfer of our corporate loan-related business to MUFG Bank, Ltd. in April 2018.

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Notes related to the Consolidated Statement of Changes in Net Assets

1. Number and types of shares issued and outstanding and treasury stock

(Thousands of shares)

	Number of shares as of April 1, 2018	Increase in shares in the fiscal year	Decrease in shares in the fiscal year	Number of shares as of March 31, 2019	Note
Shares issued and outstanding					
Common stock	3,408,662	89,092	-	3,497,754	Note 1
Total	3,408,662	89,092	-	3,497,754	
Treasury stock					
Common stock	-	408,163	-	408,163	Note 2
Total	-	408,163	-	408,163	

(Note) 1. The increase of 89,092 thousand shares of common stock is due to issuance and delivery of shares corresponding to the absorption-type company split for acquisition of 103 thousand shares of common stock of Mitsubishi UFJ Kokusai Asset Management Co., Ltd. and 400 thousand shares of common stock of Mitsubishi UFJ Asset Management (UK) Limited owned by MUFG.

2. The increase of 408,163 thousand shares of common stock in treasury is due to the acquisitions of shares pursuant to provisions of the Articles of Incorporation.

2. Dividends

(1) The amount of dividends paid during the fiscal year

(Resolution)	Type of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
May 15, 2018, Board of Directors	Common stock	43,426	12.74	March 31, 2018	May 16, 2018
July 31, 2018, Board of Directors	Common stock	7,100	2.03	-	August 1, 2018
November 12, 2018, Board of Directors	Common stock	14,970	4.28	September 30, 2018	November 14, 2018
January 30, 2019, Board of Directors	Common stock	12,729	4.12	-	February 4, 2019
Total		78,226			

(2) Dividends whose record date is within the fiscal year and the effective date is subsequent to the fiscal year end

(Resolution)	Type of shares	Total amount of dividends (Millions of yen)	Money source of dividends	Dividends per share (Yen)	Record date	Effective date
May 15, 2019, Board of Directors	Common stock	16,343	Earned surplus	5.29	March 31, 2019	May 16, 2019

Notes on Financial Instruments

1. Current Status of Financial Instruments

(1) Policies

Mitsubishi UFJ Trust Group operates businesses, including deposits, lending, securities investments, other securities activity, foreign exchange, and others as a total financial services business.

In order to operate these businesses, Mitsubishi UFJ Trust Group maintains effective Asset Liability Management (“ALM”) to prevent disadvantageous influence of interest rate risks, foreign exchange rate risks, and others while taking into consideration the market condition or managing the balance of long-term and short-term assets and liabilities by using fund-raising or derivatives transactions.

(2) Substance and Risks of Financial Instruments

The Bank is exposed to credit and market risks due to holding various financial instruments, such as loans, securities, and derivative transactions.

Credit risk refers to the risk of default of obligations under contractual terms due to deterioration in the financial status of the debtors.

Market risk specifically refers to the risk that the value of assets and liabilities could be adversely affected by market fluctuations, such as interest rates, foreign exchange rates, and securities or bond prices. For example, when interest rates rise, the value of the bond portfolio of the Bank, which includes government bonds, will decrease, and when the yen becomes stronger, amounts of foreign currency securities converted in yen will decrease. The Bank also holds marketable equity securities, and the market price of securities held will decrease when the stock price falls. The Bank carries out derivative transactions, such as interest rate swaps, as trading transactions or maintaining effective ALM, and there are possibilities of large fluctuations in fair value of derivative transactions when foreign exchange rates or interest rates change significantly. With respect to interest rate risk hedged by derivative transactions for hedging purposes, fixed-rate deposits, loans, bonds, variable-rate deposits, loans, and forecasted transactions in fixed-rate deposits, loans are designated as hedged items. Interest rate swaps and other derivative instruments are designated as hedging instruments. In addition, with respect to foreign exchange risk, foreign currency-denominated claims and credits are designated as hedged items, and currency swaps and exchange contracts are designated as the hedging instruments. Moreover, with respect to the effectiveness of hedging activities, the Bank’s ability to closely match significant factors for hedged items with hedging instruments is deemed highly effective and, thus, mirrors the success of the Bank’s hedging activities. The effectiveness of hedging activities is also confirmed through a correlation analysis of the factors characterizing interest rate fluctuations.

