



MUFG Report 2019

Integrated Report

Editorial Overview

We, Mitsubishi UFJ Financial Group, or MUFG, have compiled our integrated report, MUFG Report 2019, in order to explain our efforts to create sustained value to our investors and other stakeholders. Referencing the framework provided by the International Integrated Reporting Council (IIRC),* this report introduces our business model through the opening section (“Who We Are”), and explains the methods we have used to create sustainable value through “Value Creation Initiatives,” “Important Issues Concerning Value Creation” and “Foundations of Value.” Further details on our initiatives for addressing ESG issues are available on our website.

* A private-sector foundation established in 2010 by companies, investors, accounting organizations and administrative agencies to develop an international framework for corporate reporting.

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Definitions of Specific Terms Used in This Report

MUFG: Mitsubishi UFJ Financial Group, Inc.
 the Bank: MUFG Bank, Ltd.
 the Trust Bank: Mitsubishi UFJ Trust and Banking Corporation
 the Securities Business: Mitsubishi UFJ Securities Holdings Co., Ltd. and its subsidiaries
 MUMSS: Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
 MUAH: MUFG Americas Holdings Corporation
 Krungsri: Bank of Ayudhya Public Company Limited
 Bank Danamon: PT Bank Danamon Indonesia, Tbk.
 CFSGAM: Colonial First State Global Asset Management

R&C: Retail & Commercial Banking Business Group
 JCIB: Japanese Corporate & Investment Banking Business Group
 GCIB: Global Corporate & Investment Banking Business Group
 GCB: Global Commercial Banking Business Group
 AM/IS: Asset Management & Investor Services Business Group
 Global Markets: Global Markets Business Group

Disclaimer

This report contains forward-looking statements with regard to the expectations, forecasts, targets and plans of Mitsubishi UFJ Financial Group, Inc. (“MUFG”) and its subsidiaries and affiliates (collectively, “the Group”). These forward-looking statements are based on information currently available to the Group and are stated in this document on the basis of the outlook at the time that this document was produced. In producing these forward-looking statements certain assumptions (premises) have been utilized that are subjective and may prove to be incorrect. Should any underlying assumption prove to be incorrect, actual results in the future may vary materially from some of the forward-looking statements in this document. The Group has no obligation or intent to update any forward-looking statements contained in this document. In addition, information on companies and other entities outside the Group that is included in this document has been obtained from publicly available information and other sources. The accuracy and appropriateness of that information has not been verified by the Group and cannot be guaranteed. All figures contained in this report are calculated according to generally accepted accounting principles in Japan, unless otherwise noted.

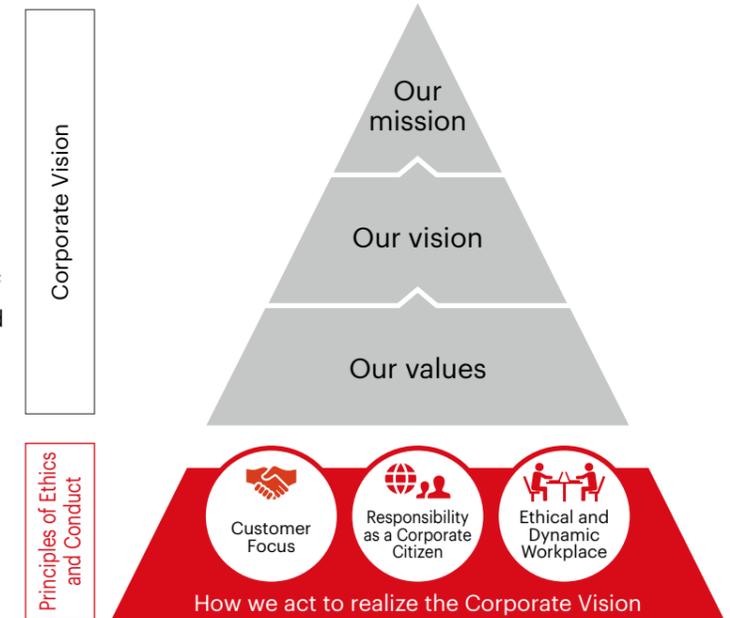
Who We Are

Corporate Vision

The corporate vision serves as the basic policy in conducting our business activities, and provides guidelines for all group activities.

The corporate vision also is the foundation for management decisions, including the formulation of management strategies and management plans, and serves as the core value for all employees.

MUFG has established Principles of Ethics and Conduct based on its Corporate Vision. These principles provide standards for all MUFG employees to guide their decisions and actions.



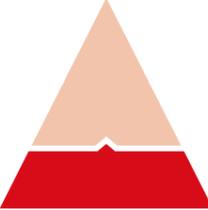

Our mission

To be a foundation of strength, committed to meeting the needs of our customers, serving society, and fostering shared and sustainable growth for a better world.


Our vision

Be the world’s most trusted financial group

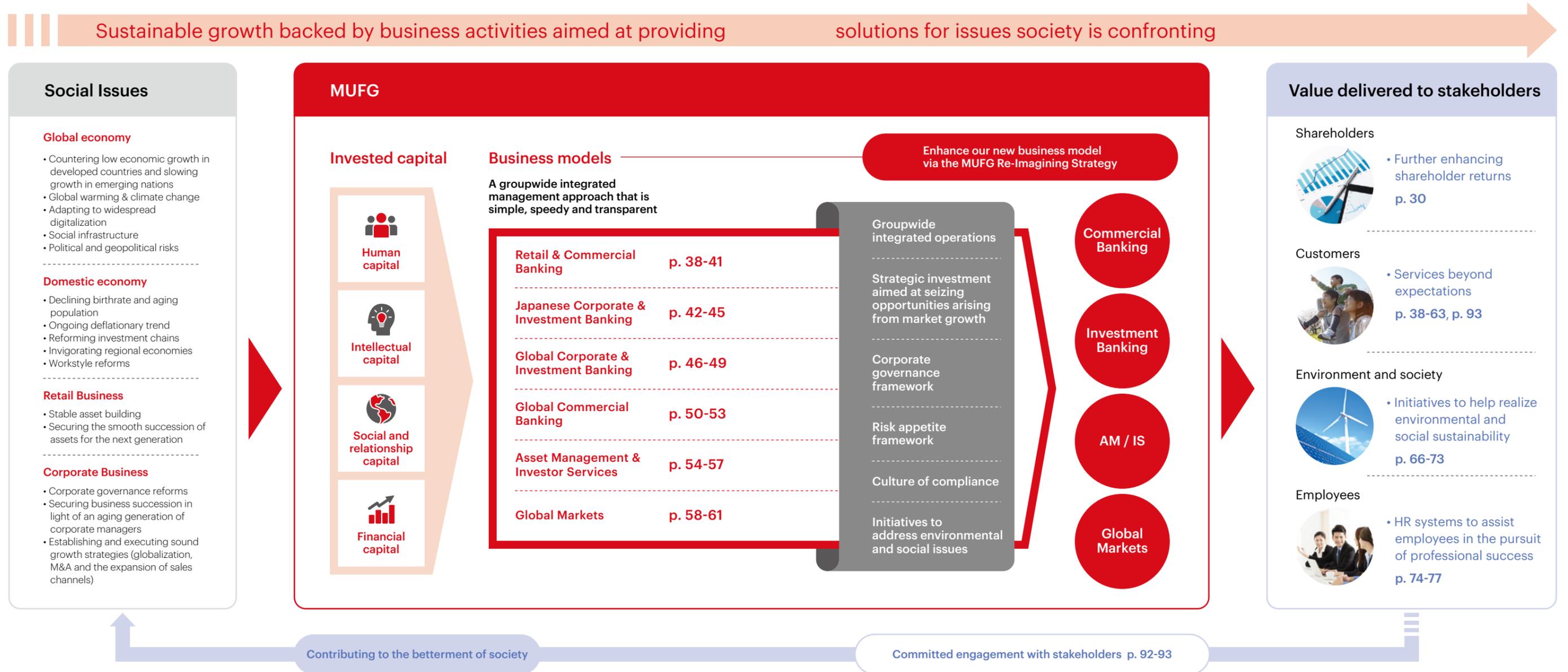
1. Work together to exceed the expectations of our customers
2. Provide reliable and constant support to our customers
3. Expand and strengthen our global presence


Our values

1. Integrity and Responsibility
2. Professionalism and Teamwork
3. Challenge Ourselves to Grow

Details on our corporate vision are available on our website. <https://www.muftg.jp/english/profile/philosophy>

MUFG Value Creation Process



Contributing to the betterment of society

Committed engagement with stakeholders p. 92-93

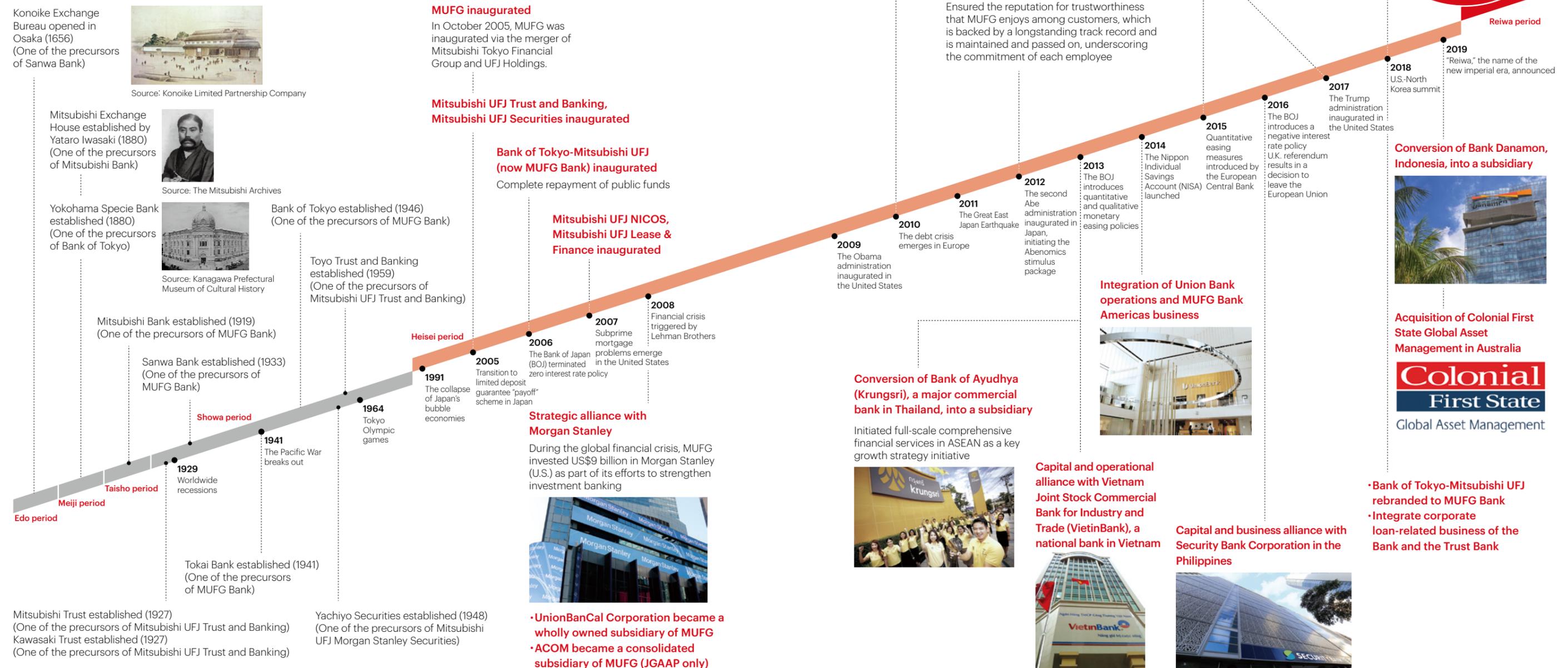


History of MUFG

Among MUFG's precursors, the oldest dates back approximately 360 years. Over this long span of time, our commitment to addressing customer needs has remained unchanged, weathering the course of mergers prompted by recurring periods of social change and economic adversity, including worldwide recessions, Japan's rapid growth period, the rise and fall of bubble economies and, most recently, the Global Financial Crisis.

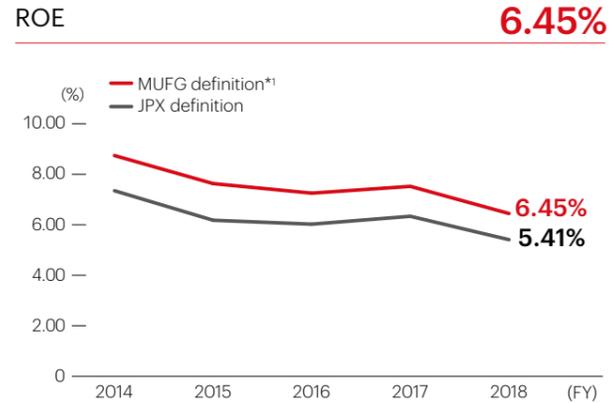
We have nurtured our commitment despite the circumstances and are determined to move forward to achieve mutual and sustainable growth with our customers. Moreover, we aspire to contribute to the sound development not only of Japan but of countries around the world and we aim to be part of the bedrock of society.

With all employees sharing this commitment and aspiration, MUFG steadfastly pursues its mission.

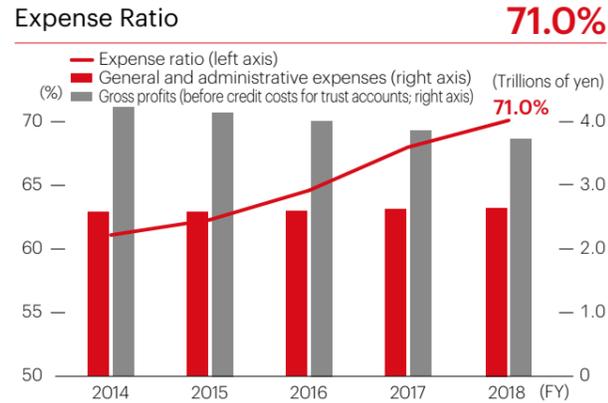


Financial Highlights

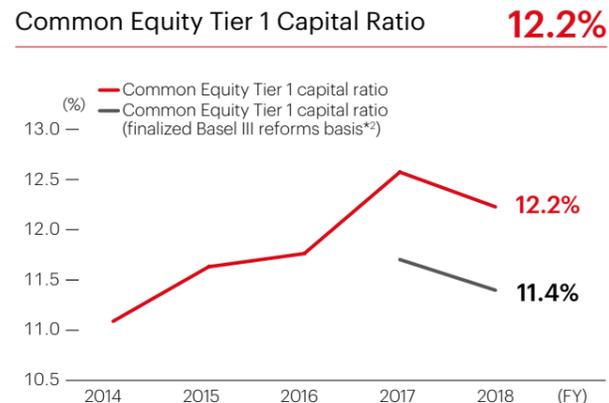
Key Financial Performance Indicators



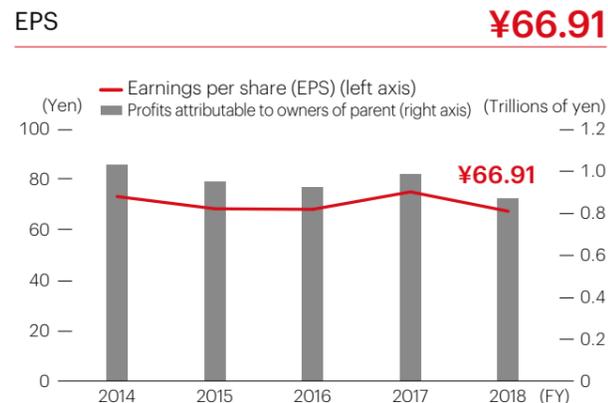
ROE declined mainly due to a decrease in profits attributable to owners of parent.



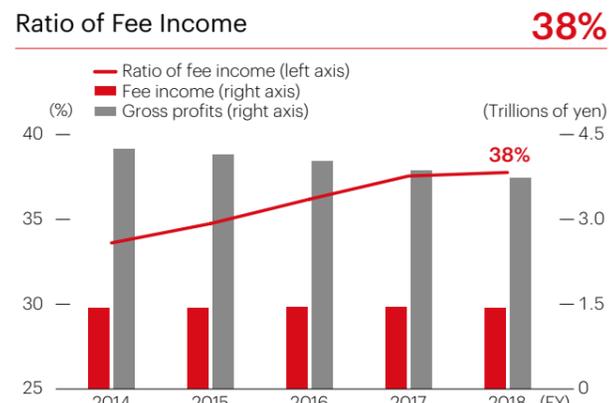
Expense ratio increased due to a decrease in gross profits mainly because of a decrease in net trading profits, as well as an increase in G&A expenses for overseas operations.



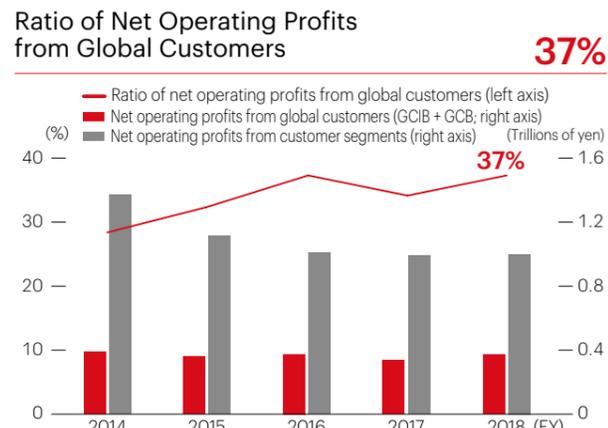
Common Equity Tier 1 capital ratio remained at a sufficient level.



Profits attributable to owners of parent decreased mainly due to a decrease in net operating profits and an increase in losses on impairment of fixed assets for system integration of NICOS, partially offset by an improvement in credit costs and an increase in profits from investments in affiliates. EPS declined as well.



Despite a slight decrease in fee income, the ratio of fee income to gross profits rose modestly because of a decrease in gross profits decreased, reflecting lower net trading profits.



Ratio of net operating profits from global customers rose due to an increase in net operating profits from GCIB and GCB.

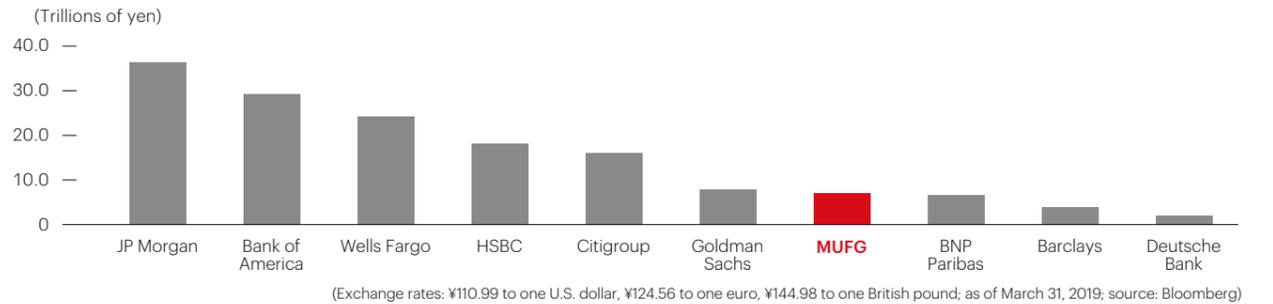
Financial Results under the Medium-Term Business Plan

	FY2017 results	FY2018 results	FY2020 targets	Medium- to long-term targets
ROE (MUFG definition)*	7.53%	6.45%	Approx. 7% to 8%	9% to 10%
Expense ratio	68.0%	71.0%	Below FY2017 result (68.0%)	Approx. 60%
Common Equity Tier 1 capital ratio (finalized Basel III reforms basis)	11.7%	11.4%	Approx. 11%	

* For details on calculation methods, please also see descriptions on ROE featured in "Financial Highlights" on page 6.

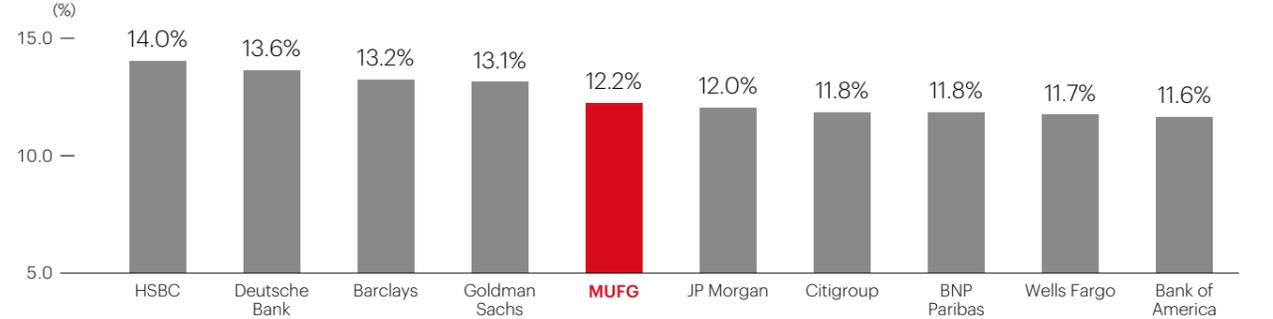
Financial Position Compared with Global Peers (G-SIBs)*1

Market Capitalization



(Exchange rates: ¥110.99 to one U.S. dollar, ¥124.56 to one euro, ¥144.98 to one British pound, as of March 31, 2019, source: Bloomberg)

Common Equity Tier 1 Capital Ratio



(Rates as of December 31, 2018, excluding the rate for MUFG as of March 31, 2019; based on data disclosed by each firm)

Credit Ratings*2



(Ratings as of May 31, 2019; based on data disclosed by each firm)

*1 Profits attributable to owners of parent
 [(Total shareholders' equity at the beginning of the period + Foreign currency translation adjustments at the beginning of the period) / (Total shareholders' equity at the end of the period + Foreign currency translation adjustments at the end of the period)] × 100

*2 Estimated Common Equity Tier 1 capital ratio reflecting the risk-weighted assets increase, as calculated on a finalized Basel III reforms basis.