(3) Risk Management System for Financial Instruments

1. Management of Credit Risk

The credit portfolio of the Bank is monitored and assessed on a regular basis. A uniform credit rating and asset evaluation and assessment system are used to ensure timely and proper evaluation of all credit risks.

The Bank designs its overall credit risk management system based on credit risk management rules, and manages its credit risk on a consolidated basis through the applicable controlling credit risk management system of each company.

The Bank has in place a system of checks and balances in which a credit administration section (that is independent of the business promotion sections) screens individual transactions and manages the extension of credit.

At the management level, Credit and Investment Council meetings are held regularly and important matters on credit risk management are reported and deliberated.

Besides such checks and balances and internal oversight systems, a credit examination section also undertakes credit testing and evaluation to ensure appropriate credit risk management.

2. Management of Market Risk

I . Risk Management System for Market Risk

Checks and balances are maintained through a system in which back offices (operation and administration division) and middle offices (market risk management division) operate independently from front offices (trading division). At the management level, the system of market risk management is set by the Board of Directors and other committees, and the authority to be involved in marketing business is set by the Executive Committee. The Bank allocates economic capital commensurate with levels of market risk within the scope of its capital base, and quantitative limits relating to market risk have been set based on the Bank’s allocated economic capital. In addition, in order to keep losses within predetermined limits, limits for the maximum amount of losses arising from market activities have been set.

II . Market Risk Management and Control

Market risk exposure and the control over the quantitative limit for market risk and losses are reported to the Chief Risk Management Officer on a daily basis. Various analyses on risk profiles, including stress testing, are conducted and reported to the Executive Committee and other committees on a regular basis.

Each fund management division controls its market risks on its marketable assets and liabilities, such as interest rate risk and foreign exchange rate risk, by entering into various hedging transactions using securities and derivatives. The trading transactions and the method of managing the transactions are made clear by description. The method of valuing prices and the aptness of administration in using the trading account are evaluated by internal audits on a regular basis.

III . Market Risk Measurement Model

The Bank uses VaR, VaI, and others (*1) to measure and manage market risk due to the fact that market risk moves daily in a larger range than other risks.

Market risk for both trading and banking activities is measured using the above-mentioned market risk measurement models. The

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principal model used for these activities is a historical simulation (“HS”) model (holding period: 10 business days, confidence level: 99%, and observation period: 701 business days) (*2).

(*1) The Bank measures the VaR (“Value at Risk”), which is defined as the risks of losses due to market fluctuations in, for example, interest rates, securities prices, and foreign exchange rates. The Bank also estimates the VaI (“Value-at-Idiosyncratic Risk”), which is the risk of losses due to fluctuation of the credit spread of instruments, such as bonds and notes.

(*2) The HS method calculates market risk exposure by estimating the profit and loss on the current portfolio by applying actual fluctuations in market rates and prices for a fixed period in the past. The model enables us to directly reflect the characteristics of the market fluctuation and accurately measure optional risks. The HS method estimates market risk exposure on the premise of a certain event probability by statistically analyzing past market data, and it is difficult to identify various risks arising from the incomprehensible market environment, which has changed drastically.

IV. Quantitative Information of Market Risk

i. Market risk in trading activities

The aggregate market risk exposure of trading activities as of March 31, 2019, was ¥167 million.

ii. Market risk in banking activities

The aggregate market risk exposure of banking activities as of March 31, 2019, excluding market risk related to strategic equity investment, was ¥84,960 million.

Monitoring our sensitivity to interest rate fluctuations is the key to managing market risk in banking activities. The Bank takes the following approach to appropriately measure the amounts of core deposits, loan prepayments, and early deposit withdrawals.

To measure interest rate risk relating to deposits, which have no contract-based fixed maturities, the amount of “core deposits” is calculated through a statistical analysis based on deposit balance trend data and the outlook for interest rates on deposits, business decisions, and other factors. The amount of “core deposit” is categorized into various groups of maturity terms of up to 10 years in accordance with character of deposits to recognize interest rate risk. The amount of core deposits and maturity term categorization are regularly reviewed.

Meanwhile, deposits and loans with contract-based maturities are sometimes canceled or repaid before their maturity dates. To measure interest rate risk for these deposits and loans, we reflect these early termination events by applying early termination rates calculated based on a statistical analysis of historical market interest rate data, cancellation, and repayment.

iii. Strategic equity investment risk

The market value of our strategically held (publicly traded) stocks as of March 31, 2019, was subject to a variation of approximately ¥586 million per point of variation in the TOPIX index.

V. Backtesting

The Bank conducts backtesting in which a VaR (holding 1 day) calculated by the model is compared with hypothetical profit and loss on a daily basis in order to verify the accuracy of the VaR measurement model used for market risks in trading and banking activities. In the backtesting, the Bank additionally conducts validation testing of prerequisites for the market risk measurement model and verifies the accuracy by assessing features of the model comprehensively.

As a result of the backtesting in the fiscal year, the actual losses never exceeded VaR in the trading activities or in the banking activities. As the frequency of the excess falls within 4 times, the VaR model is considered to have provided reasonably accurate measurement of market risk.

3. Management of Liquidity Risk

The Bank maintains appropriate liquidity in both Japanese yen and foreign currencies by managing funding sources and other mechanisms, such as liquidity gap, liquidity-supplying products (such as commitment lines), and payment reserve assets.

The Board of Directors and other committees set the system for managing liquidity risk by categorizing the risk into several stages.

The business division that manages liquidity risk is made independent from other units to monitor the limit amount and reports to the Executive Committee and the Board of Directors and other committees. The business division that manages and runs appropriate fund settlements, reports the status and prospects of the fund settlements to the business division that manages liquidity risk, and also reports to the Executive Committee and other committees on a regular basis.

(4) Supplements on Fair Values of Financial Instruments

Fair values of financial instruments are prices based on market prices or reasonably estimated values when there are no market prices. Assumptions are adopted in estimating such values, and therefore, results may vary when different assumptions are used.

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2. Fair Values of Financial Instruments

The carrying amounts in the consolidated balance sheet, fair values, and the differences between these as of March 31, 2019, were as follows. Unlisted securities and others for which fair values are not readily determinable are not included in the table below (refer to Note 2).

(Millions of yen)

	Carrying amount in the consolidated balance sheet	Fair value	Difference
(1) Cash and due from banks	15,803,286	15,803,286	-
(2) Call loans and bills bought	26,136	26,136	-
(3) Receivables under securities borrowing transactions	143,486	143,486	-
(4) Monetary claims bought	355,741	355,741	-
(5) Trading assets			
Trading securities	463,478	463,478	-
(6) Money held in trust	114,048	114,048	-
(7) Investment securities			
Debt securities held-to-maturity	1,030,127	1,027,463	(2,664)
Available-for-sale securities	12,445,519	12,445,519	-
(8) Loans and bills discounted	5,131,115		
Allowance for loan losses (*1)	(2,278)		
	5,128,836	5,201,949	73,112
(9) Foreign exchanges	61,374	61,374	-
Total assets	35,572,036	35,642,485	70,448
(1) Deposits	13,411,708	13,413,693	1,984
(2) Negotiable certificates of deposit	2,323,011	2,323,012	0
(3) Call money and bills sold	12,858	12,858	-
(4) Payables under repurchase agreements	5,302,674	5,302,674	-
(5) Commercial paper	775,752	775,752	-
(6) Borrowed money	1,157,101	1,166,475	9,373
(7) Foreign exchanges	40,812	40,812	-
(8) Bonds and notes	621,573	624,711	3,137
(9) Due to trust account	10,282,227	10,282,227	-
(10) Other liabilities (*2)	249,000	249,000	-
Total liabilities	34,176,721	34,191,217	14,496
Derivative transactions (*3)			
Derivative transactions not accounted for using hedge accounting	(2,849)	(2,849)	-
Derivative transactions accounted for using hedge accounting			-
	3,698	3,698	
Total derivative transactions	849	849	-

(*1): General and specific allowances for losses relevant to loans and bills discounted are deducted.

(*2): Derivative transactions are not included. The financial instruments out of "Other liabilities" which are subject to disclosure of the fair value are shown.

(*3): Derivative transactions included in trading assets and liabilities and other assets and liabilities are shown in combined amounts. Debts and credits from derivative transactions are shown in net.