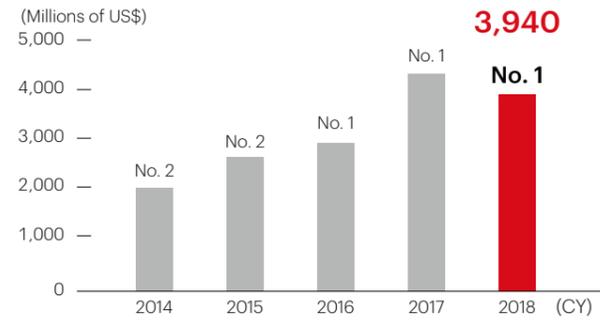
*1 Comparisons with European and American G-SIBs which a G-SIB buffer (announced in 2018) of 1.5% or greater is applied
 *2 BNP Paribas and Deutsche Bank: Non-preferred senior ratings
 Others: Issuer ratings or long-term foreign currency denominated debt ratings

ESG Highlights

Environment

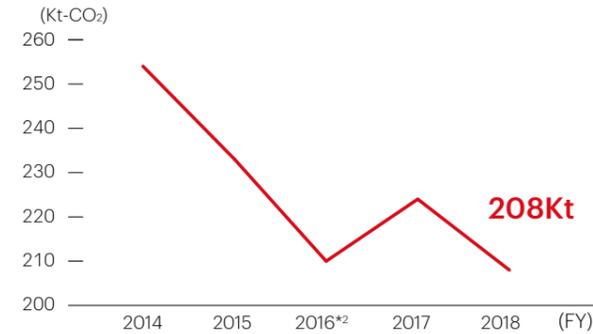
MUFG's Track Record and Ranking as a Finance Arranger in the Renewable Energy Sector

US\$3,940 Million
(No. 1 ranking)



Source: Bloomberg New Energy Finance ASSET FINANCE/Lead arrangers LEAGUE TABLE

Carbon Dioxide (CO₂) Emissions*1 **208Kt**

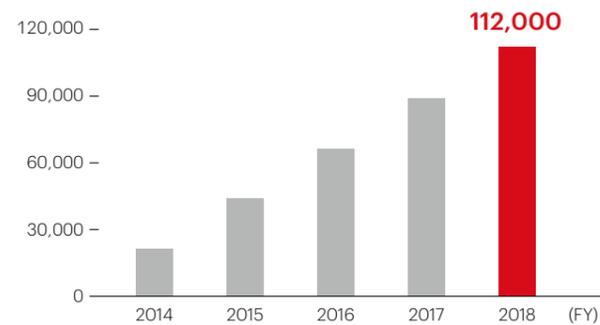


*1 Domestic total for MUFG, MUFG Bank, Mitsubishi UFJ Trust and Banking, Mitsubishi UFJ Morgan Stanley Securities and Mitsubishi UFJ NICOS
*2 The figure for fiscal 2016 includes the impact of a CO₂ offset scheme employing emission credits. This scheme resulted in a total reduction of 25,500t-CO₂.

Society

Number of Business Matches Made*

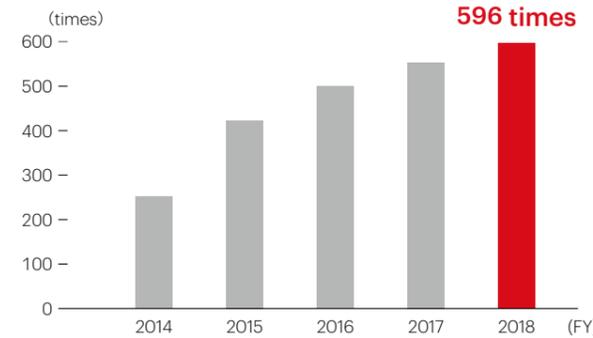
cumulative
Approx. **112,000**



* The sum of business matching cases conducted by branches and those established at business matching events held in Japan and overseas

Number of Occasions in which MUFG Staff Provided Students with Economic and Financial Education*

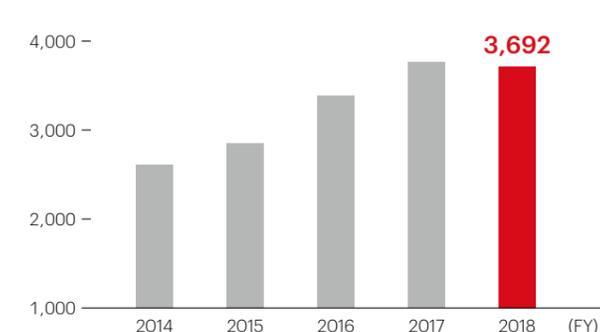
596 times



* On-demand school lectures and workplace experience programs conducted by staff at MUFG Bank, Mitsubishi UFJ Trust and Banking, Mitsubishi UFJ Morgan Stanley Securities, Mitsubishi UFJ NICOS and ACOM

Number of Employees on Childcare Leave*

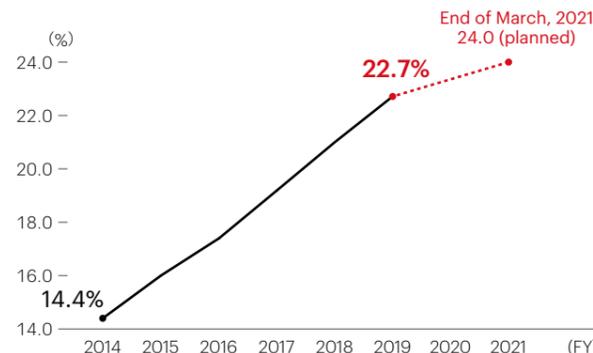
3,692



* Total for MUFG Bank, Mitsubishi UFJ Trust and Banking, Mitsubishi UFJ Morgan Stanley Securities and Mitsubishi UFJ NICOS

Ratio of Female Managers in All Managerial Positions*

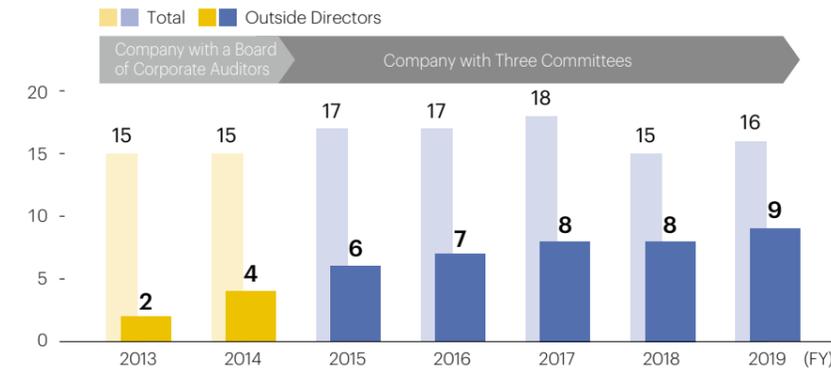
22.7%



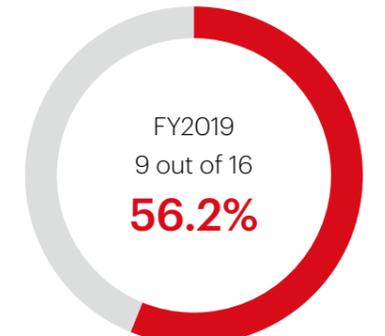
* Total for MUFG Bank, Mitsubishi UFJ Trust and Banking and Mitsubishi UFJ Morgan Stanley Securities

Governance

Number of Members of the Board of Directors



The Proportion of Independent Outside Directors



External Recognition

Inclusion in ESG-Related Indices

MUFG is included in a number of prominent ESG-related stock indices at home and abroad (as of May 31, 2019).



MUFG was chosen as a member of the 2019 Bloomberg Gender-Equality Index (GEI).



MUFG Union Bank was selected by DiversityInc as one of the world's Top 50 Companies for Diversity.



MUFG has received the top gold rating on the PRIDE Index which evaluates companies' inclusivity efforts toward LGBT.



MUFG Union Bank has received full marks for six consecutive years in the Corporate Equality Index.

“Let’s Build New Trust” ... an Idea Whose Time Has Come

As context for this report – which integrates information and observations about MUFG’s extensive activities into a useful form for stakeholders – I would first like to share a few thoughts on our company’s deepest purpose, and on a past that informs our ideals for the future.

An Unwavering Commitment Honored for 360 Years

MUFG’s heritage dates back to an exchange bureau established more than three-and-a-half centuries ago, and is marked by major adversities overcome through skill and tenacity. These include global recessions, the rise and fall of economic bubbles, and – more recently – the financial crisis triggered by the Lehman Brothers bankruptcy. We have also undergone a number of mergers over the years. All this has contributed to our evolution into the MUFG you know today.

Over the years, as our businesses and products have evolved, one thing has remained constant: our commitment to safeguarding and enhancing the welfare of customers and society through quality financial services. Fulfilling this commitment is a requirement for earning society’s permission for us to exist – and to flourish. If we do our job right, we provide lifeblood to the economy and open the possibility for all boats to rise, including our own.

To accomplish this, we must deserve society’s trust – the bedrock of financial services. Trust demands certain fundamentals that we believe we have mastered: accurate clerical operations and stable systems that allow us to protect the assets entrusted to us; a solid financial position that enables us to provide reliable financial services; and a global force of mission-driven employees deeply committed to serving the best interests of customers.

We are grateful for the many stakeholders who express an ongoing appreciation of these MUFG strengths and the value of our services, security, and safety. And we are proud that these qualities have won the trust – and business – of many thousands of people in the 50-plus nations we serve.

Now, upon that foundation, we face an epoch of unrelenting, radical change.

Striving to Win Customer Trust, We Will Remain a Trailblazer in Terms of Innovation

With the global economy stuck in a low-growth trap, central banks around the world are applying monetary-easing policies to induce and maintain low interest rates. Developed countries are feeling the troubling effects of rapidly graying populations. A struggle for global hegemony between the United



Kanetsugu Mike
President & Group CEO

Message from the CEO

States and China is playing out through trade frictions, and some countries are seeing a disturbing rise in nationalism. The longstanding framework for international collaboration to support the global economy has been badly shaken.

Environmental and social issues are attracting public interest. So are business practices to achieve United Nations Sustainable Development Goals and to encourage Environment, Social, and Governance-oriented investment. Millennials and Generation Z are embracing new value systems and mindsets. All these forces help drive radical changes in customer behaviors.

Meanwhile, digital technologies are advancing swiftly and relentlessly, fueling disruption with breathtaking intensity – and significantly accelerating the pace of change. According to McKinsey Global Institute, the new technology of television required 13 years to grow an audience of 50 million. The publicly accessed Internet required only three years – Twitter, just nine months.

Consider how this has affected humanity. Technology is sweeping away conventions throughout society, and banks are not immune. Nontraditional players are deploying revolutionary digital technologies and innovative ideas to offer novel, convenient financial services that customers eagerly embrace.

In this environment, what manner of financial institution should MUFG aspire to be? When I assumed the role of Group CEO, I had to seriously reflect on this question. No matter how harsh the environment, of course we must maintain the highest standards of stability and trustworthiness, but at the same time we must innovate new services and user experiences to keep pace with blindingly fast changes in customer requirements.

Financial services have long fulfilled an essential function supporting economic activities and society

as a whole. MUFG should thus aspire to fulfill its unspoken social contract to be strong and trustworthy while also ensuring that it is capable of innovation.

Setting Our Sights Higher than Required

When our current medium-term business plan (MTBP) was formulated, the primary goal was to define a path – through a volatile environment – leading to sustainable growth. We concluded we need a full revival, one akin to a re-founding of MUFG. In that spirit, we launched our “MUFG Re-Imagining Strategy” in 2017. The strategy is supported by “Eleven Transformation Initiatives” that diverge significantly from the accepted ways of doing things, including how we use advanced technology.

We created the slogan – “Let’s Build New Trust” – as a banner for the work we must do while balancing two countervailing concepts. On the one hand, we must maintain customer confidence and trust. On the other, we can’t be too cautious or content with merely protecting what we have today. We must embrace the ambition to take on new things and generate new trust through constant innovation.

This means we must challenge the status quo; tailor products and services to customer needs at an unprecedented level; always prioritize customer convenience over our own; and create new innovative points of contact with them through digital technologies. When such efforts succeed in creating delight, we will be building “New Trust” and fulfilling the role I believe MUFG should aim for.

I ask our colleagues to set their sights above simply safeguarding the customer trust we have earned over the years. That trust is necessary, but not sufficient. We must also meet the challenge of building new trust by offering new products and services that satisfy the new needs of customers – old and new.

On Professional Pride, Humility and Leadership

With this being my inaugural letter to you as CEO, I felt that a personal note about the experiences that have led me to my current role would be in order.

At age 30, I entered a pivotal period of my life that would shape the arc of my career. Having graduated from the Wharton School in the U.S., I was assigned to the London branch of Mitsubishi Bank for seven years. Throughout that period, I was surrounded by colleagues of widely varied backgrounds and nationalities—a nourishing experience in diversity for anyone studying international finance, as I was at the time.

Apart from their immaculate professionalism, their genuine pride in their roles made a deep impression on me. Although they were from all over the globe, these colleagues shared certain qualities in common, including a focus on clients’ needs and carrying out their duties with resourcefulness, creativity, and excellent communication.

Collectively, they schooled me in my first real leadership—one that prepared me for what lay ahead.

By the year 2000, having returned to Japan to work in corporate banking sales for six years, I was transferred to New York and appointed deputy general manager overseeing our business with Japanese corporations. Then, five years later, I led the \$2.4 billion, 110,000-man-month project of integrating systems of The Bank of Tokyo-Mitsubishi and of UFJ Bank, the two organizations that combined to form MUFG Bank.

With no prior experience in IT, I immediately recognized the need to create a team of accomplished professionals, including system specialists, banking operators and others from across the organization who were well-versed in operations. The assignment exposed me to the impressive depth and range of MUFG’s talent bench. It also impressed upon me, through frequent engagement with senior leaders, how crucial management commitment is to success when executing critical, long-term projects.

In 2011, I was appointed officer in charge of systems and operations for the entire bank. Leading such a round-the-clock operation, which at peak could handle 100 million transactions a day—smoothly, without failure, using systems requiring constant upgrading and streamlining—was a daunting responsibility. This position gave me the chance to work with professionals who relished tackling serious challenges. It also reinforced my appreciation of IT and its irreplaceable role in finance.

Two years later, I led the latter part of MUFG’s negotiations, which had already progressed halfway, to acquire of the Bank of Ayudhya (Krungsri) in Thailand. My approach was to identify the cultural fit between the two organizations—particularly the mutual values they each cherished most—that would facilitate discussions and put us on an accelerated path to a final agreement.

In 2015, I transferred back to New York, became the regional executive for the Americas, and co-managed MUFG Union Bank and its 10,000 employees alongside our newly appointed American CEO in the United States. It was a valuable experience that exposed me to the uniquely fast-paced, dynamic approach to decision making often practiced by American executives. It also demonstrated to me the cultural importance of hiring managers sensitive to local market trends to effectively lead regional businesses.

If there is one conclusion from the sum of my experience, it’s that humility, paired with quiet confidence, is a vital trait for bankers—especially in leadership positions. It leaves a mind open to learn and improve, regardless of past accomplishments. It diverts attention to the needs and contributions of others. And, it drives one to leverage personal success for the greater good.

That is why, among all the characteristics that compose a corporate culture, the one I most sincerely wish for MUFG colleagues to exemplify is humility.

Message from the CEO

Where We Stand & Where We Aim to Go

I'd like to share some thoughts on our recent progress and the challenges we face as we continue to deploy our three-year MTBP.

Reflections on Fiscal 2018 Performance

Fiscal 2018 was the first year of this MTBP. We anticipated a year of assuming a "heads-down" stance while aiming for a turnaround in the second year and growth in the third. Accordingly, we were primed to tackle harsh conditions in fiscal 2018. However, the environment was even harsher than we had envisioned.

It is my sincere regret that we failed to meet our financial targets (which we revised upward with our November 2018 announcement of interim results) due to such factors as impairment losses from fundamentally revising our system integration plan for Mitsubishi UFJ NICOS.

As a positive, however, our overall progress on organizational transformation and business-model "re-imagining" has been steady.

We made important strides in optimizing our organization by integrating management based on our Business Groups. For example, we integrated the corporate loan-related businesses of the Bank and the Trust Bank for better collaboration and significantly increased intra-group referrals.

We also promoted digitalization strategies, jointly establishing Global Open Network with U.S.-based Akamai Technologies, Inc., an ambitious project to offer an open-payment network based on new blockchain technology we hope to eventually offer to customers.

In line with our domestic sales-channel strategy, we equipped all branches with self-service terminals, such as specialized store teller machines for paying taxes and bills, and LINKS teleconferencing systems for consulting services, while developing a branch offering an innovative user experience. We also upgraded our smartphone app to make it more customer-friendly.

Overseas, our net-interest income has increased, particularly in the Japanese corporate sector. Thailand-based Krungsri delivered stable growth, and



revenues from investor services overseas have increased under the MUFG Investor Services brand.

The Global Corporate & Investment Banking Business Group (GCIB) has curbed its balance of low-profitability assets by approximately ¥800 billion. In March 2019, we signed an agreement with Germany-based DVB Bank to acquire its aviation finance-related business, which included a solid portfolio of high-profit assets valued at more than ¥700 billion. We will continue to nurture aviation finance into the third earnings pillar of GCIB, alongside our global presence in project finance and securitization.

We have made significant progress in our inorganic strategies as well. In April 2019, Bank Danamon in Indonesia became a consolidated subsidiary, helping complete our seven-year initiative to establish a commercial banking business platform to serve key ASEAN nations. We will share expertise and pursue synergies with the partner banks in addition to

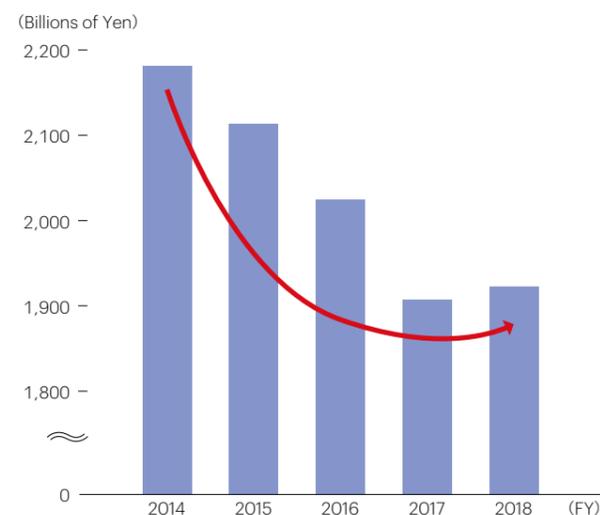
strengthening internal controls to enhance its value.

In August 2019, we completed procedures for acquiring Colonial First State Global Asset Management (CFSGAM) in Australia.

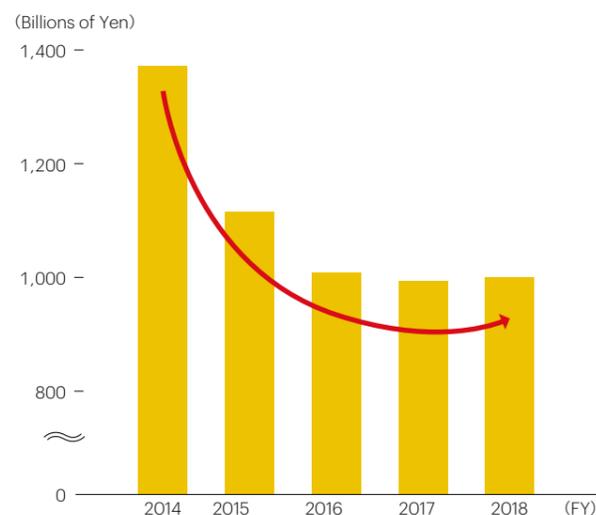
We have also taken steps to optimize our portfolio of strategic investments. As with the divestment of our shares in CIMB in fiscal 2017, we sold part or all of our shares in Standard Life Aberdeen, Banco Bradesco SA, and Dah Sing Financial Holdings.

As a result, we made two year-on-year improvements for the first time in four years. First, our net-interest income – the mainstay source of income in banking operations – has bottomed out. Second, we grew net operating profits from customer segments.

Net Interest Income



Net Operating Profits from Customer Segments



Message from the CEO

Fiscal 2019: A Turnaround Year

With this momentum, we aim for an overall turnaround in our performance in fiscal 2019, the second year of our MTBP. We will also revise strategies for some businesses that failed to meet planned milestones in fiscal 2018.

For example, the institutional investors business, especially Sales & Trading, felt negative effects from slumping stock prices and concerns about overseas credit markets. Accordingly, we should reconsider our strategies, downsize part of this business, and refocus management resources on forex, structured products, and other MUFG strengths.

The wealth management business struggled similarly in fiscal 2018. Although we believe our overall direction in this field is correct, this business has met difficulties in investment product sales. With this in mind, we must develop our platform for successful transition from a conventional business model focused on investment product sales to a new model of asset management and advisory services.