Note 1. Method of Calculating Fair Values of Financial Instruments**Assets****(1) Cash and due from banks**

Fair values of deposits without maturities are measured at carrying amounts because they are estimated to approximate fair value. Fair values of floating-rate deposits with maturities are measured at carrying amounts because they are estimated to approximate fair value as the floating interest rates reflect the market rate within a short period. Fair values of fixed-rate deposits with maturities are measured at carrying amounts because they are estimated to approximate fair value as the remaining periods are short (within a year).

(2) Call loans and bills bought and (3) Receivables under securities borrowing transactions

Fair values of call loans and bills bought and receivables under securities borrowing transactions are measured at carrying amounts because they are estimated to approximate fair value as the contract periods are short (within a year).

(4) Monetary claims bought

Fair values of monetary claims bought are the prices shown by the correspondent financial institutions. Fair values of certain monetary claims bought are measured by the present discounted value of the expected future cash flow at the market rate.

(5) Trading assets

Fair values of securities, such as bonds held for trading purposes, are the market prices or the prices shown by correspondent financial institutions. Fair values of certain securities are measured by the present discounted value of the expected future cash flow at the market rate.

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(6) Money held in trust

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

The notes for money held in trust by classification based on each holding purpose are shown in “Notes on Money Held in Trust”.

(7) Investment securities

The fair values of stocks are market prices.

The fair values of bonds are market prices or prices shown by the correspondent financial institutions or prices reasonably calculated.

The fair value of investment trust is determined based on the prices announced or the price quoted by the financial institutions from which they were purchased.

The estimated values of floating-rate Japanese government bonds are calculated by discounting future cash flows estimated from their yields and other factors at discount rates based on their yields, taking into consideration the values of embedded options and liquidity premiums obtained from historical market data.

Fair values of some securitized products backed by corporate loans are reasonably estimated values using both (A) the amounts calculated by discounting estimated future cash flows based on our determination, through an analysis of the relevant loans, the probability of default of the borrowers, advanced repayment on the loans and other factors with discount rates based on their yields, and consideration of liquidity premiums obtained from historical market data, and (B) prices quoted by the correspondent financial institutions. Other securitized products are measured by prices quoted by the correspondent financial institutions.

(8) Loans and bills discounted

The fair value of loans and bills discounted to corporate debtors is determined based on the present value of expected future cash flow, which is adjusted to reflect default risk and expected amount to be collected from collateral and guarantees, and discounted at the market interest rate. For receivables from “bankrupt,” “virtually bankrupt,” and “likely to become bankrupt” borrowers, credit loss is estimated based on factors, such as the present value of expected future cash flow or the expected amount to be collected from collateral and guarantees. As the fair value of these items approximates the net amount of receivables after the deduction of allowance for credit losses in the consolidated balance sheet as of the consolidated balance sheet date, such amount is presented as the fair value. For loans hedged by foreign currency forward contracts for which allocation method is applied, the fair value reflects the fair value of corresponding forward exchange contracts.

Fair values of housing loans for individuals are measured within groups with similar characteristics, such as the type of loans and term, by discounting the estimated future cash flows based on the contracted maturity of the loans. The discount rates are based on the current market rates corresponding to the applicable maturity of the loans.

(9) Foreign exchanges

Foreign exchanges are due from foreign banks associated with our accounts without maturities. The fair values are the carrying amounts because they are estimated to approximate fair value.

Liabilities

(1) Deposits

Fair values of demand deposits are the amounts payable on demand at the fiscal year end. Fair values of floating-rate time deposits are the carrying amounts because they are estimated to approximate fair value as the floating interest rates reflect market rates within a short period. Fair values of fixed-rate time deposits, which are grouped by terms, are measured by discounting the estimated future cash flows. The discount rates are based on the deposit rates currently offered. Fair values of current deposits (within a year) are carrying amounts because they are estimated to approximate fair value.

(2) Negotiable certificates of deposit

Fair values of negotiable certificates of deposits are measured by discounting the estimated future cash flows. The discount rates are based on the deposit rates currently offered. Fair values of negotiable certificates of deposits that are current (within a year) are the carrying amounts because they are estimated to approximate fair value.

(3) Call money and bills sold, (4) Payables under repurchase agreements and (5) Commercial paper

Fair values of call money and bills sold, payables under repurchase agreements and commercial paper are the carrying amount because they are estimated to approximate fair value as the contract periods are short (within a year).

(6) Borrowed money

The fair value of borrowed money is determined based on the present value of expected future cash flows grouped by certain maturity lengths, discounted at the interest rate that reflects the Bank’s credit risk. For borrowed money hedged by certain interest rate swaps that qualifies for hedge accounting and meet specific matching criteria, the fair value reflects the fair value of corresponding interest rate swaps. For the fair value of borrowed money with a short remaining period (within a year), the carrying amount is presented as the fair value, as the fair value approximates such carrying amount.

(7) Foreign exchanges

Foreign currency deposits accepted from other banks and nonresident yen deposits are deposits without maturities. For these items, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount.

(8) Bonds and notes

Fair values of bonds and notes that have market prices are the amounts measured on the market price basis. Fair values of bonds and notes that do not have market prices are measured by estimated future cash flows, which are grouped by terms, discounted at the interest rates reflecting the Bank’s credit risk. Bonds and notes that are objects of specific matching criteria of hedge accounting or foreign exchange contract adopting the assignment method include the fair values of the related interest rate swaps

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or foreign exchange forwards. Fair values of bonds and notes for which remaining terms are short (within a year) are the carrying amount because they are estimated to approximate the fair value.

(9) Due to trust account

Due to trust account does not have a maturity, and fair values of due to trust account are carrying amounts because it is estimated to approximate fair value.

(10) Other liabilities

The contract periods of “Other liabilities” are short (within a year), and therefore, the fair value of “Other liabilities” is the carrying amounts because it is estimated to approximate fair value.

Derivatives

Derivatives include interest rate-related derivatives (interest rate swaps and other transactions), currency-related derivatives (currency swaps, foreign exchange forwards, and currency options), equity-related derivatives (total return swaps and other transactions) and bond-related derivatives (total return swaps and other transactions). They are stated at the quoted market price, present value of discounted cash flow, and the price determined using option-pricing models, etc.

Note 2. The carrying amounts in the consolidated balance sheet related to the financial instruments whose fair values are not readily determinable are as below, and are not included in Assets (7) Available-for-sale securities of the Fair Values of Financial Instruments.

(Millions of yen)

	Carrying amount in the consolidated balance sheet
1. Unlisted securities (*1) (*3)	34,495
2. Investments in capital of limited partnership (*2) (*3)	23,607
3. Others	370
Total	58,472

(*1): Unlisted securities are not included in the financial instruments for which fair values are disclosed because there are no available market prices and the fair values are not readily determinable.

(*2): Investments in capital of limited partnership, which include investment on private equity funds, are not included in the financial instruments for which fair values are disclosed because fair values are not readily determinable.

(*3): The amounts of impairment losses on unlisted securities and investments in capital of limited partnership for the fiscal year ended March 31, 2019, were ¥68 million and ¥238 million, respectively.

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Notes on Investment Securities

In addition to “Investment securities” on the consolidated balance sheet, investment securities and investment securities equivalents in “Trading assets” and “Monetary claims bought” are also included in the tables below.

1. Trading securities (As of March 31, 2019)

(Millions of yen)

	Valuation difference included in profit and loss for the fiscal year
Trading securities	(211)

2. Debt securities held-to-maturity (As of March 31, 2019)

(Millions of yen)

	Type	Carrying amount in the consolidated balance sheet	Fair value	Difference
Bonds for which fair values exceed the carrying amount in the consolidated balance sheet	Government bonds	-	-	-
	Municipal bonds	-	-	-
	Bonds and notes	-	-	-
	Other bonds	230,734	231,537	803
	Foreign bonds	230,734	231,537	803
	Total	230,734	231,537	803
Bonds for which fair values do not exceed the carrying amount in the consolidated balance sheet	Government bonds	-	-	-
	Municipal bonds	-	-	-
	Bonds and notes	-	-	-
	Other bonds	799,393	795,925	(3,467)
	Foreign bonds	799,393	795,925	(3,467)
	Total	799,393	795,925	(3,467)
Total		1,030,127	1,027,463	(2,664)

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3. Available-for-sale securities (As of March 31, 2019)

(Millions of yen)