We are also stepping up cost control. We previously set a target of reducing domestic branches by 20% by the end of fiscal 2023, but we revised this target to 35%. Based on a review of bank counter, middle, and back-office operations, we are confident we can reduce the workload equivalent of more than 10,000 employees, compared with the original estimate of 9,500. We are also overhauling the entire cost structure and, to this end, considering a significant reduction in headquarters staffing.

We aim to show a turnaround in fiscal 2019 and growth in fiscal 2020. We see positive signs that indicate this outcome.

The Retail & Commercial Banking Business Group (R&C) is shifting to a business model that secures recurring revenues and is resilient despite fluctuations in the market environment. The Group is

also pushing ahead with an exhaustive reform of its cost structure and making steady progress toward a stronger financial base.

In the asset management business, R&C will reallocate hundreds of staff from the Bank to Mitsubishi UFJ Morgan Stanley Securities, which should help boost intermediary customer referrals. Similarly, it will reallocate staff in the real estate business to strengthen its overall structure.

The Group has also merged domestic commercial and retail banking offices under single branch management. This lowers costs and was accomplished 18 months ahead of schedule. By optimizing staffing, branches, and ATM networks, R&C aims to beat its cost-reduction target under the MTBP.

The Japanese Corporate & Investment Banking Business Group (JCIB) is improving its foreign currency lending/deposit gap and lending spreads, and will enhance its transaction banking functions while expanding its Origination & Distribution business.

The Group strove to upgrade its ability to propose Corporate Real Estate asset solutions, assist clients in the formulation of shareholder strategies through corporate agency services, and step up its pensions business in a way that incorporates financial strategy assistance functions by offering customers financial strategy advisory services. To this end, the Group increased the number of Product Officers to enhance its product offering capabilities.

To reduce equity holdings, the Group will accelerate negotiations with corporate clients to enter agreements by the end of fiscal 2019, ahead of schedule for divesting equity holdings earmarked under the MTBP.

The Group also established a Research & Advisory Unit in July 2019, to consolidate previously dispersed

functions and provide seamless, higher-quality intelligence and advisory services.

The Global Corporate & Investment Banking Business Group (GCIB) applied Balance Sheet Optimization for notably positive results by replacing assets in lending portfolios. Specifically, the Group stepped up monitoring transactions that failed to meet prescribed hurdles for returns on risk-weighted assets, reducing the number of low-profitability customers and raising overall transactional profits.

The Group also divested low-profitability assets while acquiring the aviation finance business described earlier as well as a supply-chain finance business in the United States, with the aim of accumulating highly profitable assets.

The Global Commercial Banking Business Group (GCB) has steadily grown overall operations thanks to the addition of Bank Danamon, along with contributions from Krungsri and its solid consumer business performance, somewhat mitigating the impact of lower revenues and profits anticipated at MUFG Union Bank.

With more than 3,000 branches operated by MUFG partner banks in ASEAN nations, the Group is positioned to draw on the dual strengths of this tremendous franchise base and the Company's global network. It aims to expand by developing a local business network serving the entire supply chain, ranging from major finished-product manufacturers seeking to expand into ASEAN nations; to their suppliers, dealers, and other local SMEs; and to retail customers such as these entities' clients and employees.

The Asset Management & Investor Services Business Group (AM/IS) expects lower profits, due to expenses associated with acquiring Colonial First State Global Asset Management (CFSGAM) and the absence of dividend income following the divestiture of Standard Life Aberdeen. However, the Group anticipates its

fiscal 2019 profits to rise year-on-year, excluding these one-off factors. Aiming to become one of the top 15 global asset managers on an assets-under-management basis, the Group will focus on working with CFSGAM on post-merger integration.

In the investor services business, the Group will expand its banking services associated with fund administration to secure a position among the global top-five firms in value of alternative funds under administration. The Group will continue upgrading its internal control systems and exercising a firm grip on costs, creating a more robust structure to support business expansion.

The Global Markets Business Group, as mentioned earlier, is considering downsizing S&T operations and shifting management resources to fields where MUFG has been strong or shows growth potential. Specifically, the Group will focus on services such as forex and asset management for institutional investors.

In treasury operations, the Group aims to grow net proceeds from sales and purchases by countering changes in external conditions, such as U.S. monetary policies. This includes reviewing its asset allocation policies for bonds and equities while engaging in hedging transactions.

Upgrading Compliance & Internal Control Systems

We are keenly aware of the exceeding importance of initiatives aimed at upgrading internal control systems that support the sales strategies and business endeavors discussed earlier.

Indeed, regulatory authorities in nations around the world – particularly in the U.S. – are calling for financial institutions to implement sophisticated financial crime countermeasures, due in part to growing public pressure.



In response, MUFG established the Global Financial Crimes Division (GFCD) in November 2017. Based in New York, GFCD is charged with supervising anti-money laundering, sanctions compliance, and anti-bribery and anti-corruption activities at business units across the enterprise. GFCD also maintains a team of experienced financial crime specialists overseeing Group operations in regions around the world. We will strengthen the organizational structure by enforcing globally unified standards at business bases in 50 countries.

In autumn 2019, Japanese financial institutions, including MUFG, will be subject to a fourth Financial Action Task Force evaluation, undergoing an important assessment of compliance and the effectiveness of our AML measures. With this in mind, in June 2019 we upgraded our “Know-Your-Customer” procedures and systems. As a crucial component of Japan’s financial system, we will maintain a firm stance against these financial crimes.

Regrettably, we recently experienced compliance-related incidents, such as market manipulation. We are seriously reflecting on these cases and are determined to address the challenge. To this end, we are rallying the enterprise and marshalling its powers to clamp down firmly on regulatory noncompliance.

Financial Services to Resolve Environmental, Social & Governance Issues

Today, growing public awareness and support of initiatives to create a sustainable society have become a major force. A broad range of businesses now actively promote Sustainable Development Goals, and ESG-oriented investment is a thriving mainstream asset-management methodology. In this method, investors select investments based on how sensitive business models are to environmental (E) and social (S) concerns, and how robustly governance (G) practices support their ideals.

With these factors taken into account, within our MTBP we identified seven high-priority issues to be addressed by MUFG in order to reach sustainable development goals – and developed initiatives to resolve them, using our financial services.

For example, we offer sustainable finance. MUFG has set a goal of ¥20 trillion for sustainable finance by fiscal 2030 (of this, ¥8 trillion will be used for environmental finance). To reach our goal, we will finance renewable energy projects and underwrite and distribute Green Bonds. We will also finance incubation projects to nurture startups and regional revitalization programs.

For another example, our revised MUFG Environmental and Social Policy Framework came into force in July 2019. MUFG will no longer finance new coal-fired power-generation projects, and we have reclassified transactions related to forestry, palm oil, and coal mining into categories requiring restrictions. In addition, we have formulated a Responsible Investment Policy to guide our asset management business and declared support for the Task Force on Climate-related Financial Disclosures. Accordingly, on page 69 of this report, we disclose figures on MUFG’s carbon-related assets. We have also undertaken analysis of climate-change scenarios to assess the possible impact of climate-change risks on our credit portfolio.

Governance Reforms—a Voyage, Not a Destination

Recently, a growing number of reports on scandals involving corporations and similar entities suggest that dysfunctional governance has been a primary cause of infractions. Given the importance of governance systems, the MUFG Group has endeavored to upgrade its since its inception in 2005 and transitioned to the “company with three committees” system to strengthen its management structure. The number of outside directors has grown from the original four members to form a majority of

our Board today. Our nine independent outside directors include three women and two foreign nationals, reflecting our commitment to diversity. In addition, all committees operating under the Board are chaired by outside directors. I, myself, was nominated as a Group CEO candidate through discussions at a series of seven Nominating and Governance Committee sessions presided over by one of these outside directors.

However, robust governance is a result of substance, not show, and requires constant upgrades in light of the business environment. MUFG still has much to do regarding upgrading its governance systems; for example, we need to enhance the overarching governance functions of a number of Group subsidiaries and affiliates operating in regions around the globe.

Ultimately, our pursuit of governance reforms is a voyage, not a destination. We are constantly evaluating ourselves and working to make our governance structure more effective.

Digitalization and Human Resource Development

It is a fact that employee engagement and empowerment are crucial to any success of structural reforms, especially on scale we are undertaking.

We expect to streamline operations, reducing our workload by the equivalent of more than 10,000 employees due to digital technology over a five-year period, but we also expect a natural headcount reduction of 6,000 at the same time. This means skill requirements for the MUFG employees will change considerably, and we face the major management challenge of offering fulfilling career opportunities to those displaced by the gaps.

Message from the CEO

We will work individually and personally to identify future career paths based on business experience, and provide training programs to equip candidates with skills and encourage them to take on rewarding new tasks.

We also will recruit and nurture tech specialists who can spearhead digital transformation and launch training programs that welcome all employees who wish to broaden their digital literacy.

In step with the globalization and diversification of our businesses, MUFG is confronting the challenge of developing future management. The importance of securing excellent candidates cannot be overstated.

To address this, we established “MUFG University” in 2018. Today, more than 200 colleagues, including executive officers and other senior management members hired in Japan and overseas, have signed up for its programs. Their common goal is to gain the global perspective and robust execution skills needed to manage Group operations via, for example, global leadership training programs hosted jointly with the Switzerland-based International Institute for Management Development.

Through personal experience, I am deeply convinced that diversity is wellspring of innovation and am determined to foster a company culture that encourages a diverse mix of individual talent to realize its full potential, regardless of gender or nationality.

Our current aim is to raise the percentage of female managers in our overall domestic managerial ranks to 24% by the end of fiscal 2020. To support their development we have also introduced joint training and mentoring programs to identify and nurture future corporate leaders among them.

My Stance on Shareholder Returns

As Group CEO, I am committed to returning profit to our shareholders. I have positioned this as an important management issue, and MUFG’s Basic Policies for Shareholder Returns announced in May 2018 has not changed since my appointment.

Although our CFO explains this subject in detail in the upcoming pages, I wish to be clear that I am determined to achieve our dividend payout ratio target of 40% at the earliest possible date. To that end, I will do my best to ensure that net operating profits, which represent MUFG’s earnings power in its mainstay operations, will see a reversal in the recent declining trend.

Also, in line with our policy of not accumulating excessive capital, I will consider executing share repurchases whenever our capital surplus is sufficient, due to factors such as the additional recording of profits or further reduction in the consumption of risk-weighted assets.

Final Words

Japan’s financial industry is navigating difficult times. Simply safeguarding what we have already built is not enough to restore healthy growth.

But, if we squarely face the facts of the future, take action on our toughest challenges and harness today’s tremendous new energy to build new trust, we can position ourselves once again for abundant opportunity.

MUFG’s customer base consists of approximately 34,000,000 retail customers and approximately 1,300,000 corporate clients. This suggests that a vast number of individuals and corporations find MUFG reliable and have entrusted us with precious and private information. This enormous customer base, built and maintained over generations, is an enviable asset, especially coveted by would-be

competitors entering from non-financial industries. Leveraged through advanced technologies – with updated marketing methodologies and a redefined business model – this asset can help us create even greater value.

Above all, MUFG is supported by nearly 200,000 employees operating in more than 50 nations around the world. I am confident that we can transform our enterprise if these individuals realize their full potential – and I will do my utmost to equip them.

When engaging with colleagues, I often quote from an African proverb:
“If you just want to go fast, go alone. If you want to go far, go together.”

Any team embarking toward a distant destination requires enlightened leadership. How far the team

can go depends on how well the leader encourages all members to unleash their potential. This is a core belief of mine.

MUFG aims to remain a steadfast, stable and trustworthy contributor to society 100 years from now. To this end, I pledge to work shoulder-to-shoulder with all Group members, assuming the pivotal task of deploying our talents to realize the MUFG Re-Imagining Strategy.

Standing on an unassailable foundation and stretching our imagination through relentless innovation, we will earn new trust around the globe. We ask your continued support as we strive for that goal.

July 2019



Kanetsugu Mike
President & Group CEO



Identifying the leader for MUFG who can best navigate an ever more uncertain world.

Tsutomu Okuda

Lead Independent Outside Director,
Chair of the Nominating and Governance Committee,
Mitsubishi UFJ Financial Group, Inc.
Special Advisor, J. Front Retailing Co., Ltd.

The Group CEO nomination process

Q. Could you explain why Mr. Mike was appointed as the new CEO? Please also elaborate on the screening process and the circumstances surrounding this appointment.

In fiscal 2018, the Nominating and Governance Committee met on 13 separate occasions. The primary objectives of these meetings were to determine who would fill the Group CEO and key managerial positions at the holding company as well as top management positions at the Bank, the Trust Bank, the Securities HD and other Group subsidiaries. The committee also discussed succession plans with a focus on nurturing candidates for these important positions.

Following my assumption of the position of committee chair, the nominations of presidential candidates for the Bank and the Securities Business and a Group CEO candidate for the holding company went smoothly. This was largely due to the wealth of information and preparatory analysis provided before each committee session.

The committee has in place prescribed criteria regarding competencies, abilities, background and other desired attributes for specific positions. Based on these criteria, candidates are identified by executives and then classified into age groups. Outside directors, who account for the majority of the committee membership, proceed to assess the suitability of each individual. We have already compiled a list of

candidates eligible to take up the aforementioned positions in the future. The lineup will, of course, be updated over time to secure best possible candidates in light of changes in the business environment. We are committed to maintaining this practice.

The nomination of Mr. Mike as the Group CEO was finalized over a series of seven committee sessions launched in summer 2018. Although the committee had already identified several CEO candidates in the course of regular succession plan reviews, this series of sessions focused on closely assessing each candidate for their personality, execution skills, past career and performance track record. We also commissioned an external firm to conduct a 360-degree assessment. These data sets were thoroughly reviewed in light of the prescribed criteria for the CEO position.

We then narrowed down the number of candidates and conducted face-to-face interviews with each individual. Finally, the committee prepared and submitted its recommendation with regard to the Group CEO appointment to the Board of Directors, which, in turn, approved it.

In the course of this process, we placed particular emphasis on ability to adapt to the current operating environment. First and foremost, MUFG is heading toward globalization. Currently, 40% of consolidated profits are accounted for by overseas operations. After MUFG completes overseas acquisitions in such countries as Indonesia, this figure may increase to more

than 50%. For MUFG, it is therefore important to secure individuals who can take a management approach that is better suited to the globalized environment. Second, MUFG must remain relevant amid the emergence of FinTech and digitalization. Third, MUFG needs to adapt itself to changes in customer needs and employee awareness. In sum, this appointment of a new CEO has been aimed at securing an individual capable of accelerating the Group's medium- to long-term initiatives designed to address these issues and, in the process, re-imagining MUFG. This is the most significant point.

The nomination of Mr. Mike was thus based on conclusions reached via careful and multifaceted discussions.

As a matter of fact, Mr. Mike's past career boasts a diverse range of activity. He engaged in corporate finance at home and abroad while being involved in system- and administration-related operations as well as corporate planning. Moreover, he spearheaded the management integration of banks in Japan and Thailand. Another of his strengths is his abundant overseas experience in such countries as the United Kingdom, the United States and Thailand. Because of these traits, he was considered up to the mark for a leader of MUFG in terms of knowledge, skills and performance track record.

In addition, I believe that leaders must be resilient and optimistic if they are to successfully navigate businesses amid the harsh environment and prevailing sense of uncertainty about the future. Mr. Mike has the exactly that kind of personality. Furthermore, he is an open-minded leader who is willing to listen to the opinions of his staff at any time. This is also a very positive quality. As such, the committee determined that he is equipped with a number of credentials that are essential to today's corporate leadership.

Dual-hat leadership as President & CEO of MUFG Bank

Q. Some people question MUFG's rationale for allowing Mr. Mike to concurrently serve as President & Group CEO of the holding company and President & CEO of the Bank. Could you explain the committee's reasoning regarding this?

From the governance perspective, it is not desirable to allow a single individual to concurrently serve as Group CEO of the holding company and President & CEO of the Bank, which represents the largest operating

subsidiary of the MUFG Group. This was the unanimous view of all committee members.

Nevertheless, we identified four reasons to allow this dual-hat leadership.

First, the implementation of the medium-term business plan must be accelerated. This is MUFG's most important task. In this light, we expect that Mr. Mike can exercise his leadership more strongly if he is allowed to concurrently fill two key positions.

Second, it has been only a year and a half since he assumed the position of President & CEO of the Bank. Because he has acquired an extremely favorable reputation among bank customers and employees, we concluded that in the interests of supporting the Bank's businesses and maintaining its organizational vitality, it would be best if he continued to hold said position.

Third, although it was feared that dual-hat leadership would place an excessive burden on Mr. Mike, we have concluded that the appointment of Deputy Presidents would help resolve this issue. In particular, Mr. Hironori Kamezawa, who is quite capable of handling internal administration and is charged with spearheading digital transformation, is expected to offer strong assistance.

Lastly, we have determined that, despite the aforementioned concern about the Group's governance, the appointment of Mr. Mike would not necessarily undermine it as both the holding company and the Bank are equipped with robust governance systems supported by boards of directors with multiple outside directors. These are the reasons why we agreed to allow the dual-hat leadership under these special circumstances.

Q. Thank you. Now, there is an opinion that the position of Chairman of the Board should be assumed by an external individual independent from any MUFG business units. What are your thoughts on this?

The committee discussed whether or not the Chairman position should be filled by an outside director. We are, of course, aware of the benefits of such appointments. However, whoever holds the position must also be knowledgeable about the Company's overall operations and the latest trends among regulatory authorities in Japan and overseas as he or she presides over the selection of agenda items and the handling of discussions.

An Interview with an Outside Director

Although I used to serve as an outside director myself at several different corporations, I believe that being the Chairman of MUFG's Board of Directors entails particularly formidable tasks and is more challenging than equivalent positions at other companies. For example, MUFG is quite a large corporate group in terms of the business scope and operational diversity of its subsidiaries. Also, the Company's network spans almost the entire globe. Moreover, MUFG must ensure strict compliance with complex financial regulations at home and abroad as well as robust relations with authorities. This task is unique to the financial industry.

With this in mind, we have concluded that from the viewpoint of improving MUFG's corporate value, an individual equipped with business experience at financial institutions and knowledge of regulations imposed by authorities must be better at handling the Board of Directors' discussions and facilitating in-depth deliberation.

A Board boasting a diversity of backgrounds

Q. The latest lineup of outside directors includes three newly appointed individuals. What was the committee's focus when it nominated new outside director candidates?

We believe that the composition of MUFG's Board of Directors needs to be diverse and well-balanced in terms of its members' backgrounds. Accordingly, the first keyword for the nomination of candidates is "specialty." Board members include specialists in finance, accounting and legal affairs in addition to corporate managers like me. The second keyword is "diversity." Currently, the Board of Directors includes three women. It also welcomed two foreign nationals as outside directors. They are from the United States and Thailand, both of which represent strategically important areas supporting MUFG's overseas operations. The individual from Thailand, who had served as Governor of the Bank of Thailand, is female. The overall composition of the Board of Directors, in my opinion, is well-balanced. Thanks to the inclusion of foreign nationals in fiscal 2017, the Board of Directors has been better positioned to address each agenda item in depth.

Looking ahead, we will keep focusing on "specialty" and "diversity" in our future nominations of director candidates. Taking a look at our newly appointed outside directors, Ms. Mariko Fujii boasts extensive experience in finance. Mr. Kaoru Kato, who had served

at NTT DOCOMO, INC., is expected to bring his insights into IT and consumer businesses and thereby help MUFG overcome its inexperience in these fields. Mr. Hirofumi Nomoto is also an experienced corporate manager as he is a former CEO of Tokyu Corporation, a major railway company in Japan.

In the course of selecting candidates, we also keep an eye out for individuals who can serve as chairs of the four committees operating under the Board of Directors while providing both new appointees and their predecessors with sufficient handover periods.

Q. How do you find foreign national candidates for outside directors?

MUFG's day-to-day operations involve association with people from countries overseas. Also, MUFG's management team members are acquainted with a broad range of businesspeople abroad. Moreover, the Company maintains the Global Advisory Board,* which boasts a membership consisting of prominent individuals from the Americas, Europe and Asia. Thanks to these advantageous circumstances, MUFG is positioned to enjoy a broad range of options, and I believe that the Company is not likely to have any troubles with appointing candidates from among foreign nationals.

* Please also see page 88-89 for details about the Global Advisory Board.

Q. Could you describe the atmosphere of Board meetings?

Before I joined MUFG's Board of Directors five years ago, I speculated that it was probably a conservative organization disinclined to honest and open discussion. But that just wasn't the case. MUFG has an open-minded culture that encourages its people to say what they really think and offer feedback. Furthermore, the Company is quite fast to act upon such feedback. This was beyond my expectations.

Currently, I serve as the chair of Independent Outside Directors Meetings that are usually held right after Board meetings. Held without the presence of the top management executives, Independent Outside Directors Meetings focus on obtaining a broad range of opinions from outside directors, addressing such matters as improving the content of presentation materials used at Board of Directors meetings and tackling the medium- to long-term management challenges the Company is now facing. Conclusions reached at these meetings are immediately reported to

the Chairman and Group CEO. Thankfully, they are quick to incorporate these opinions, and I often find that the Board of Directors' operations are improved accordingly at subsequent meetings.

In addition, some members asserted that the meeting length is too short to address the large number of agenda items discussed by the Board of Directors. The length of each Board of Directors meeting has thus been prolonged to one and a half business days. Although outside directors are all busy people, I nevertheless believe that this is a positive move in terms of securing robust governance.

I must also note that outside directors, including myself, benefit a lot from Board Educational Sessions that provide opportunities to acquire in-depth knowledge about the issues MUFG is confronting. For example, these sessions include status updates on the Company's U.S. operations and the latest trends in FinTech. Themes for each session are determined based on requests from outside directors who are willing to learn more about specific subjects.

Lastly, outside directors are briefed on agenda items several days prior to each Board of Directors meeting. This briefing usually takes four to five hours, and contributes significantly to the quality of discussion undertaken at the subsequent Board of Directors meeting.

The development of governance systems is an unending voyage

Q. What challenges will the Board of Directors tackle with the initiative of outside directors?

Over the course of the five years since I joined MUFG's Board of Directors, the Company has undergone a number of changes. Thanks to various measures it has implemented, MUFG has successfully settled its basic operational framework for the Board of Directors. Going forward, the Company must focus on improving the quality of the Board of Directors' operations. The pursuit of sophisticated governance systems is an ongoing, unending voyage. Financial institutions like MUFG are facing a great number of challenges that must be addressed, while the surrounding business environment evolves at an astonishingly fast pace. That's why MUFG directors are expected to take on an ever increasing number of agenda items, with frequent changes in lineups and priorities, to be discussed at Board of Directors meetings and committee meetings.

I therefore believe that the most significant challenge is how to accurately address each item submitted for discussion.

With the aim of enhancing its governance systems, MUFG employs external consultants to conduct annual evaluations of the working practices of the Board of Directors. All the directors, including those in executive positions and those who play purely supervisory roles, are asked to submit their feedback on the effectiveness of the Board of Directors and key committees. More specifically, directors fill out questionnaires designed to draw out their opinions on such matters as whether the issues identified in the previous evaluations have been remedied or improved. This is followed by one-hour interviews with each individual. Results are discussed at a Nominating and Governance Committee meeting, and then reported to and deliberated by the Board of Directors. This process exemplifies various initiatives aimed at enhancing the effectiveness of the Board of Directors' operations.

Q. Finally, could you share your thoughts on the candidates for taking over after Mr. Mike and the younger talent expected to lead the future of MUFG?

Sometimes I feel that MUFG has an overabundance of excellent human resources. The Company has an outstanding pool of talent. However, no business sector is immune from the impact of radical societal changes now under way. Accordingly, it is important to accurately identify the best possible candidates with desired traits in light of the prevailing situation.

The Nominating and Governance Committee not only identifies future top management candidates; it prepares the list of candidates for key positions in subsequent generations. Outside directors, including myself, are intentionally creating opportunities to directly engage with those of younger generations at MUFG.

MUFG aims to remain an energizer for and a contributor to Japanese and global economies well into the future. To this end, stably securing excellent candidates who will, in turn, lead the Company from generation to generation is of critical importance. We will therefore periodically review and update the list of next-generation corporate leader candidates by giving due consideration to needs of the time. This is, I believe, another important mission the Nominating and Governance Committee is called to carry out.



Practicing Solid Financial & Capital Management to Secure Sustainable Growth

As Group CFO, I explain the results of our value creation initiatives and the challenges we face.

August 2019

Muneaki Tokunari
Group CFO

Financial & Capital Management: Our Corporate Strategy

Business Portfolio Strategy and Financial & Capital Management

Customer confidence and trust represent the most important values for financial institutions like MUFG. As such, we must be able to back up perceived value with actual financial soundness. Investors also expect profitability and growth potential. Securing all three — soundness, profitability and growth — is critically important to our financial and capital management.

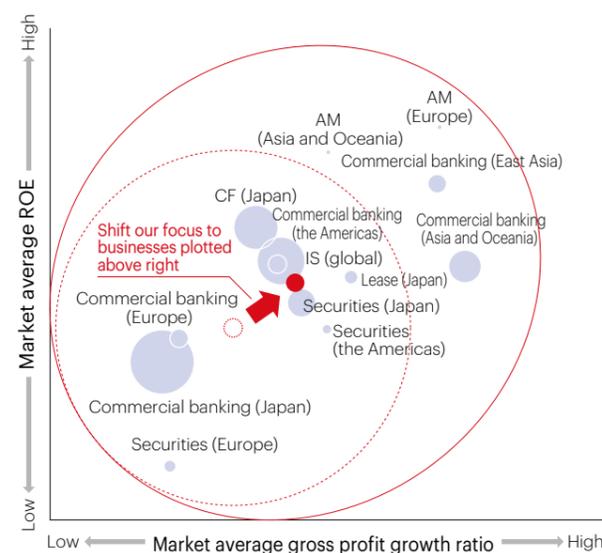
MUFG takes a “portfolio approach” to business management. This allows us to optimally combine operations with different profiles in terms of risk and return. In doing so, we strive to secure a stable profit stream, maintain financial soundness, and enhance ROE and our other profitability indices.

The diagram on the right provides an overview of MUFG’s business portfolio strategy. The vertical and horizontal axes represent market averages for ROE and gross profit growth ratio, respectively. Each MUFG business portfolio has been plotted. The size of each circle reflects the relative scale of business operations.

In recent years, MUFG has focused more and more on expanding businesses that occupy the upper right portion of the diagram. These businesses are expected to have higher ROE and achieve gross profit growth. In this way, the Company has been shifting the center of its entire business portfolio to high-profitability, high-growth fields.

Direction of MUFG’s Business Portfolio Shift

(Circle size indicates relative business scale as of end-FY2018)



CF: Consumer Finance, IS: Investor Services, AM: Asset Management

For example, although commercial banking (Japan) is a core business — as indicated by the large circle at the lower left-hand quadrant of the graph — the Company has also been expanding its commercial banking business in the U.S. and Southeast Asia. MUFG has also diversified its business portfolio, and has developed securities, trust banking and asset management & investor services (AM/IS), as well as consumer finance and lease businesses, etc.

These efforts show that MUFG has become capable of consistently booking consolidated profits attributable to owners of parent of around ¥900.0 billion annually.

Since becoming Group CFO in 2015, I have supported the Company’s business portfolio strategy from the aspects of financial and capital management. Regarding capital management, I have focused on maintaining soundness and enhancing shareholder returns while allocating capital to growth-oriented strategic investment and M&A.

Maintaining a business portfolio strategy that ensures stable profits is also key to obtaining robust external credit ratings. We believe that this practice will help us reduce capital costs by making it easier to predict our future performance in terms of profits attributable to owners of parent.

Results of Financial Management and Challenges

In fiscal 2018, Year One of our Medium-term Business Plan (MTBP), we were able to achieve year-on-year growth in net interest income and net operating profits in our customer segments for the first time in four years. This came despite harsh business conditions, including the prolonged, ultra-low interest rate environment in Japan.

Here, I explain the business challenges we confront from financial and accounting viewpoints and describe measures we are taking to counter them.

Please refer to page 14 for recent results in net interest income and net operating profits in the customer segments.

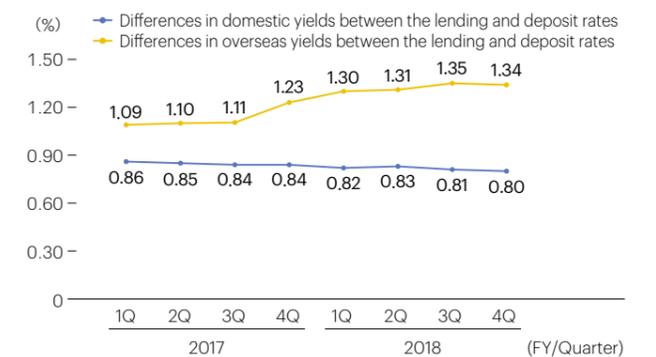
Status of Deposit and Lending Operations in Japan and Overseas

In Japan, deposit and lending operations handled by the Retail & Commercial Banking Business Group (R&C) and the Japanese Corporate & Investment Banking Business Group (JCIB) are being negatively

affected by shrinking differences in yields between lending and deposit rates. This is mainly due to the Bank of Japan’s ongoing negative interest rate policy and other unconventional monetary easing measures.

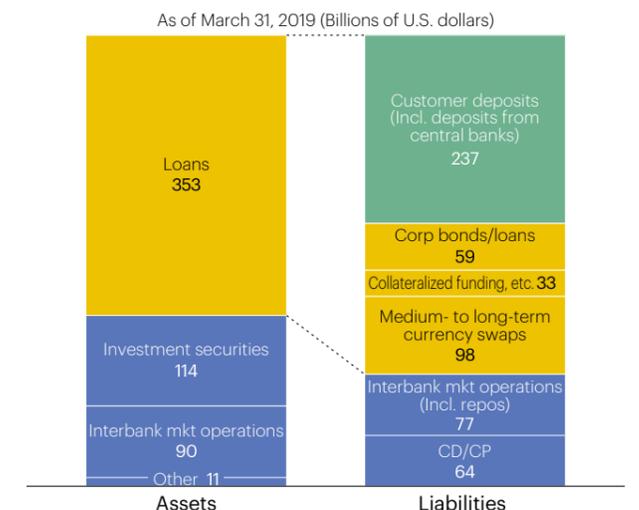
Overseas, however, differences in yields between lending rates and deposit rates at the Global Corporate & Investment Banking Business Group (GCIB) and the Global Commercial Banking Business Group (GCB), as well as at JCIB’s overseas business units in charge of Japanese corporate clients, have expanded, mainly due to higher interest rates.

Differences in Yields Between Lending Rates and Deposit Rates (Non-consolidated*)



* Non-consolidated: the Bank (Non-consolidated) + the Trust Bank (Non-consolidated) (without any adjustment)

MUFG’s Foreign Currency Balance Sheet*



* the Bank, managerial basis, excl. MUAH, Krungsri

Message from the CFO

Foreign Currency Balance Sheet Management & Reducing Low-Profitability Assets

Overseas operations are currently supported by robust demand and are therefore expected to drive growth in net interest income. However, we must also secure foreign currency liquidity and manage the foreign currency balance sheet.

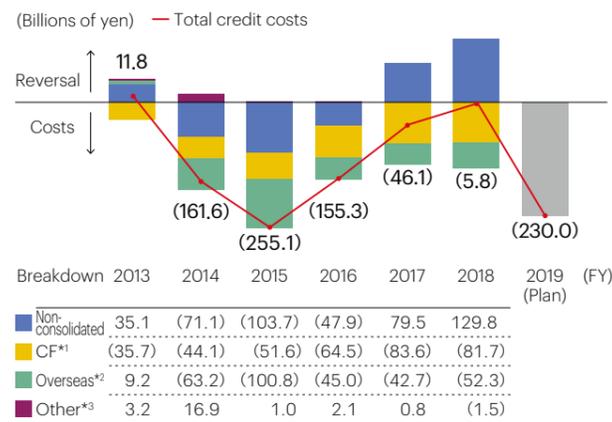
Although aggregate deposits far exceed aggregate lending at MUFG, foreign currency lending is larger than foreign currency deposits.

Accordingly, we not only strive to secure foreign currency deposits, but also to utilize other methods for the stable funding of foreign currencies, taking a long-term approach rather than relying on short-term funding. For example, the Company issues foreign currency-denominated bonds with external TLAC eligibility*1 (the average duration is slightly less than seven years), and also engages in medium- to long-term currency swap transactions.*2

We also aim to enhance returns from foreign currency-denominated assets. To this end, we are actively replacing low-profitability assets with high-profitability assets, through Origination & Distribution (O&D). In fiscal 2018, this approach resulted in the reduction of approximately ¥1.4 trillion worth of low-profitability foreign currency-denominated assets.

*1 MUFG-issued bonds are equipped with Total Loss-Absorbing Capacity
*2 A transaction that converts surplus yen into foreign currencies via currency swaps

Total Credit Costs



*1 Sum of NICOS and ACOM on a consolidated basis
*2 Sum of overseas subsidiaries of the Bank and the Trust Bank
*3 Other subsidiaries and consolidation adjustments

Asset Quality

The recent global economic recovery is helping our credit costs to fall. This trend also applies to our partner banks. No specific problems with their asset quality have been found; Krungsri's non-performing loan ratio is the lowest among Thailand's five major banks.

The balance of leveraged loans is also maintained at a limited level. Moreover, holdings of CLOs*3 at the Bank and the Trust Bank consist of only "AAA"-rated quality, and are purchased mainly in held-to-maturity accounts. Accordingly, we consider the financial risk posed by these instruments to be insignificant.

In fiscal 2019, however, we expect to see credit costs total ¥230.0 billion, up from the past several years. As the current credit cycle is thought to be near the end of its recovery phase, we will remain vigilant for credit risks going forward.

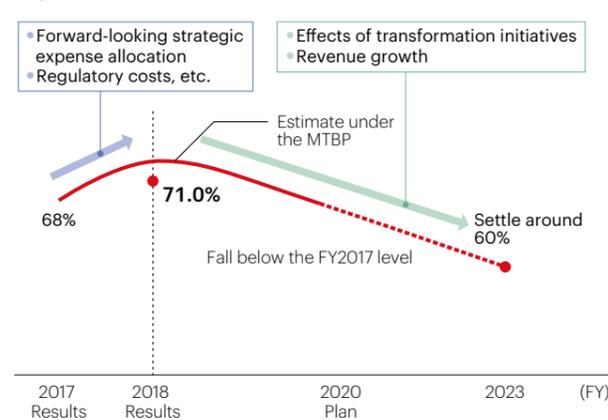
*3 Collateralized Loan Obligations

Efficient Utilization of Expenses and Management Resources

We estimate that the expense ratio will temporarily increase to over 70% during the current MTBP. This is due to investments directed at digital transformation and other strategic purposes, and rising compliance and regulatory costs associated with countermeasures against global financial crimes, including money laundering. Given this estimate, fiscal 2018 operating results fell within the plan.

We expect a significant decrease in total employee headcount due to the inevitable retirement of large

Expense Ratio



numbers of employees hired decades ago, coupled with limits on numbers of new recruits. Robotic Process Automation (RPA) and other digital technologies will be utilized to reduce the equivalent workload of more than 10,000 employees by end-fiscal 2023.

We will accelerate the streamlining of the domestic channel on the same timeline, aiming to reduce domestic bank branches by 35% (vs. our previous target of 20%). In the U.S., MUFG Union Bank has concentrated its back office functions in Arizona. We remain assiduously engaged in operational streamlining.

Fiscal 2019 Financial Targets

In fiscal 2019, we expect that severe conditions, including Japan's prolonged ultra-low interest rate environment, will continue. We nevertheless aim to achieve year-on-year growth in net operating profits as we expect positive effects from Bank Danamon's consolidation, as well as ongoing operational streamlining under the MTBP.

The fiscal 2019 target for profits attributable to owners of parent has been set at ¥900.0 billion, above the comparable fiscal 2018 figure of ¥872.6 billion.

Linking Financial Targets and Compensation

Currently, MUFG's stock price is stagnant, with a price-to-book ratio (PBR) under 1.0. However, MUFG will ensure that directors and officers are acutely aware of the risks voiced by shareholders. The Company has also adopted a system to determine compensation in a way that directly reflects operating results vis-à-vis financial targets.

Fiscal 2019 Targets

	Results		Targets	
	FY2018	FY2019	Interim	Full-year
Consolidated performance (Billions of yen)				
Net operating profits	1,078.5	530.0		1,080.0
Total credit costs	(5.8)	(80.0)		(230.0)
Ordinary profits	1,348.0	680.0		1,280.0
Profits attributable to owners of parent	872.6	450.0		900.0

Specifically, compensation is directly correlated to levels of accomplishment as measured against ROE and expense ratio targets. Comparison values with other financial institutions are also considered.

Results of Capital Management and Challenges

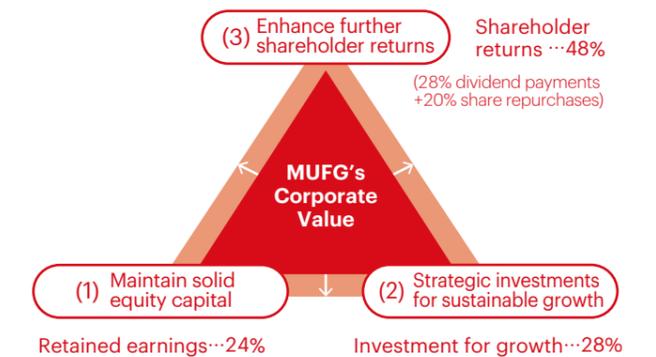
Basic Policy (Capital Triangle)

Capital management policies are regularly discussed by the Board of Directors, the majority of which is comprised of outside directors.

MUFG maintains a focus on capital management that achieves an appropriate balance among "capital triangle" objectives, as stated below.

Profits attributable to owners of parent for the last four years (since my appointment as CFO) total approximately ¥3.7 trillion. Of this, funds appropriated for "capital triangle" objectives accounted for 1) maintaining solid equity capital: 24%, 2) making strategic investments for sustainable growth: 28% and 3) further enhancing shareholder returns: 48% (28% cash dividend payments and 20% share repurchases) of the total, respectively.

Capital Triangle



Maintaining Solid Equity Capital and External Credit Ratings

We aim for a CET1 capital ratio of approximately 11% in order to maintain solid equity capital.

Under global financial regulations, MUFG is required to maintain a CET1 ratio at least 8.5%; the company's 11% target ensures that external credit ratings remain at "single-A" or higher.

Message from the CFO

Solid external credit ratings are essential to securing long-term stable non-JPY funding. In order to steadily increase dollar holdings via medium- to long-term currency swap transactions, external credit ratings should be equivalent to key European and U.S. financial institutions, as our counterparts.

See page 7 for external credit ratings for MUFG and major financial institutions in Europe and the U.S.

Robust external ratings are also important in terms of satisfying Total Loss-Absorbing Capacity (TLAC) requirements (applicable from March 31, 2019).

We are determined to maintain our “single-A” or higher ratings as we aim to secure our ability to issue foreign bonds in a way that meets TLAC requirements.

In fiscal 2018, MUFG raised regulatory capital totaling approximately ¥2.0 trillion, including a portion raised by foreign bonds and subordinated debt issuance, to satisfy external TLAC requirements. As of March 31, 2019, the Company’s external TLAC ratio was 18.16%, above the 16% minimum regulatory requirement. The minimum regulatory requirement is expected to be raised to 18% on March 31, 2022.

See pages 35 and 101 for more details

Strategic Investments for Sustainable Growth and Optimization of the Investment Portfolio

For M&A and other growth investments via the utilization of capital, our main strategic investment

Results of Investment and Divestment Undertaken (or Agreed Upon) from April 2018 to the Present

	Investment/Divestment (Date)	Value	
New investment, etc.	Bank Danamon (Indonesia)	April 2019	Approx. ¥686.8 billion*2
	CFSGAM*1 (Australia)	August 2019	Approx. ¥328.0 billion
	DVB Bank’s Aviation Finance division (Germany)	By end-2019 (scheduled)	Approx. ¥716.3 billion, consisting of lending portfolio, etc.*3
Divestment	Banco Bradesco SA (Brazil)	April 2018	Approx. ¥45.3 billion
	Standard Life Aberdeen (United Kingdom)	February 2019	Approx. ¥49.4 billion
	Dah Sing FH (Hong Kong)	March 2019	Approx. ¥8.2 billion

*1 Colonial First State Global Asset Management
 *2 Total acquisition amount since December 2017
 *3 In addition to DVB Bank’s Aviation Finance client lending portfolio for approx. ¥716.3 billion, its employees and other parts of the operating infrastructure to be transferred.

targets lie in business fields supported by higher ROE and a robust potential for market-driven growth — namely, commercial banking in Southeast Asia and the U.S., as well as AM/IS.

See page 26 for details

As Group CFO, I am acutely aware of my mission to maintain capital discipline. I closely examine the profitability of strategic investments and judge their worth. At MUFG, each investment is carefully examined to determine if the expected return on investment will exceed the cost of capital within an allotted time frame. Existing strategic investments are also periodically reviewed to ensure optimization. Our most recent results of investment and divestment appear at the lower left.

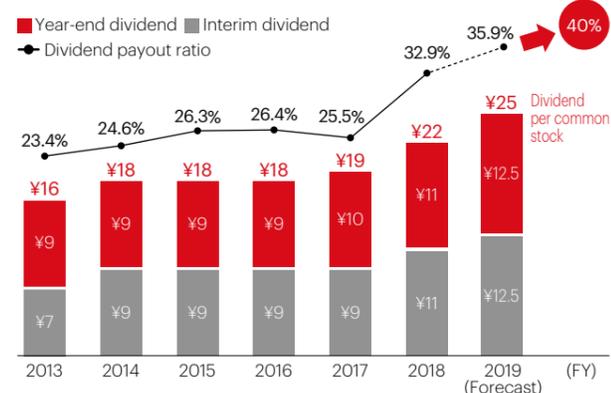
Further Enhancement of Shareholder Returns

In line with the company’s basic policies for shareholder returns, MUFG 1) has positioned share dividends as the primary means for such returns while aiming for stable and sustainable increases in dividends, with the goal of achieving a 40% payout ratio target by end-fiscal 2023; 2) has taken a flexible stance toward executing share repurchases and 3) will limit treasury shares to less than approximately 5% of the total issued share count. Shares that exceed this amount will be canceled.

Based on these policies, MUFG paid a full-year dividend of ¥22 per share for fiscal 2018, an increase of ¥3 per share from the previous fiscal year. For fiscal 2019, the Company plans to pay a full-year dividend of ¥25 per share for an estimated dividend payout ratio of approximately 36%.