	Type	Carrying amount in the consolidated balance sheet	Acquisition cost	Difference
Securities for which carrying amounts in the consolidated balance sheet exceed the acquisition costs or amortized costs	Equity securities	934,931	378,105	556,825
	Debt securities	2,403,060	2,365,834	37,226
	Government bonds	2,200,057	2,164,699	35,358
	Municipal bonds	25,417	25,310	107
	Corporate bonds	177,584	175,824	1,760
	Other securities	6,798,061	6,583,389	214,672
	Foreign equity securities	92	39	53
	Foreign bonds	5,407,764	5,279,708	128,056
	Others	1,390,204	1,303,641	86,563
	Total	10,136,052	9,327,329	808,723
Securities for which carrying amounts in the consolidated balance sheet do not exceed the acquisition costs or amortized costs	Equity securities	39,141	48,814	(9,672)
	Debt securities	360,371	360,716	(344)
	Government bonds	354,377	354,716	(338)
	Municipal bonds	-	-	-
	Corporate bonds	5,994	6,000	(6)
	Other securities	2,265,694	2,307,932	(42,238)
	Foreign equity securities	-	-	-
	Foreign bonds	1,665,771	1,690,401	(24,630)
	Others	599,923	617,530	(17,607)
	Total	2,665,207	2,717,463	(52,255)
Total		12,801,260	12,044,792	756,468

(Note) The details of “Unrealized gains (losses) on available-for-sale securities” in the consolidated balance sheet are as follows.

(Millions of yen)

	Amount
Unrealized gains (losses) (*1) (*2)	752,388
Available-for-sale securities	750,710
Other money held in trust	1,677
(Δ) Deferred tax liabilities	223,615
Unrealized gains (losses) on available-for-sale securities (before the Bank's ownership share adjustment)	528,772
(Δ) Noncontrolling interests	727
(+) The Bank's ownership share of the unrealized gains (losses) on available-for-sale securities held by affiliates accounted for using the equity method	-
Unrealized gains (losses) on available-for-sale securities	528,045

(*1) The valuation difference of ¥1,097 million (gains) which is recorded in income and expense by applying fair value hedging is not included in “Unrealized gains (losses)”.

(*2) The unrealized gains (losses) of ¥17 million (gains) on limited partnership composing available-for-sale securities, and the adjustment of ¥4,677 million (losses) regarding foreign exchange on foreign currency-denominated available-for-sale securities for which fair value is not readily determinable are included in “Unrealized gains (losses)”.

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4. Available-for-sale securities sold during the year (Fiscal year ended March 31, 2019)

(Millions of yen)

	Proceeds from sales	Gains	Losses
Equity securities	57,435	30,661	347
Debt securities	405,898	7,130	698
Government bonds	350,631	7,112	689
Municipal bonds	-	-	-
Corporate bonds	55,266	18	8
Other securities	3,509,841	18,725	77,649
Foreign equity securities	49,563	2	44,697
Foreign bonds	2,945,885	14,566	21,964
Others	514,392	4,157	10,987
Total	3,973,176	56,517	78,694

5. Securities with impairment losses

Investment securities other than trading securities (excluding those securities in which fair value is not readily determinable, as noted above) whose fair value significantly declined below the acquisition cost, and is considered to be other than recoverable decline, were written down to their respective fair value, which is recorded as the carrying amount in the consolidated balance sheet, and such valuation difference is recognized as impairment loss in the fiscal year.

Impairment losses for the year ended March 31, 2019, totaled ¥654 million (of which equity securities amounted to ¥592 million and of which others amounted to ¥62 million). The criteria for determining whether the fair value has “declined significantly” are defined based on the classification of issuers as follows, pursuant to the internal rules for self-assessment of asset quality:

Issuers who are legally bankrupt, virtually bankrupt, or likely to become bankrupt:	Fair value is lower than acquisition cost
Issuers who are to be closely watched	: Fair value is 30% or more below acquisition cost
Other issuers	: Fair value is 50% or more below acquisition cost

Note that “Issuers who are legally bankrupt” are issuers who have entered into bankruptcy, special liquidation proceedings, or whose notes have been dishonored and suspended from processing through clearing house. “Issuers who are virtually bankrupt” are issuers who are regarded as substantially in a similar condition as bankrupt. “Issuers who are likely to become bankrupt” are issuers who are deemed to have a high possibility of becoming bankrupt. “Issuers who are to be closely watched” are issuers who require close monitoring of their management. “Other issuers” are issuers other than “issuers who are legally bankrupt,” “issuers who are virtually bankrupt,” “issuers who are likely to become bankrupt,” or “issuers who are to be closely watched.”