In fiscal 2018, MUFG expended ¥150.0 billion to execute share repurchases.

Results and Forecasts of Dividends per Common Stock



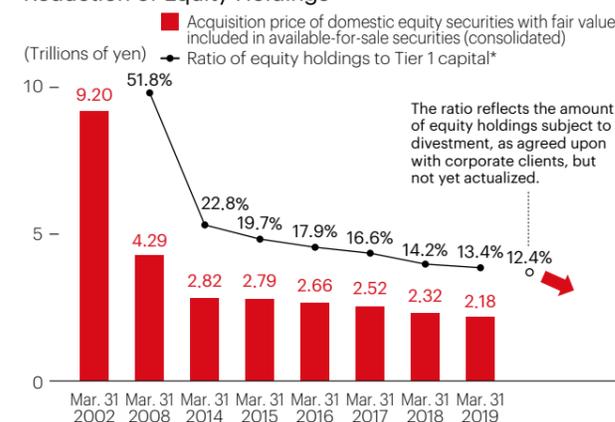
Looking ahead, we will strive to steadily increase cash dividends and achieve our dividend payout ratio target of 40% at the earliest possible date. Simultaneously, we will continue to maintain a tight grip on capital management. In doing so, we will strive to enhance the content of shareholder returns by, for example, flexibly executing share repurchases.

Divestment of Equity Holdings

Equity holding divestment is a key capital management measure, as it frees up capital resources and helps reduce financial risk. Our ongoing policy calls for limiting the ratio of equity holdings in the total balance of Tier 1 capital to approximately 10% by end-fiscal 2020. On an acquisition-cost basis, this is equivalent to a reduction of approximately ¥800.0 billion.

Under this policy, the acquisition cost of divested equity holdings since fiscal 2015 now totals ¥594.0 billion. As a result, the ratio of equity holdings to total Tier 1 capital has declined to 13.4% as of March 31, 2019. Going forward, we aim to further divest of our equity holdings while engaging in dialogue with our corporate clients to secure their understanding.

Reduction of Equity Holdings



* On a Basel II basis until Mar. 31, 2012 (consolidated)

Compliance with Tax Regulations and Tax Planning

MUFG recognizes that as a corporate citizen, putting its best effort into making appropriate tax payments is an important duty. With this in mind, MUFG strives to enhance corporate governance with regard to tax compliance and to maintain and enhance tax compliance awareness via employee education and training, among other means.

In addition, we aim to comply with the spirit of tax legislation, the BEPS Action Plan, OECD Transfer Pricing Guidelines, and other international rules on taxation. We prioritize compliance with tax laws in the course of tax planning, ensuring appropriate payment. We have been making digital-related investments using the IoT tax system (IT Investment Incentive for “Connected Industries”) since fiscal 2018.

Dialogue with Shareholders and Other Stakeholders

Today, MUFG’s operations are becoming increasingly diverse, both by region and by business type. Accordingly, we believe that providing our stakeholders with accurate and timely explanations about our operations and strategies is important, and helps them to gain a good overview of what MUFG is doing.

In line with this belief, senior management visited domestic and overseas investors during fiscal 2018. The group heads of six business groups also participated in an Investors Day event held in July 2018, and two outside directors (both foreign nationals) held face-to-face dialogues with investors at a September ESG seminar focusing on governance. We offered a presentation on MUFG’s digital strategies in February 2019.

Stance on IR/SR Initiatives, ESG Issues and SDGs

Dialogue with our stakeholders, including shareholders, investors and ratings agency representatives often provides valuable opportunities and insights. Going forward, we will focus on maintaining such dialogue. We will step up both investor relations (IR) and shareholder relations (SR) engagement with those charged with exercising voting rights. We will also place greater emphasis on environmental, social, and governance (ESG) issues while advocating for U.N. Sustainable Development Goals (SDGs).

Stakeholder opinions are shared among Board members and given due consideration in the course of business operations and capital management. We always welcome frank opinions about MUFG.

Looking ahead, we are committed to practicing financial and capital management aimed at securing our sustainable growth. We ask for your continuous support in this endeavor.

Consolidated Income Statement Summary

Consolidated Net Operating Profits

Consolidated gross profits for the fiscal year ended March 31, 2019 decreased ¥128.5 billion from the previous fiscal year. This was due to a decrease in net fees and commissions, reflecting such factors as sluggish investment product sales, as well as a decline in net trading profits, despite growth in net interest income from foreign currency-denominated loans and deposits.

General and administrative expenses increased by ¥25.7 billion from the previous fiscal year. Although expenses associated with domestic operations remained virtually flat thanks to cost control efforts, expenses for overseas operations increased due to the expansion of these operations and rising regulatory costs.

As a result, consolidated net operating profits fell by ¥154.2 billion from the previous fiscal year.

Credit Costs

Total credit costs for the fiscal year ended March 31, 2019 decreased by ¥40.2 billion from the previous fiscal year, mainly due to a major reversal of allowance for credit losses.

Net Gains (Losses) on Equity Securities

Net gains on equity securities decreased ¥20.5 billion from the previous fiscal year. This was mainly due to losses on sales of equity securities associated with the optimization of strategic investments, despite the

recording of gains on sales of equity holdings, on par with those recorded in the previous fiscal year.

Profits from investments in affiliates increased ¥41.5 billion to ¥284.3 billion, thanks to Morgan Stanley's growing profit contribution.

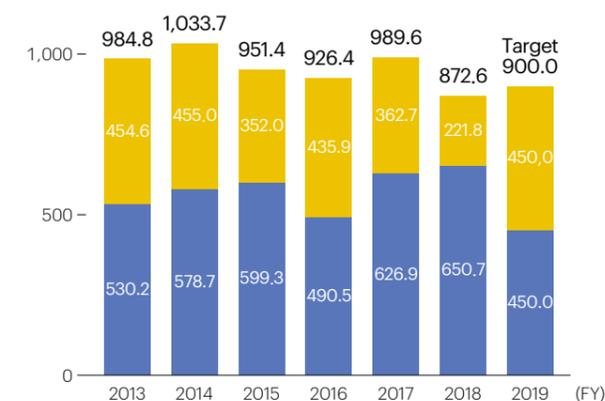
Taking the aforementioned factors into account, ordinary profits decreased by ¥114.3 billion from the previous fiscal year.

Profits Attributable to Owners of Parent

Net extraordinary losses amounted to ¥202.7 billion, up ¥149.6 billion from the previous fiscal year, due to an increase in losses on impairments to fixed assets from the system integration of Mitsubishi UFJ NICOS.

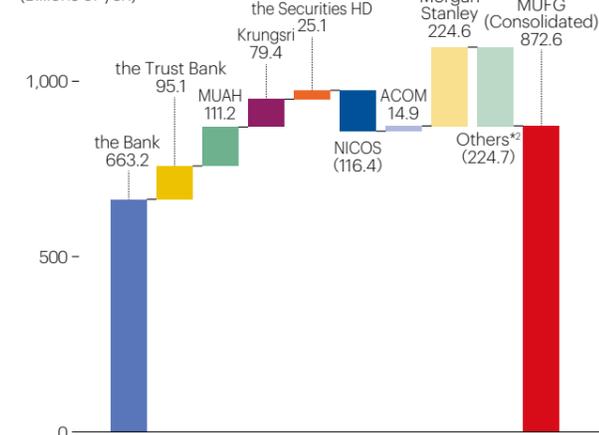
History of Profits Attributable to Owners of Parent

(Billions of yen) ■ First half ■ Second half



Breakdown of Profits Attributable to Owners of Parent*1

(Billions of yen)



*1 The above figures take into consideration the percentage holding in each subsidiary and equity method investee (after-tax basis)
 *2 Including cancellation of the amount of inter-group dividend receipts, net gains on sales of equity securities due to a subsidiary's share repurchase, and equity method income from other affiliate companies

Consolidated Income Statement Summary

(Billions of Yen)	FY2017	FY2018	YoY
Gross profits (before credit costs for trust accounts)	3,854.2	3,725.7	(128.5)
G&A expenses	2,621.4	2,647.1	25.7
Net operating profits	1,232.8	1,078.5	(154.2)
Total credit costs	(46.1)	(5.8)	40.2
Net gains (losses) on equity securities	133.1	112.6	(20.5)
Equity in earnings of equity method investees	242.8	284.3	41.5
Other non-recurring gains (losses)	(100.3)	(121.7)	(21.3)
Ordinary profits	1,462.4	1,348.0	(114.3)
Net extraordinary gains (losses)	(53.0)	(202.7)	(149.6)
Total of income taxes-current and income taxes-deferred	313.4	195.5	(117.8)
Profits attributable to owners of parent	989.6	872.6	(116.9)

Tax expenses decreased by ¥117.8 billion.

As a result, profits attributable to owners of parent decreased by ¥116.9 billion, a 12% decrease from the previous fiscal year, to ¥872.6 billion.

For fiscal 2019, MUFG has set its target for profits attributable to owners of parent at ¥900.0 billion, an increase from fiscal 2018.

Segment Performance

From a business segment-by-segment perspective, R&C saw a decrease in net operating profits* from the previous fiscal year, while the other four customer segments achieved growth in net operating profits. Net operating profits from customer segments increased by ¥6.9 billion, for the first time in four years. On the other hand, those from Global Markets decreased, resulting in a decrease in consolidated net operating profits.

To enhance capital efficiency, MUFG discloses ROE targets and results for each business segment.

In fiscal 2018, both R&C and AM/IS experienced a significant decrease in ROE due to temporary factors — namely, the posting of impairment losses on fixed assets due to the revision of the system integration plan for Mitsubishi UFJ NICOS (R&C) and the posting of losses on sales of equity securities in connection with the review of strategic investments (AM/IS).

Meanwhile, JCIB achieved a considerable increase in ROE, thanks to a major reversal in the allowance for

credit losses. GCIB saw growth in ROE due to an increase in net operating profits and an improvement in credit costs. GCB also experienced an increase in ROE due to growth in net operating profits. However, Global Markets saw a decrease in ROE as net operating profits fell.

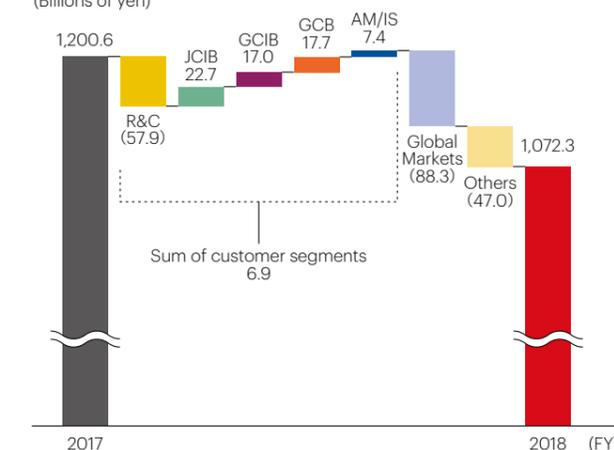
Looking ahead, each business group is determined to steadily implement measures aimed at achieving its respective ROE target for fiscal 2020, the final year of the company's MTBP.

Please also refer to pages 36-61 for a summary of operating results by business group

* Net operating profits by business segment, calculated for internal managerial accounting purposes

Breakdown of Changes in Net Operating Profits by Business Segment

(Billions of yen)



Results by Business Segment

Business segment	Net operating profits (Billions of Yen)			Expense ratio			ROE*2			
	(FY)	2017	2018	2020*1	2017	2018	2020*1	2017	2018	2020*1
R&C		356.7	298.8	350.0	77%	80%	79%	9%	1%*3	9%
JCIB		227.0	249.7	260.0	57%	54%	54%	10%	15%	10%
GCIB		135.8	152.7	200.0	64%	62%	58%	7%	9%	8%
GCB		202.7	220.4	320.0	70%	69%	66%	6%	7%	8%
AM/IS		71.0	78.4	80.0	63%	61%	63%	21%	8%*4	19%
Global Markets		339.5	251.2	490.0	40%	47%	35%	7%	5%	9%

*1 Value for fiscal 2020 represent planned figures (announced on May 18, 2018)

*2 Calculated based on risk-weighted assets (R&C, JCIB, GCIB and GCB) or economic capital (AM/IS and Global Markets). (Managerial accounting basis, based on profits attributable to owners of parent, calculated excluding non-JPY mid-to long-term funding costs.) Figures in parentheses exclude the impacts of investment related accounting factors (amortization of goodwill, etc.)

*3 ROE, excluding the impact of impairment losses on fixed assets of Mitsubishi UFJ NICOS, is 6%

*4 ROE, excluding the impact of losses on sales of Standard Life Aberdeen shares, is 18%

Consolidated Balance Sheet Summary

Loans / Deposits

Loans totaled ¥107.7 trillion, a slight decrease from March 31, 2018. Domestic individual deposits and overseas branch deposits increased by ¥1.7 trillion and ¥1.2 trillion, respectively, with the overall deposit balance amounting to ¥180.1 trillion.

Excluding the impact of foreign exchange fluctuations, the balance of non-JPY loans for overseas borrowers remained unchanged, while overseas deposits increased ¥1.5 trillion from the previous fiscal year-end, narrowing the gap between non-JPY deposits and lending balances.

The non-performing loan (NPL) ratio – the ratio of risk-monitored loans to total loans – decreased, mainly due to an upward revision of the credit rating of large borrowers. As a result, the NPL ratio decreased 0.27% to 0.90% — the lowest level in 10 years — illustrating the outstanding soundness of MUFG's loan portfolio.

Investment Securities

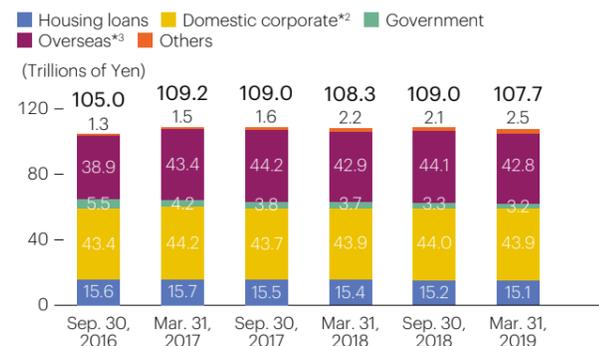
The balance of available-for-sale securities increased by ¥5 trillion, due to such factors as a ¥4 trillion increase to reflect growing emphasis placed on foreign bond positions.

Net unrealized gains on available-for-sale securities remained robust at more than ¥3 trillion. Although net unrealized gains on domestic equity securities decreased ¥455.8 billion, due to progress in the divestment of equity holdings and a decline in stock prices, net unrealized gains on foreign bonds increased by ¥312.7 billion, a significant improvement, thanks to a fall in overseas interest rates.

A significant improvement was seen in net unrealized gains on available-for-sale securities* managed by Global Markets in treasury operations. As of March 31, 2019, these operations were able to secure net unrealized gains on domestic bonds and foreign bonds totaling approximately ¥360.0 billion and ¥170.0 billion, respectively.

* Mainly consisting of net unrealized gains on available-for-sale securities, excluding domestic equity securities and foreign equity securities

Loans (Period-end balance)*1

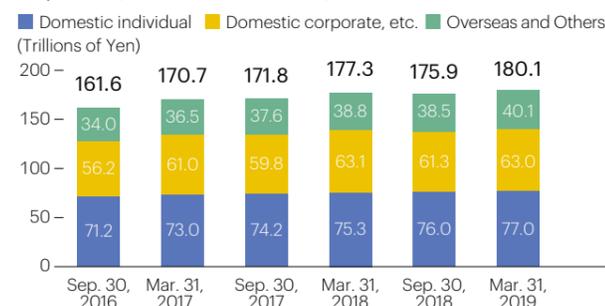


*1 Sum of banking and trust accounts

*2 Excluding loans to government and governmental institutions and including foreign currency-denominated loans

*3 Loans booked in overseas branches, MUAH, Krungsri, the Bank (China), the Bank (Malaysia) and the Bank (Europe)

Deposits (Period-end balance)



Available-for-sale Securities with Fair Value (Billions of Yen)

	Balance		Unrealized gains (losses)	
	Mar. 31, 2019	Changes from Mar. 31, 2018	Mar. 31, 2019	Changes from Mar. 31, 2018
Total	60,578.6	5,181.3	3,335.6	(181.7)
Domestic equity securities	4,953.3	(587.6)	2,764.3	(455.8)
Domestic bonds	27,261.2	280.5	357.4	51.9
Japanese government bonds	21,542.3	(908.2)	278.9	19.9
Others	28,364.0	5,488.4	213.8	222.1
Foreign equity securities	114.8	(219.6)	52.5	16.6
Foreign bonds	21,532.9	4,084.5	173.6	312.7
Others	6,716.2	1,623.4	(12.3)	(107.2)

Capital

Total Capital

Common Equity Tier 1 capital increased by ¥37.4 billion from March 31, 2018, with the accumulation of profit offset by the payment of cash dividends, repurchases of own shares and a decrease in total accumulated other comprehensive income.

Tier 2 capital decreased by ¥50.2 billion from the previous fiscal year-end. Total capital also decreased by ¥25.6 billion to ¥18,769.7 billion.

Risk Weighted Assets (RWA)

RWA increased by ¥3,627.5 billion from March 31, 2018, reflecting increases in credit-related RWA and floor adjustments.

Capital Adequacy

The Common Equity Tier 1 capital ratio, the most important indicator representing the capital adequacy of financial institutions, stood at 11.4% on an estimated basis after reflecting the RWA increase calculated on the finalized Basel III reforms basis, and, therefore suggests sufficient capital adequacy vis-à-vis the MTBP target of around 11%.

In addition, the leverage ratio amounts to 4.94%, above the regulatory requirement of 3%.

TLAC Ratio

MUFG is subject to the TLAC regulations introduced on March 31, 2019.

These regulations require G-SIBs to retain sufficient loss-absorbing and recapitalization capacity available in resolution (TLAC-eligible senior debt).

MUFG aims to enhance its external TLAC capital by issuing TLAC-eligible senior debt in overseas markets and by issuing subordinated debt in the domestic market.

In fiscal 2018, MUFG raised external TLAC capital of approximately ¥2 trillion by issuing TLAC-eligible senior bonds worth approximately ¥1.6 trillion, as well as perpetual subordinated debt and dated subordinated debt totaling approximately ¥0.4 trillion.

As a result, the external TLAC ratio as of March 31, 2019 (see the graph on the right) was 18.16%, above the regulatory requirement of 16%.

Capital Adequacy

(Billions of Yen)

	Mar. 31, 2019	Mar. 31, 2018	Changes from Mar. 31, 2018
Common Equity Tier 1 capital ratio	12.23%	12.58%	(0.35%)
Tier 1 capital ratio	13.90%	14.32%	(0.42%)
Total capital ratio	16.03%	16.56%	(0.53%)
Leverage ratio	4.94%	5.01%	(0.06%)

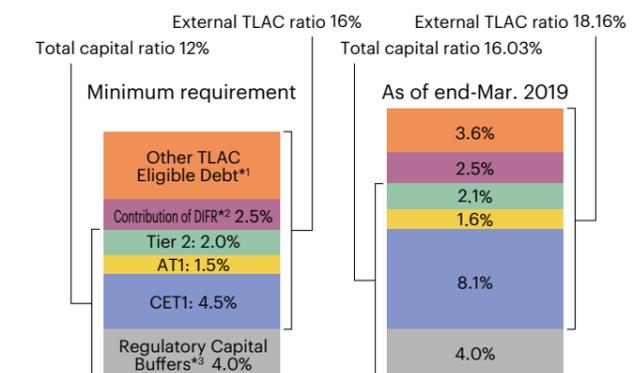
	Mar. 31, 2019	Mar. 31, 2018	Changes from Mar. 31, 2018
Common Equity Tier 1 capital	14,322.4	14,284.9	37.4
Retained earnings	10,640.6	10,064.6	576.0
Other comprehensive income	2,879.1	3,143.8	(264.7)
Regulatory adjustments	(1,897.3)	(1,786.1)	(111.1)
Additional Tier 1 capital	1,953.8	1,966.8	(12.9)
Preferred securities and subordinated debt	1,800.1	1,822.1	(22.0)
Tier 1 capital	16,276.3	16,251.7	24.5
Tier 2 capital	2,493.4	2,543.7	(50.2)
Subordinated debt	2,195.6	2,165.0	30.5
Total capital (Tier 1+Tier 2)	18,769.7	18,795.4	(25.6)

	Mar. 31, 2019	Mar. 31, 2018	Changes from Mar. 31, 2018
Risk weighted assets	117,091.1	113,463.6	3,627.5
Credit risk	90,843.0	89,823.1	1,019.9
Market risk	2,920.5	2,714.5	206.0
Operational risk	8,107.2	7,236.0	871.2
Floor adjustments*	15,220.2	13,689.9	1,530.2

	Mar. 31, 2019	Mar. 31, 2018	Changes from Mar. 31, 2018
Total exposure	329,048.6	324,232.4	4,816.2

* Adjustments made for the difference between RWA under Basel I and Basel III

MUFG's RWA-based External TLAC Ratio



*1 Including adjustment of the difference between the calculation method of the total capital ratio and the external TLAC ratio, and adjustment of the amount of other TLAC-eligible liabilities owned by the issuer's group, etc.

*2 Contribution of Deposit Insurance Fund Reserves: Japanese Deposit Insurance Fund Reserves fulfill the requirements for ex-ante commitments to recapitalize a G-SIB in resolution set out in the FSB's TLAC termsheet (can include 2.5% and 3.5% of RWAs after end-March 2019 and after end-March 2022, respectively, in the external TLAC ratio)

*3 CET1 Buffer applicable to MUFG: G-SIB Surcharge: 1.5%, Capital Conservation Buffer: 2.5%, and Counter-cyclical Buffer: 0.04%



Value Creation Initiatives

Business Overview

Value Creation Initiatives

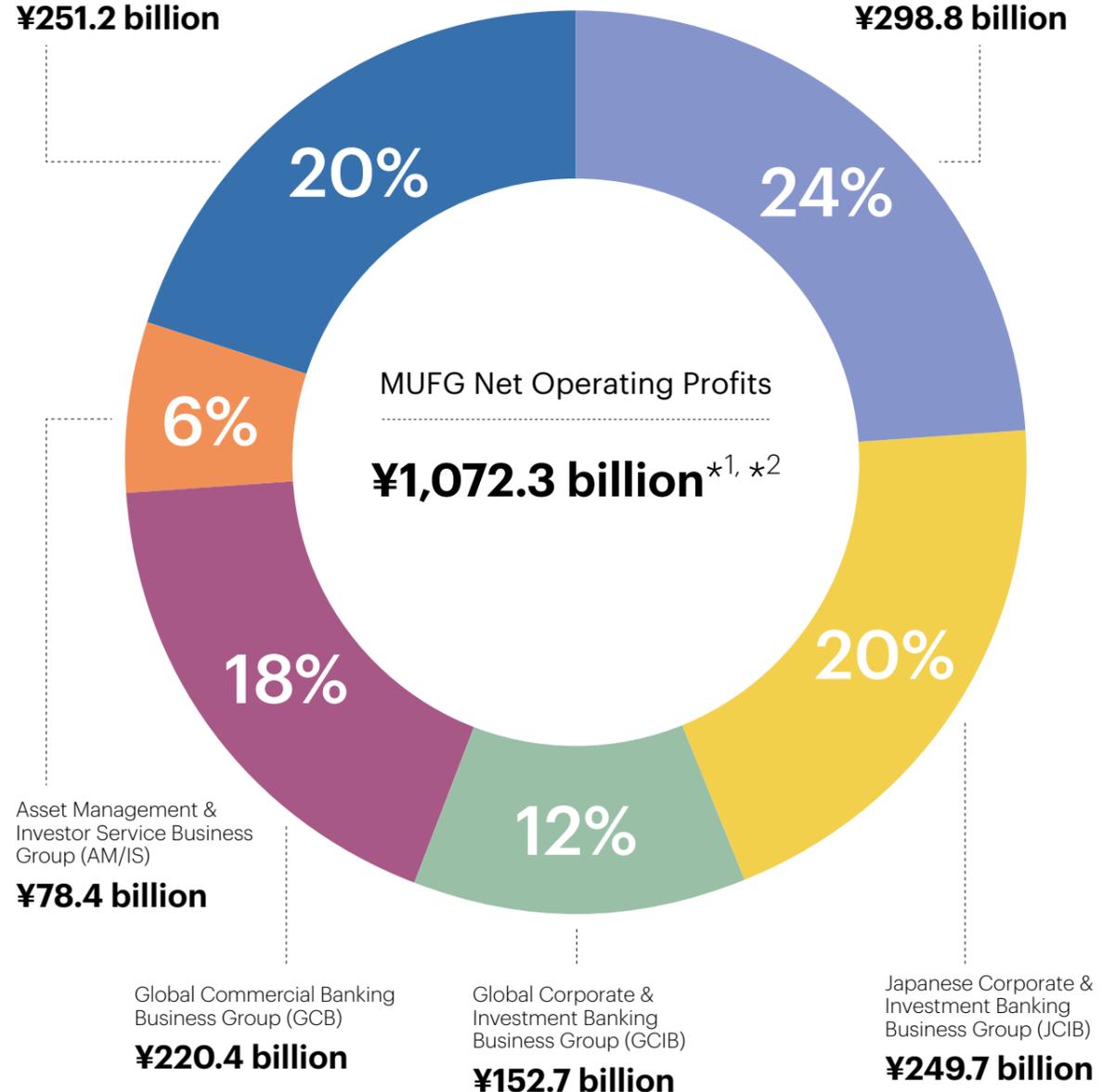
Business Overview

Global Markets Business Group

¥251.2 billion

Retail & Commercial Banking Business Group (R&C)

¥298.8 billion



All figures presented in the Business Overview section are on a managerial accounting basis. Figures are based on an assumed exchange rate, unless otherwise noted.
 *1 In addition to the net operating profits of the six business groups, figures include profits or losses of headquarters and other elements. Actual exchange rate (as end of FY2018) basis
 *2 Figures exclude the net operating profits yielded by inter-business group collaboration presented below
 R&C: Profits from overseas transactions with Japanese corporate customers and profits from business owner transactions, which belong to JCIB
 JCIB: Profits from business owner transactions, which belong to R&C, and profits from Japanese corporate customers served by MUAH and Krungsri, which belong to GCB
 GCIB: Profits from large global corporates of Krungsri, which belongs to GCB, profits from JCIB's large global corporates located in Japan, and Joint Venture profits with Global Markets
 GCB: Profits served by MUAH and Krungsri, which belong to other business groups
 Global Markets: Joint Venture profits with GCIB

Retail & Commercial Banking Business Group

Having positioned individual customers and SMEs as targeted customer segments, we provide a range of financial services. To meet diverse customer needs, our services take a groupwide, integrated approach and include lending (e.g., residential mortgage loans), consumer finance and settlement (e.g., card settlement) services as well as those associated with asset management, inheritance and real estate in addition to business and asset succession solutions.



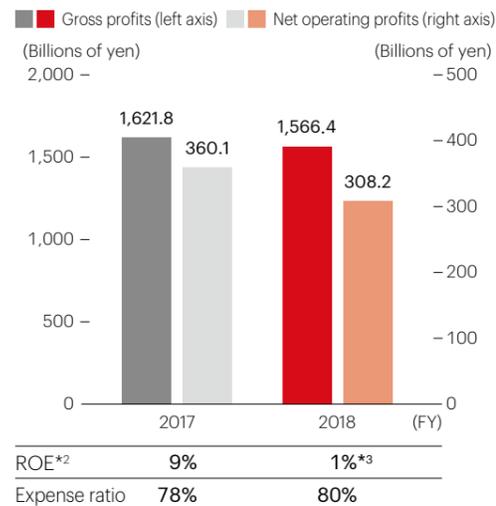
Naoki Hori
Group Head, Retail & Commercial Banking Business Group

We are charged with the majority of the domestic customer segments and thus with supporting MUFG's core operations. In doing so, we aim to be a retail & commercial banking group that boasts unparalleled strengths in Japan and is capable of achieving sustainable growth in tandem with customers and society as a whole. To achieve this aim, we are striving to create a sustainable business model and secure a solid financial base despite an ever tougher operating environment in Japan.

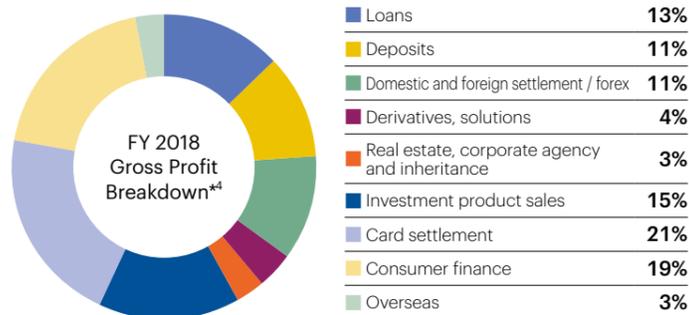
To create a sustainable business model, we will utilize our robust customer base and diverse solution lineups that take advantage of MUFG's capabilities as a group. This will help us reach out to an even broader range of retail customers and corporate clients across the value chain. As for securing a solid financial base, we will shift to a recurring revenue-based business that is resilient against fluctuations in the market environment. Simultaneously, we will exhaustively reform our cost structure. Ultimately, we will build a strong financial base.

We are also determined to take a customer-centric approach based on fiduciary duty and thereby meet diverse needs. In these ways, we will achieve growth in tandem with customers and society as a whole.

Fiscal Year 2018 Results*1



We expanded the card settlement and consumer finance businesses while enjoying growth in foreign currency deposit revenues due to U.S. interest rate hikes. However, the asset management business struggled due to unfavorable market conditions. As a result, both gross profits and net operating profits declined year on year.



*1 Including profits from overseas transactions with Japanese corporate customers and profits from business owner transactions, which belong to JCIB
 *2 Calculated based on net profits and excludes non-JPY mid- to long-term funding costs
 *3 ROE excluding the impact of impairment losses on fixed assets of NICOS is 6%
 *4 Excluding profits or losses from others

Our Medium- to Long-Term Strategy

SME Business

In the course of helping SMEs resolve the management issues they are confronting, we will utilize the diverse functions offered by Group companies to provide optimal solutions for SME owners who seek to ensure the smooth succession of their personal assets. We will also draw on our trust banking and securities functions in a way that steps up our services associated with real estate, M&A and IPO in addition to lending. By doing so, we will expand our marketing base.

In addition, we aim to steadily increase the volume of transactions handled through non face-to-face channels. In June 2019, the Bank released MUFG Biz, a comprehensive web-based channel. MUFG Biz is equipped with an easy-to-navigate interface providing financial information and transactional data while distributing news articles tailored to user preferences. Moreover, we extended one-stop funding services to meet small-scale, short-term funding needs via MUFG Biz based on users' transactional histories. Going forward, we will reinforce functions offered through this channel to enhance user convenience and expand transactional volume.

Retail Business

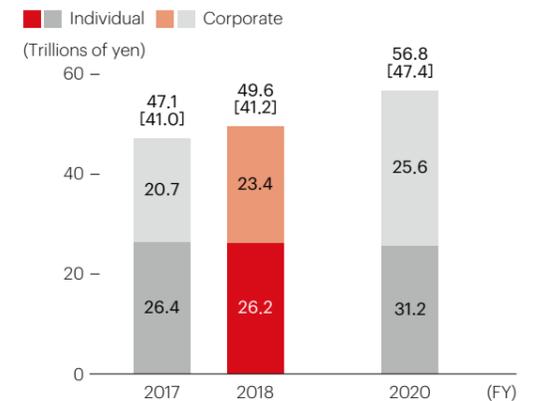
In the asset management business, we are promoting an advisory business model to meet customer needs for stable, medium- to long-term asset building solutions. This approach is expected to lead to an increase in the balance of assets entrusted to us by customers and secure greater recurring revenues, which, in turn, will support a shift to a more stable business model that is resilient against market environment fluctuations.

For retail customers, we will also provide convenient and secure services that are powered by digital technologies and will increase our points of contact with customers. Furthermore, the development of service platforms is now under way as we aim to upgrade our marketing methods and offer services and proposals tailored to meet individual customer needs. For example, MUMSS launched MUFG Terrace in November 2018. This virtual branch enables users to engage in online trading while offering a chatting function that connects them with investment experts if they wish to seek advice.

MUFG Biz portal



Balance of Investment Assets*



* Including customer assets belonging to JCIB; figures in parentheses represent the balance of assets belonging to R&C

MUFG Terrace



Voice from the Frontline of the Wealth Management Business

Ensuring the Prosperity of Our Clients by Learning Their Family Histories, Paying Close Attention to Their Needs and Serving Their Best Interests



Masatoshi Okada

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Senior Wealth Advisor (SWA)
Ph.D (business management)

Fundamental Value of Wealth Management (WM) Services

As a SWA, I am serving founders of listed companies and their family members. Although some of my clients boast asset portfolios built in one lifetime, most are generational asset owners, that is, individuals who have inherited an estate consisting of assets built up over several generations.

I believe that the fundamental value of our WM services is proven each time we successfully act as the client's purchasing agent in ways that reflect a careful assessment of his/her intentions and identify optimal solutions that employ a combination of the diverse functions offered by MUFG Group companies or their external partners. This process requires far more functionality than a mere sales agency service would provide.

Also, we must address a variety of customer concerns, ranging from achieving sustainable corporate development to securing the long-term prosperity of families. Therefore, our services must be diverse and capable of encompassing corporate management and family governance solutions.

MUFG's Strengths and the Challenges It Must Tackle

When it comes to the WM business, I believe that MUFG boasts three strengths. First, it has the Bank, the Trust Bank, MUMSS and other Group companies with diverse functions. This enables MUFG to deliver long-term solutions for issues customers are confronting via an optimal combination of a range of financial products and services. Second, the Company is equipped with strong marketing bases

both in Japan and overseas. Third, MUFG has maintained a trusted brand over long periods thanks to its predecessors. The MUFG brand plays a significant role in the WM business.

On the other hand, MUFG must tackle a number of challenges, including determining how to best coordinate the extensive range of Group company functions. The diversity of these functions transcends the scope of operations traditionally handled by the Bank, the Trust Banks and the Securities Business. MUFG must be capable of providing increasingly diverse financial products, services and solutions in an integrated manner and, to this end, embrace an overarching viewpoint that tailors these offerings to meet customers' needs in step with their life stages. This approach requires strategic management control.*

Required Traits for SWAs

The situation on the business frontline today is ever more complex. No matter the conditions, SWAs are required to be attentive to what customers feel and think at their major life events and to accurately understand and anticipate their needs. They are also expected to furnish solutions by taking full advantage of MUFG's network, which, we believe, represents the Company's unparalleled strength.

Our customers are also regularly served by other financial institutions at home and abroad as well as by CPAs, tax accountants and other professionals. Accordingly, competitive is intense, demanding an extremely high service level. It is therefore important for SWAs to be equipped with financial service and accounting expertise as well as insights into their customers' businesses. Moreover, they must be knowledgeable about such non-financial factors as the methodology of social contribution, supporting sports-related endeavors and cultural patronage. To this end, they are expected to have an acute interest in and deep understanding of operations managed by customers, their business strategies and their family histories. Therefore, a persistent drive for such knowledge acquisition is an essential trait for SWAs.

I am determined to establish the de facto standard for MUFG's WM business. To achieve this, I will continue to do my best to serve my customers.

*A method for effectively operating decentralized organizations

Expanding Transactional Channels to Enhance Customer Convenience

Today, the widespread use of smartphones is prompting significant evolution in customer needs regarding banking transactions.

With this in mind, the Bank has developed platforms that offer access to quick and simple transactional procedures that can be completed without waiting in line at a bank counter. For example, the Bank has installed self-service terminals at its branches while distributing smartphone apps with enhanced functions. Apps allow users to file applications for address changes and the re-issuance of cash cards on an around the clock basis. Going forward, we will strive to deliver more convenient internet banking services, thereby increasing the number of service users. At the same time, we will focus on providing high-value-added services, such as asset management consulting, via bank counters.

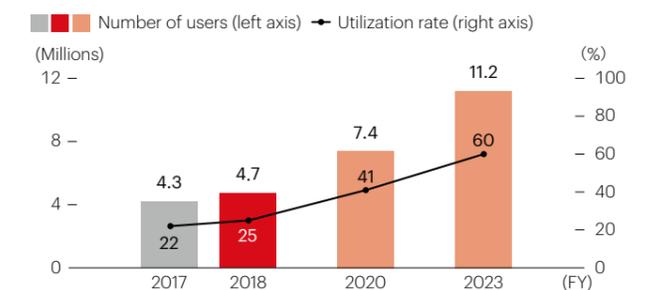
In addition, efforts are now under way to review our branch and ATM networks to better accommodate

customer needs. As part of these efforts, plans call for initiating a mutual arrangement with Sumitomo Mitsui Banking Corporation wherein the two banks will allow each other's account holders to use some of their ATMs* from September 2019 onward.

To enhance customer convenience, we will continue to expand our transactional channels and service lineups.

* ATMs installed at unmanned locations, excluding those in bank branches and convenience stores

Number of Mitsubishi UFJ Direct Users and Utilization Rate



How MUFG Addresses ESG Issues

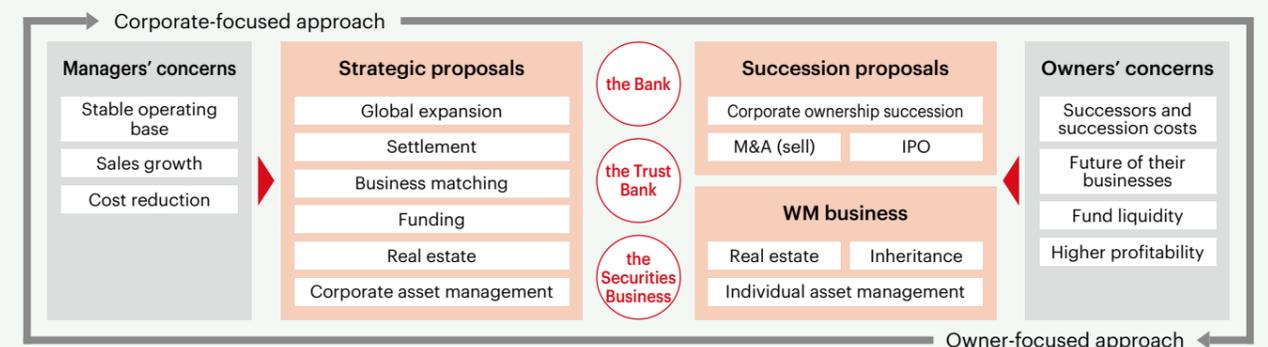
1 Aging population & low birth rate

Supporting Smooth Business Succession

Due to the rapid aging of society, a number of domestic SME owners are facing a pressing challenge in the form of a lack of successors. Securing smooth business succession is key to ensuring lasting corporate development. Accordingly, this represents the most important issue in terms of the maintenance, development and vitalization of Japan's industrial sector and its economy as a whole. To help customers address this issue, MUFG offers a diversified solution lineup designed to meet the needs of a broad range of retail customers and corporate clients across the value chain. In July 2018, MUFG entered a business alliance with Nihon M&A Center Inc., a major domestic mediator serving

SMEs. Thanks to this move, MUFG is now capable of delivering solutions to an even broader range of customers.

In the course of meeting customer needs for business strategy and succession assistance, we also employ our unique strengths to offer high-value-added services for business owners who seek to ensure the smooth succession of their personal assets. As a result, in fiscal 2018 we were able to handle successions of businesses and assets valued at more than ¥1 trillion in total. Looking ahead, we will continue to deliver solutions aimed at helping customers enjoy lasting growth and facilitating sustainable social development.



Japanese Corporate & Investment Banking Business Group (JCIB)

Serving major Japanese corporations seeking to expand globally, we provide loan, settlement, forex and other services while offering optimal solutions that fully employ the strength of each Group entity in their respective fields of specialty associated with M&A and real estate, etc. By doing so, we help our customers achieve growth in their corporate value.



Kenji Yabuta
Group Head, Japanese Corporate & Investment Banking Business Group

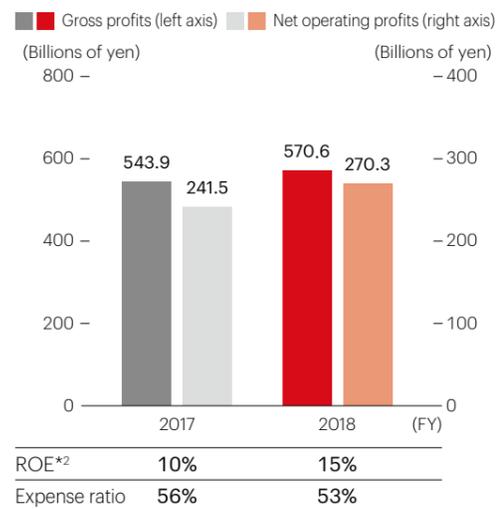
We aim to be the “First Call Business Partner” trusted by customers by assisting them in their pursuit of various business strategies.

To this end, we have integrated the sales functions of the Bank and the Trust Bank while shifting to a cross-regional operational structure supported by business units at home and abroad. These measures have yielded a robust RM/PO model capable of providing one-stop services and delivering optimal solutions backed by a groupwide integrated management approach.

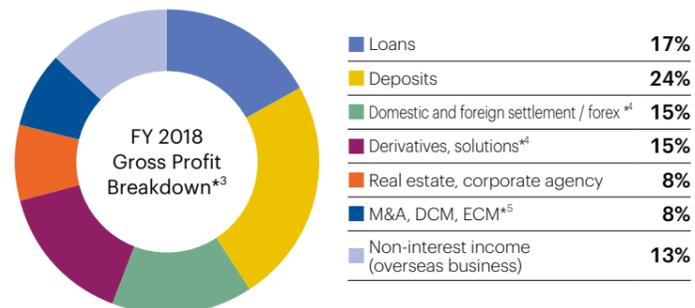
We will strive to increase base revenues from loans, deposits and settlement while reducing gaps between non-JPY deposits and the loan balance. At the same time, we will continue to divest our equity holdings. Through these efforts, we will promote a shift to the origination & distribution (O&D) business as well as a transition to more solid B/S and P/L structures. Moreover, we will strengthen our research & advisory functions to resolve the issues our customers are confronting.

In these ways, we will help strengthen Japan’s business competitiveness and support the country’s economic revitalization while building “New Trust” in the course of serving our customers.

Fiscal Year 2018 Results*1



Our fiscal 2018 operating results included an increase in profit. This was thanks to an increase in net interest income recorded in foreign currencies due to growth in non-JPY deposits, rises in U.S. interest rates and improving non-JPY lending spreads, in addition to our strong performance in event finances associated with M&A and project finance.