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Notes on Money Held in Trust

1. Money held in trust for trading purposes (As of March 31, 2019)

(Millions of yen)

	Carrying amount in the consolidated balance sheet	Valuation difference included in profit and loss for the fiscal year
Money held in trust for trading purposes	12,370	-

2. Other money held in trust (except for trading or held-to-maturity purposes) (As of March 31, 2019)

(Millions of yen)

	Carrying amount in the consolidated balance sheet	Acquisition cost	Difference	Other money held in trust for which carrying amounts in the consolidated balance sheet exceed the acquisition costs	Other money held in trust for which carrying amounts in the consolidated balance sheet do not exceed the acquisition costs
Other money held in trust	101,677	100,000	1,677	1,677	-

(Note) “Other money held in trust for which carrying amounts in the consolidated balance sheet exceed the acquisition costs” and “Other money held in trust for which carrying amounts in the consolidated balance sheet do not exceed the acquisition costs” are the details of “Difference”.

Notes on Business Combinations

Transactions under common control

1. Transference of the Bank's corporate loan-related businesses

The Bank transferred its domestic corporate loan-related business and the corporate loan-related business carried on by its overseas locations (New York, London, Hong Kong and Singapore) to MUFG Bank, Ltd. on April 16, 2018, based on the absorption-type corporate split agreement and the business transfers agreements which were entered into on October 31, 2017 (the absorption-type corporate split and the business transfers pursuant to those agreements are referred to as the “Corporate Restructuring”).

(1) Purpose of the Corporate Restructuring

MUFG Group announced “MUFG Re-Imagining Strategy” in May 2017, which aimed to deliver the best value to customers, officers and employees, shareholders and other stakeholders, through the simple, speedy and transparent integrated group-based management approach, and also to achieve sustainable growth and contribute to the betterment of society by developing solutions-oriented businesses.

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

(2) Summary of accounting treatment

In accordance with ASBJ Statement No. 21, “Revised Accounting Standard for Business Combinations”, issued on September 13, 2013 and ASBJ Guidance No. 10, “Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures”, issued on September 13, 2013, this transaction was treated as a transaction under common control.

The amounts of assets, liabilities and others split or transferred due to this Corporate Restructuring are as follows.

i. The absorption-type corporate split pursuant to the agreement

Assets ¥9,124,632 million (Loans and bills discounted of ¥8,779,977 million were included)
Liabilities and Net assets ¥9,124,632 million (Call money and bills sold of ¥6,302,225 million were included)

The Bank did not receive stocks or other money from MUFG Bank, Ltd. as a consideration for the absorption-type corporate split pursuant to the agreement.

ii. The business transfers pursuant to the agreement

Assets ¥1,763,679 million (Loans and bills discounted of ¥1,746,867 million were included)
Liabilities ¥13,120 million
Transfer price ¥1,750,558 million

2. Mitsubishi UFJ Kokusai Asset Management Co., Ltd. became a wholly owned subsidiary of the Bank

The Bank wholly owned Mitsubishi UFJ Kokusai Asset Management Co., Ltd. (“MUKAM”) on April 2, 2018, based on the absorption-type corporate split agreement entered into on February 2, 2018.

(1) Purpose of the corporate split

As a part of the “Functional Realignment” of MUFG Group, in order to develop a “trust business-oriented consulting and solution business” that integrates the Bank's high level of expertise in the asset management and administration business—which is one of the most important growth segments for the MUFG Group—with MUFG Group's wide customer relationship, the Bank inherited the common shares in MUKAM received by Mitsubishi UFJ Financial Group, Inc. from MUFG Bank, Ltd. and Mitsubishi UFJ

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Securities Holdings Co., Ltd. as dividend in kind, and MUKAM became a wholly owned subsidiary of the Bank.

(2) Summary of accounting treatment

In accordance with ASBJ Statement No. 21, “Revised Accounting Standard for Business Combinations”, issued on September 13, 2013 and ASBJ Guidance No. 10, “Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures”, issued on September 13, 2013, this transaction was treated as a transaction under common control.

Information on Per Share of Common Stock

Net assets per share of common stock: ¥684.43

Net income per share of common stock: ¥31.03

Diluted net income per share is not disclosed because it is anti-dilutive.