*1 Including profits from business owner transactions that belong to R&C and profits from Japanese corporate customers served by MUAH and Krungsri that belong to GCB
*2 Calculated based on net profits and excludes non-JPY mid- to long-term funding costs
*3 Excluding profits or losses from others *4 Figures are domestic business only *5 Including real estate securitization, etc.

Our Medium- to Long-Term Strategy

Establishing an RM/PO Model via Functional Realignment

Through the integration of corporate loan-related businesses under the Bank and the Trust Bank, we have achieved a functional realignment within the Group and thereby developed a structure for providing customers with more sophisticated solutions. We will enhance educational and training programs for relationship managers (RMs) to help them acquire in-depth insights into each sector. Simultaneously, we will help product officers (POs) enhance their solution proposal capabilities as well as to increase staffing for this function.

Enhancing Our Solution Proposal Capabilities

Having steadily upgraded our business approach focused on providing solutions to customers’ management issues, we were able to achieve solid results, seizing opportunities to handle major event finance as well as to secure large M&A advisory service projects. We will further enhance our sector-based approach via investment in a venture capital fund specializing in specific industries while strengthening our business nurturing capabilities and advisory functions.

Strengthening Transaction Banking Businesses

Customers today face an increasingly diverse range of global management issues related to transactions, financing and investment. Thanks to our efforts to enhance our solutions capabilities, transaction volume* grew steadily, while the balance of non-JPY deposits increased. Going forward, we will adopt a more sophisticated product development process to further enhance our solution capabilities.

* Domestic foreign exchange transaction amount related to trade, inward and outward investment, dividends, and services, etc.

Improving Capital Efficiency

We have expanded non-asset businesses by shifting to a cross-regional, groupwide integrated operational structure centered on customer segments. Furthermore, we divested low-profitability assets, thereby securing greater capital efficiency and non-JPY liquidity. Also, we were able to improve non-JPY lending spreads by upgrading pricing management via concerted efforts by business units at home and abroad.

In addition, we made steady progress in the divestment of our equity holdings. We will continue to push ahead with divestment while sincerely engaging in ongoing dialogue with our corporate clients.

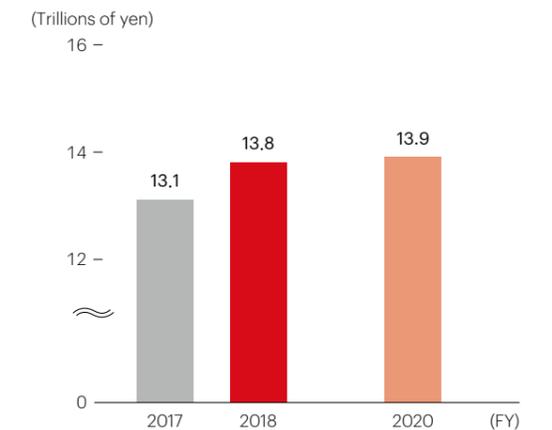
Please refer to page 30 for more details.

Securities Business League Table*

	Results		Targets
	FY2017	FY2018	FY2020
M&A (Deals involving Japanese corporations)	2nd	1st	2nd or higher
DCM (Value of bonds underwritten)	1st	2nd	1st
ECM (Value of equities underwritten)	4th	5th	2nd-ranked group

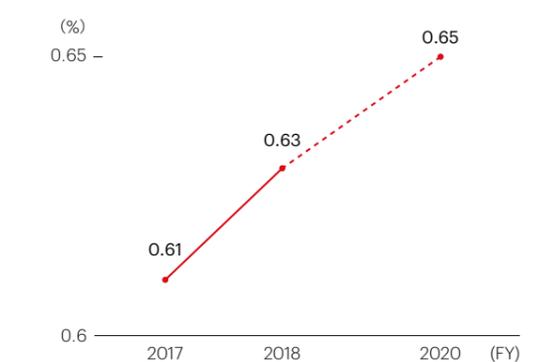
* Based on data provided by Refinitiv, etc.; DCM includes domestic and foreign bonds

Average Non-JPY Deposit Balance*



* Sum of domestic and overseas loans

Non-JPY Lending Spreads*



* Sum of domestic and overseas lending, excluding non-JPY mid- to long-term funding costs

Business Overview

Effects of the RM/PO Model and Progress in Business Initiatives Associated with Real Estate Value Chain

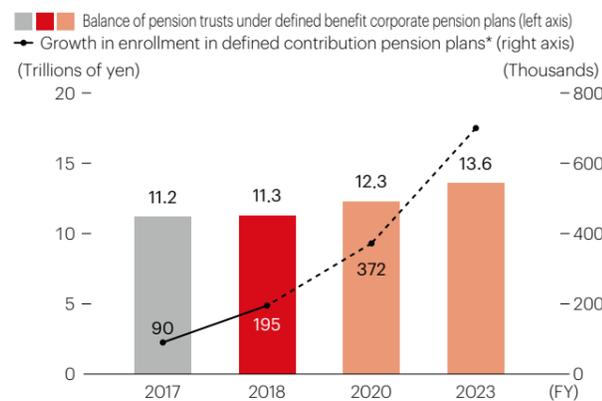
In the corporate agency business, we focused on an approach of initiating discussion with corporate clients to resolve their management issues and thereby successfully expanded the client base. We also drew on our solid relationships with bank customers as we stepped up efforts to reach out to companies seeking to execute IPOs. Not only are we capable of handling share-related administrative services on behalf of our clients, we can also serve as a partner in executing shareholder-relations strategies, for example, performing analyses of their shareholder registries and assisting in strategy formulation. In such ways, we help clients enhance their corporate value.

Corporate Agency



In the pensions business, we made progress in collaboration between RMs and POs to share marketing strategies tailored to each client, achieving solid results in such areas as retirement benefit trusts, where we secured a number of contracts by exercising our financial strategy proposal capabilities. Bringing together RMs' insights into the financial issues confronting corporate clients and POs' expertise in pensions, we propose overhauls of employee benefit systems from a medium- to long-term perspective. We will also utilize our relationships with clients' HR departments to provide them with various employee benefit system solutions.

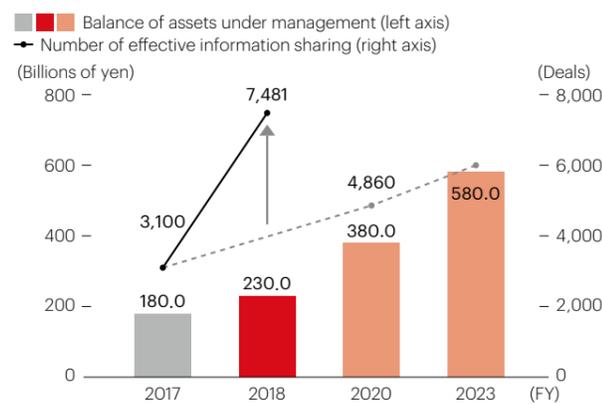
Pensions



* Cumulative growth since April 2017

In the real estate business, we integrated information pipelines used by the Bank and the Trust Bank. This has led to an uptick in the number of effective information sharing in fiscal 2018 to far more than 4,860, our target for the final year of the Medium-Term Business Plan. We will continue striving to enhance the quantity and quality of information sharing by assessing customer assets more accurately. We will also step up corporate real estate (CRE)-related proposals, with the aim of accelerating the process of materializing deals.

Real Estate



In addition, we plan to begin handling private real estate investment trusts (REITs) by the end of fiscal 2019, thereby strengthening our asset management business.

Establishing a Research & Advisory Unit

In July 2019, the Research & Advisory Unit was established through the consolidation of relevant functions from across our organization. To help corporate clients facing even more diversified and complicated management issues requiring sophisticated solutions, we will concentrate MUFG's expertise and functions and develop a structure capable of offering high-quality advisory services. The unit will employ MUFG's accumulation of insights

into upcoming changes in the social and industrial landscapes as we work with corporate clients by supporting their planning, determination and execution of business strategies.

Also, the Growing Industries Support Office has been established within the unit and is charged with new industry creation and venture business assistance.

Hosting the First Round of MUFG CFO Seminar

In February 2019, the MUFG CFO Seminar was co-hosted by the Bank, the Trust Bank and MUMSS. With a focus on corporate governance, the seminar was attended by CFOs from approximately 300 corporations, with Professor Kunio Ito from Hitotsubashi University delivering a keynote lecture and participating in a dialogue session. Looking ahead, we will periodically host seminars of this kind to address

challenges CFOs are typically confronting, with the aim of providing helpful insights unique to MUFG.



How MUFG Addresses ESG Issues

Assisting a "New Energy Society" in Fukushima

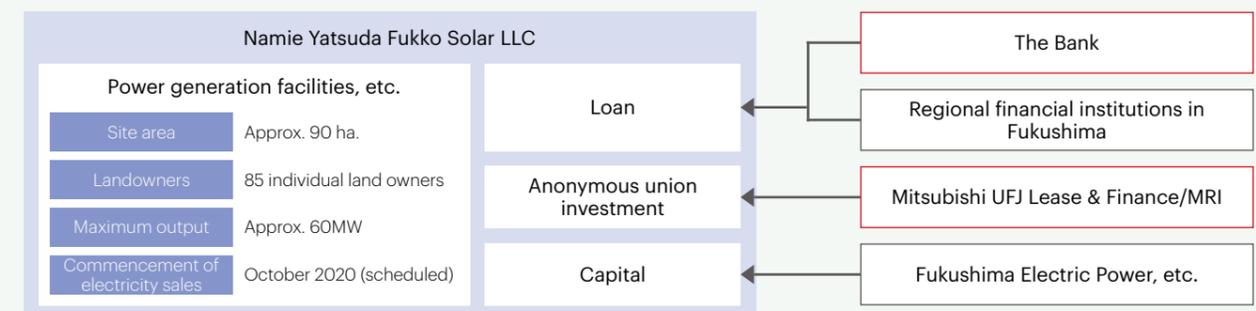
Fukushima Prefecture is home to a number of communities that were heavily hit by the Great East Japan Earthquake. To restore these communities, the prefectural government formulated a vision of a "new energy society" and has been endeavoring to boost renewable energy generation to the point that output from this energy source satisfies more than half of the prefecture's overall power demand.

Recently, the prefectural government approved a proposal put forward by the Bank with regard to the establishment of a solar power generation plant that utilizes a large tract of farmland in Yatsuda, Namie-machi, one of Fukushima's disaster-hit communities. This resulted in the creation of the joint venture with the Bank,

3 Social infrastructure & town planning

Mitsubishi UFJ Lease & Finance and Mitsubishi Research Institute, Inc. (MRI) playing key roles. Leasing approximately 90 hectares of farmland (an area roughly equivalent to the area covered by 19 Tokyo Domes) from 85 local landowners, the joint venture is expected to operate a solar power generation business on the site for 20 years. The company also has a secondary charge of spreading goodwill locally by helping landowners and other community residents interact through community activities like weeding communal property while contributing to regional economies by helping nurture such locally rooted businesses as flower cultivation.

Going forward, MUFG will remain committed to providing multilateral assistance to efforts aimed at restoring disaster-hit communities.



Global Corporate & Investment Banking Business Group (GCIB)

Global Corporate & Investment Banking Business Group offers services that provide value-added solutions (corporate & investment banking services) for large global corporate and financial institution clients through an integrated business model involving the Bank and the Securities.



Masato Miyachi
Group Head, Global Corporate & Investment Banking Business Group

Our vision is to “Become a Top-tier Global Debt House” by providing our global clients with a comprehensive set of solutions that meets their financing needs by leveraging our network and product capabilities.

Amid a challenging business environment due to non-JPY liquidity constraints and increased regulatory costs in various countries, we have to transform our business model from “quantity” to “quality.” To realize this, we are promoting origination & distribution (O&D) on an integrated group basis and accelerating portfolio recycling to improve returns. Furthermore, we are increasing the sophistication of our operations by enhancing non-JPY liquidity management, strengthening expense control and globalizing our organizational framework. With these initiatives, we aim to accelerate the business model transformation continuously to secure stable and sustainable growth.

Our Medium- to Long-Term Strategy

O&D Promotion on an Integrated Group-basis

We developed an O&D platform connecting institutional investors and corporate clients in need of financing, thereby enhancing asset velocity with an integrated business model involving the Bank and the Securities. With this approach, the distribution ratio steadily grew and exceeded the targeted ratio of 53%, which was set for the final year of the current Medium-Term Business Plan. Looking ahead, we will enhance product capabilities to attract investors and aim to increase non-interest income. Also, we will strengthen our risk management in preparation for the credit cycle shift.

Developing a Global Client-centric Model

We pursued large event finance transactions by leveraging our sector expertise across the globe and expanded collaborations with partner banks in Asia. Those were examples of the achievements we had by leveraging our unique business model and platform. Focusing on Asia, we aim to promote Global Subsidiary Banking* with the enhanced framework to further accommodate client needs.

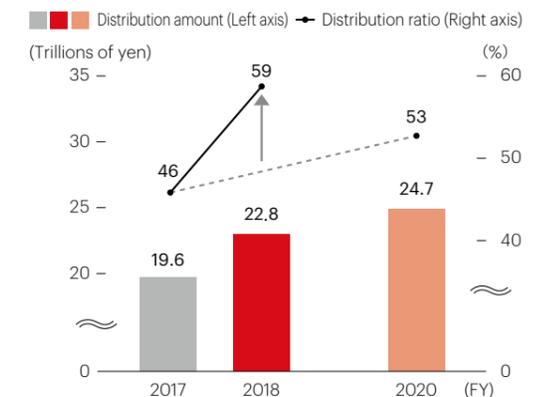
* A type of banking operation utilizing a global network and providing comprehensive services to the subsidiaries of group companies

Business Platform to Enable Sustainable Growth

We are reducing low-profitability assets while enhancing disciplined profitability monitoring to improve portfolio returns. In addition, we are promoting deposit taking, with the aim to improve non-JPY loan-to-deposit gaps. Going forward, we will strengthen our non-JPY asset and liability management framework and optimize the allocation of assets to further improve portfolio returns.

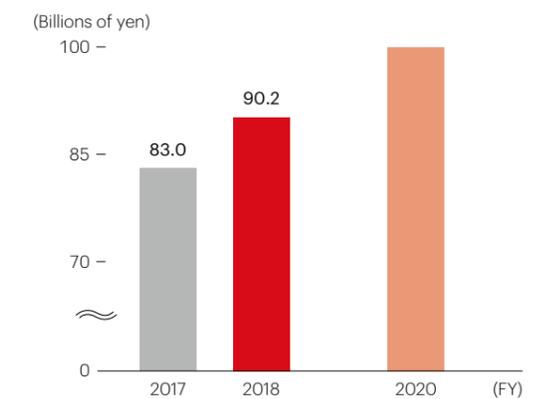
We enhanced our organizational efficiency to improve productivity while tightening our grip on personnel costs in light of the challenging business environment. We also optimized our system investment. We will continuously increase the sophistication of our staff and personnel cost management while taking a flexible and agile approach to cost control.

Distribution Amount / Ratio*

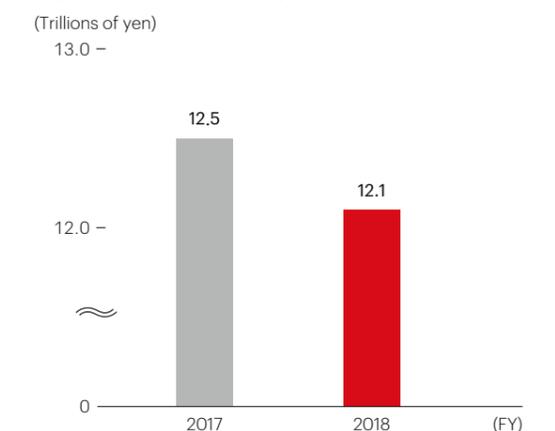


* Distribution Amount = Arrangement amount - Final hold amount (syndicated loan, project finance, securitization, aviation finance, etc.) + Securities' arrangement amount of DCM, ABS, etc.
Distribution Ratio = Distribution Amount ÷ Total amount of loans to global large corporate clients

Global Subsidiary Banking Revenues

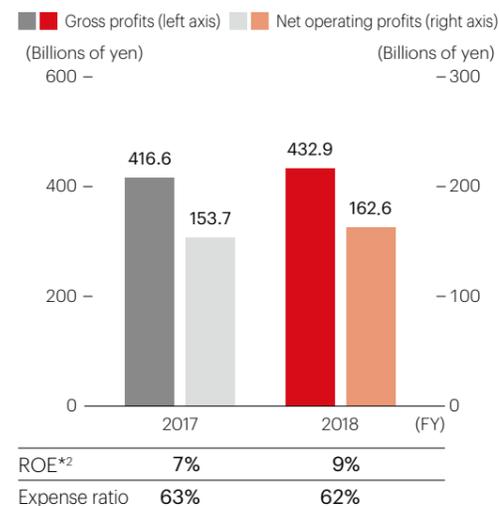


Gaps between Non-JPY Deposits and Loans*

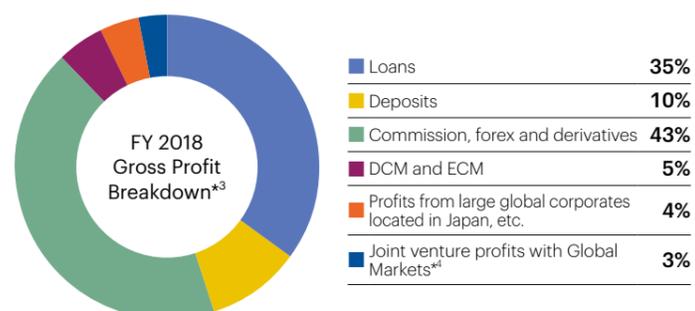


* Based on balances at fiscal year-end

Fiscal Year 2018 Results*1



We expanded non-interest income by pursuing large event finance transactions and promoting the O&D business. At the same time, we improved lending portfolio returns through portfolio recycling, including the reduction of low-profitability assets. As a result, net operating profits increased year on year with an improvement in ROE.



*1 Including profits from large global corporates of Krungsri that belong to GCB, profits from JCIB's large global corporates located in Japan, and Joint venture profits with Global Markets
*2 Calculated based on net profits and excludes non-JPY mid- to long-term funding costs *3 Excluding profits or losses from others
*4 Including O&D profits through collaboration with Global Markets

Promoting the Business Model Transformation

We are shifting our business model from “quantity” to “quality” to manage non-JPY funding costs and liquidity constraints.

For example, we are recycling our portfolio to high-profitability assets in growth fields. Specifically, we developed a framework to classify corporate customers based on their profitability and the amount of their profits. Relationships below the profitability threshold are placed under monitoring, and will be regularly reviewed.

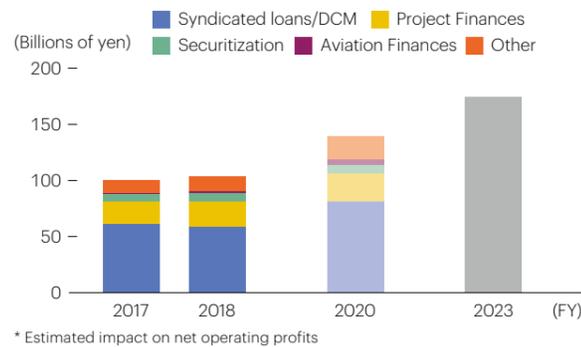
Through this framework, the reduction of low-profitability relationships progressed ahead of the original plan as we exited from transactions with 49 customers and improved profitability for 101 low-profitability customers in FY2018. In addition, we reduced low-profitability assets by ¥800 billion.

Going forward, we will raise our profitability threshold and expand the scope of customers classified as requiring monitoring. By doing so, we will further reduce low-profitability relationships and improve overall portfolio returns. Furthermore, we will strengthen the deal screening framework that is the

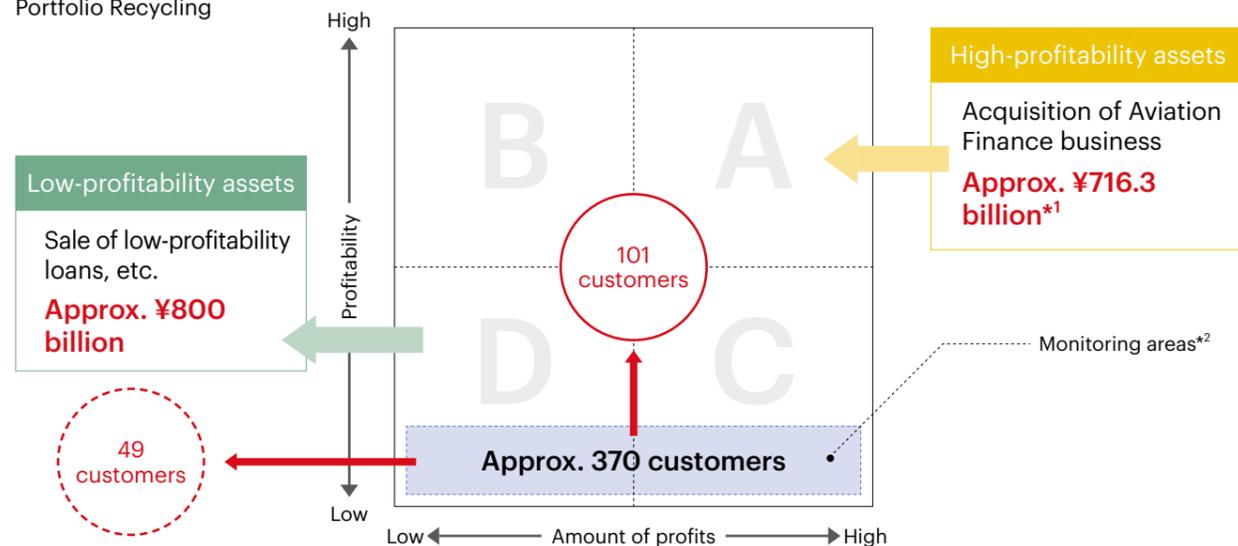
gateway for new transactions by implementing more disciplined profitability assessments.

In addition to these efforts, we have decided to acquire an aviation finance-related business from Germany-based DVB Bank SE as a growth driver for the future. This is in line with our strategy of enhancing origination of high-profitability transactions. The accumulation of such assets will also improve MUFG’s ability to deliver products that are attractive to investors. With such transactions, we will promote the O&D business, another key initiative for realizing our business model transformation.

Fee Revenues* by Product



Portfolio Recycling



*1 Client lending portfolio totaling approximately 5.6 billion euro (as of June 30, 2018); calculated by converting 1 euro to ¥127.91
 *2 Customers who do not meet our profitability threshold

Acquiring the Aviation Finance-Related Business

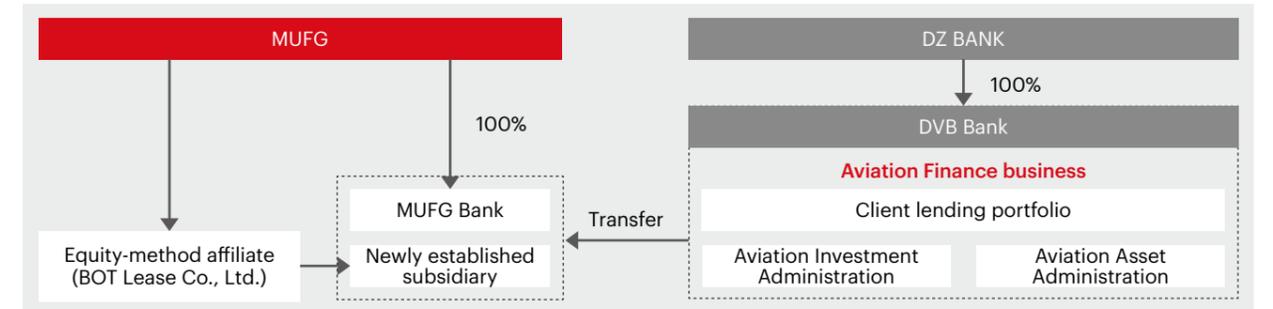
In March 2019, we signed an asset purchase agreement with the Germany-based DVB Bank SE to acquire its aviation finance business.

continue to enhance GCIB’s profitability while endeavoring to secure our position among the industry’s top players.

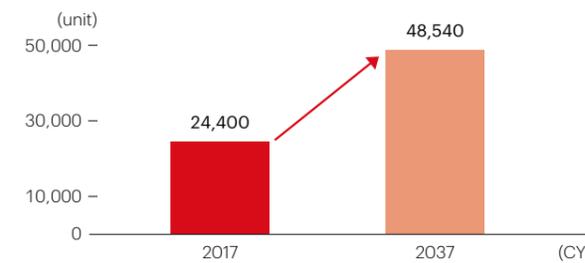


In this transaction, MUFG will acquire lending assets as well as a team of aviation finance professionals who have deep domain expertise for success in this field. In addition to expanding our client base and enhancing our solution capabilities, the acquisition will diversify our portfolio and further promote our O&D business approach. Looking ahead, we will

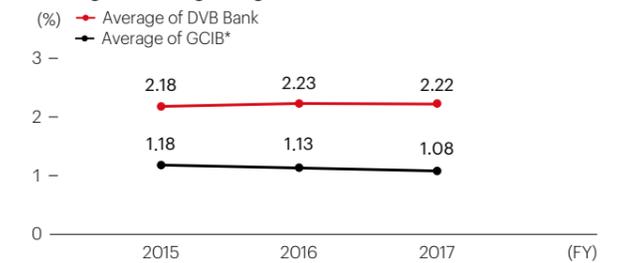
Outline of the Acquisition Deal



Demand in the Commercial Aircraft Market



Average Lending Margin for New Transactions



How MUFG Addresses ESG Issues

Supporting Sustainable Financing

Among a number of environmental, social and governance (ESG) issues, we place particular focus on countering global warming and climate change. We are helping clients issue Green Bonds (a type of bonds whose proceeds are used to the project of improving environment). With these efforts, we were ranked the first in the world as a finance arranger in the renewable energy sector for the third consecutive year.

- 4 Global warming & climate change
- 7 Cross-sectoral environment and social issues

We will also enhance our capability to provide sustainability-linked loans* which have been getting focused in recent years as an effective financing for clients’ ESG initiatives.

We will be proactively engaged in these financing activities as we aim to work in tandem with our clients to contribute to environmental and social sustainability.

*Products with interest rates that can be revised based on borrowers’ accomplishments vis-à-vis sustainable targets. Please see page 66 for details on these initiatives.

Global Commercial Banking Business Group

We aim to become a globally trusted financial group selected worldwide by providing financial services to local SMEs and individuals overseas through our existing partner banks such as MUFG Union Bank, Krungsri (Bank of Ayudhya), Bank Danamon, etc.*

* Our Business Group is in charge of MUFG Union Bank, Krungsri (Bank of Ayudhya), Bank Danamon, VietinBank, Security Bank, etc.



Takayoshi Futae
Group Head, Global Commercial Banking Business Group

We create "new trust" by providing new value to customers through collaboration with partner banks.

So far, we have regarded Asia as one of our mother markets and have built networks in ASEAN countries by investing in partner banks. In addition, we acquired additional shares in Bank Danamon, an Indonesian commercial bank, to complete our ASEAN-centric overseas commercial banking business platforms. Through this platform, we will be able to provide banking services for SMEs and individuals in overseas markets, that we have not been able to provide to date. At the same time, by combining this platform with MUFG's business with overseas large corporates, we can deliver MUFG's unique services.

As for MUAH, the parent company of MUFG Union Bank, we will review our portfolios and steadily reduce our expense ratio through cost-cutting measures.

Amid changes in the business environment surrounding financial institutions, we will promote collaboration with partner banks and share best practices to increase the value of MUFG and partner banks as a whole.

Our Medium- to Long-Term Strategy

Asia

As ASEAN countries have maintained high GDP growth rates, the countries in which our partner banks are located are expected to achieve further growth.

Krungsri (Bank of Ayudhya) in Thailand, in collaboration with MUFG, has achieved a certain level of results in its business for local corporates in Thailand, which has been a field for strengthening the business, and its profitability has improved. In April 2019, we made an additional investment in Bank Danamon, Indonesia, making it a consolidated subsidiary. VietinBank and Security Bank have also shown results. Going forward, we aim to provide high-value-added services by improving the functions of each partner bank through collaboration and sharing best practices among them.

United States

MUAH aims for steady growth by capturing the economic growth of the United States, strengthening deposits and loans, and improving productivity. We will work to improve the expense ratio, our challenge, by enhancing operational efficiency and productivity, introducing a next-generation core banking system, and reviewing administrative processes. MUFG Union Bank is also working to improve customer convenience by offering services and developing new products to a wide range of customers through PurePoint* (direct banking) and other means.

* MUFG Union Bank's nationwide retail financial services platform, which comprises retail Internet banking and lightening branch

MUFG's Equity Stake in Partner Banks and Their Domestic Rankings

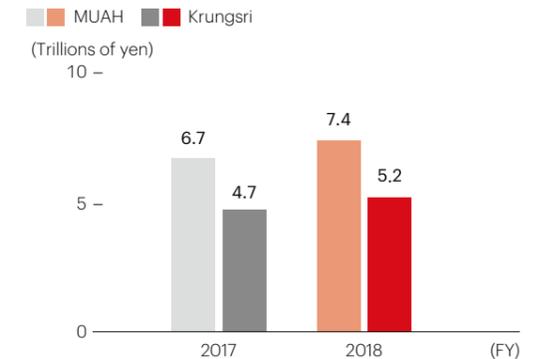
Partner bank	Voting right* ¹	Ranking* ²
The United States UnionBank	100%	11
Thailand krungsri	76.8%	5
Indonesia Danamon	94.1%	5
Vietnam VietinBank	19.7%	2
The Philippines SECURITY BANK	20.0%	7

*¹ As of May 31, 2019

*² The sum of total assets held by each partner bank and loan balances of the Bank's local branches. Krungsri's ranking is based on comparisons with other domestic systemically important banks (D-SIBs) (as of December 2018).

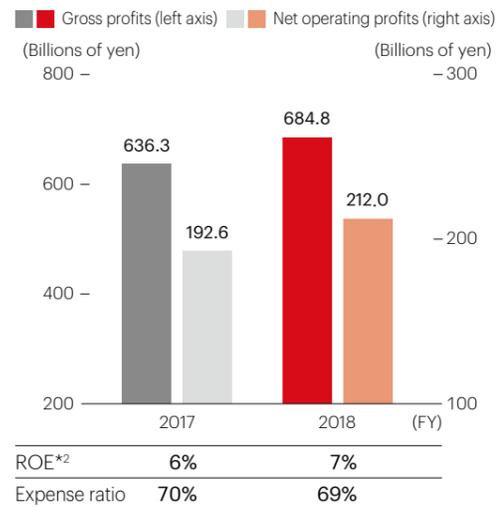
Sources: SNL Financial, Philippine Central Bank, Bloomberg, data disclosed by each partner bank; the loan balances of the Bank's local branches are based on data compiled for internal managerial purposes

MUAH*/Krungsri Average Loan Balances

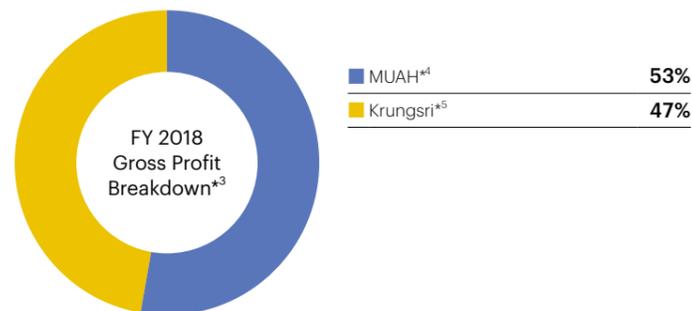


* Excluding loans that belong to the Trust Bank, securities subsidiaries, GCIB and Global Markets

Fiscal Year 2018 Results*¹



MUAH*⁴ posted an increase in profits due to an incremental rise in deposit income and non-interest income. At Krungsri (Bank of Ayudhya), each segment grew steadily, mainly in the retail sector, as interest income increased due to the accumulation of loan outstanding, such as auto loan.



*¹ Including figures, which belong to GCB only and excluding figures, which belong to other business groups *² Based on net profits *³ Excluding profits or losses from others *⁴ MUAH's figures as reported in MUAH's 10-Q and 10-K excluding figures belonging to Trust/Securities subsidiaries, GCIB and Global Markets *⁵ After GAAP adjustment. Excluding figures that belong to Global Markets

Sharing insight into next-generation digital branches— MUFG Union Bank and Krungsri (Bank of Ayudhya)

In October 2018, Krungsri opened a "Smart Branch" equipped with a digital-intensive branch system designed for future generations. Features of this branch include the installation of a Smart Teller, a newly developed self-service terminal that will take over traditional bank counter services by, for example, enabling customers to complete all procedures necessary to open a new account by themselves.

The Smart Branch was developed by drawing on insights offered by MUFG Union Bank, which successfully created automated Express Banking system.

Going forward, we will help our partner banks share their insights and know-how to promote innovation and enhance customer convenience.

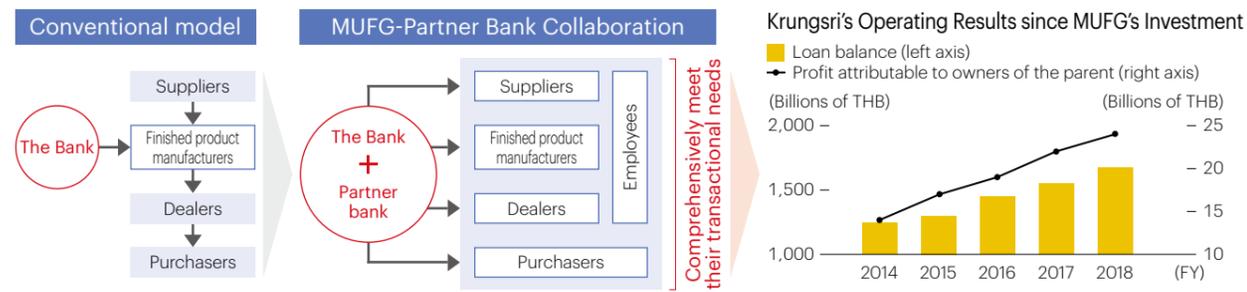


Business Overview

Achieving Synergies through Collaboration with Partner Banks

In ASEAN countries, MUFG's traditional business mainly involved finished product manufacturers. However, collaboration with partner banks has enabled us to cover a wide range of business channels, from suppliers to SMEs including dealers as well as purchasers and employees. In Thailand,

Krungsri offers this hybrid solution, which is highly regarded by customers as it has led to the steadily growth in business performance. By deploying best practices to other partner banks and realizing synergies, we are further enhancing the corporate value of such partner banks.



Strategic Investment in Bank Danamon

In April 2019, MUFG Bank acquired additional shares in Bank Danamon and made it a consolidated subsidiary. This completed our efforts to build a commercial banking platform serving ASEAN countries. Bank Danamon is a major commercial bank in Indonesia with approximately 1,200 locations throughout the country. The bank has strength in financial services for individuals, including auto loans and residential mortgage loans, as well as SME loans. In recent years, Bank Danamon has been actively involved in the development of digital banking technologies. Moreover, in addition to providing auto loans through its subsidiary, Adira Finance, Bank Danamon provides comprehensive financial products and services, such as financing for consumer goods

and providing insurance products through another subsidiary, Adira Insurance.

Through collaboration with Bank Danamon, MUFG will establish a robust business platform to offer a broad range of services to customers who are seeking to enter and expand into Indonesia and pursuing business growth. In this way, Bank Danamon will contribute to the economic development of Indonesia.



More Than 3,000 Partner Bank Networks in four ASEAN countries



Note: the number of bases is as of December 31, 2018

Forging Synergy to Better Serve Customers



Michellina Laksmi Triwardhany
Vice President Director,
Bank Danamon

In its initial stage, this collaboration with MUFG has already resulted in several key achievements, including obtaining several mandates from large global corporate clients. Furthermore, Bank Danamon recently received "Best Service Provider" award in the Supply Chain Indonesia Category from the Asset Magazine during The Asset Asian Award 2019.

With its strong relationship with Japanese and large multinational corporate clients, MUFG is well positioned to complement Bank Danamon's significant presence in the SME and Consumer Banking segments as well as leadership position in the automotive financing sector through Adira Finance.

Going forward, Bank Danamon can strengthen its Digital capabilities by leveraging the shared knowledge with Krungsri in Thailand, as well as partnership with Fintech players that are part of the investment of Tokyo-based MUFG's Corporate Venture Capital "MUFG Innovation Partners".

Bank Danamon and MUFG can now optimize their synergies to provide comprehensive financial services to customers throughout the whole business ecosystems in Indonesia. Both banks can now collaborate to serve customers' entire business supply chain, from the anchor itself to its suppliers, distributors, and end users.

Bank Danamon will also leverage MUFG and its affiliated banks, not only for business growth, but also for sharing best practices in several areas including Business Development, Finance, Risk Management, Compliance, and Human Capital.

This means that customer can now have access to corporate products (especially financial supply chain and syndicated loans), along with consumer products, such as employee benefit programs (savings account, personal loans, auto financing, payroll account).

In turn, MUFG and its affiliated banks can benefit from Bank Danamon's experience in serving the SME and consumer banking segments as well as auto finance.

Together, this synergy will bring better service quality and values that will benefit Bank Danamon's and MUFG's customers in Indonesia and positively contribute to the growth of the Indonesian banking sector and economy as a whole.

How MUFG Addresses ESG Issues

2 Business incubation & job creation

Initiatives for Industrial Development and Employment Creation (Financial Inclusion) through Partner Banks

Through our partner banks, GCB is engaged in initiatives to promote financial inclusion in each country and region.

solutions to individuals who do not have bank accounts. D-Wallet enables those who do not have bank accounts or credit cards to make cashless payments at online shopping or convenience stores through deposits and withdrawals at convenience stores or by receiving funds from other D-Wallet users.

Krungsri (Bank of Ayudhya) in Thailand is responding to microfinance and nano-finance needs through its microfinance subsidiaries Hattha Kaksekar Limited*1 (hereinafter referred to as HKL) and Ngern TidLor Co., Ltd.*2 (hereinafter referred to as NTL) in ASEAN countries where economies continue to grow. The number of bank accounts, loans outstanding, and number of branches of both HKL and NTL have increased steadily. In addition, HKL provides community-based financial education to low-to-moderate income individuals and contributes to improving living standards.

MUFG Union Bank in the United States offers competitive interest rate loans with no private mortgage insurance required to low-to-moderate income homeowners. It also supports homeowners through eligible down payment assistance programs when purchasing homes.

Going forward, we will continue to engage in financial inclusion through various initiatives tailored to each country's particular environment and needs.

Bank Danamon, an Indonesian bank, has developed a digital payment app, "D-Wallet" to provide financial

*1 Krungsri's microfinance subsidiary based in Cambodia
*2 On February 28, 2019, Krungsri decreased its equity stake in NTL from 99.9% to 50.0%

Asset Management & Investor Services Business Group

Employing our sophisticated specialist know-how in the areas of asset management, investor services, and pensions, we provide such services as consulting while constantly striving to further enhance our asset management capabilities and develop products capable of better meeting diverse needs of customers at home and abroad.

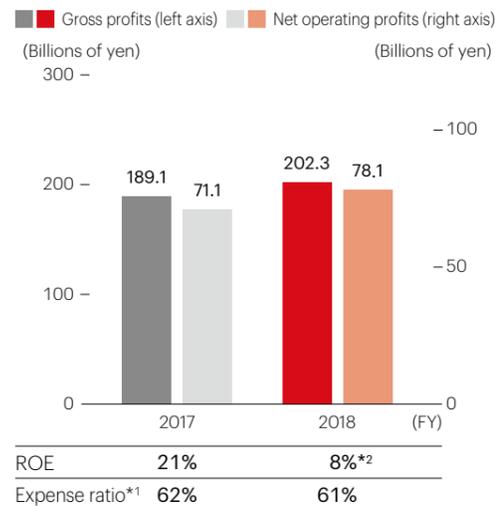


Sunao Yokokawa
Group Head, Asset Management & Investor Services Business Group

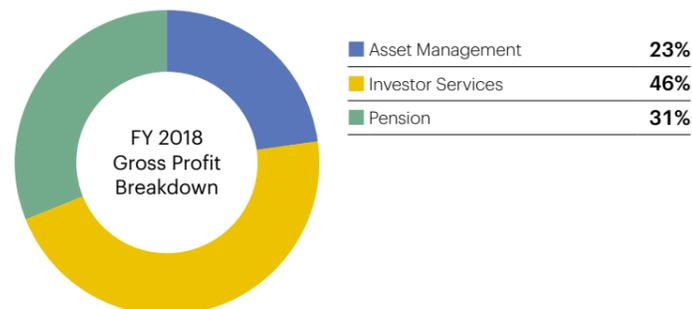
Aiming to become a player boasting unparalleled strength in Japan and significant global presence, we are strengthening our business platforms as well as earnings power. To date, we have successfully expanded our business platforms while capturing growth overseas so as to pursue sustainable growth by accurately adapting to the evolving business environment. In the asset management field, we have executed a majority investment for the first time, thereby solidifying our foundations to achieve our target of being among the global top 15 asset managers. In the field of investor services, we are enhancing our service lineup for domestic clients as well as banking services in overseas while striving to improve productivity with the aim of securing greater competitiveness. In the pension business, we provide comprehensive solutions backed by sophisticated expertise in our area of specialty, employing a groupwide integrated approach to help customers address the issues they are facing.

We will strive to live up to customers' trust and remain their best partner. To this end, all our staff will do their utmost to fulfill their fiduciary duties as asset managers while taking full advantage of their expertise to deliver effective solutions to meet customer needs.

Fiscal Year 2018 Results



We strove to expand the investor services business at home and abroad while steadily increasing sales of investment products for domestic institutional investors. Thanks to these efforts, we achieved year-on-year growth in net operating profits to ¥78.1 billion.



ROE	21%	8%*2
Expense ratio*1	62%	61%

*1 Based on net profits
*2 ROE calculated excluding the impact of losses on sales of Standard Life Aberdeen shares is 18%

Our Medium- to Long-Term Strategy

Asset Management Business

Aiming to become a global player with strong presence, we have strengthened our asset management functions as well as product capabilities while expanding our business scale. For securing competitiveness, we revised our HR system for fund managers. Furthermore, we engaged in the development of alternative products, such as those associated with real estate assets managed by MUFG. Moreover, we made a decision to acquire an Australia-based global asset manager to make it a wholly owned subsidiary.

Striving to realize synergies with the acquired firm, which handles global operations, we will step up our efforts to enhance our service quality and satisfy customer needs.

Please also refer to page 56 for details.

Investor Services Business

We boast a global ranking among the top 10 firms in terms of the value of alternative funds under administration. As we expect deepening market monopolization, we are focused on not only handling fund administration but also expanding our scope of ancillary banking services, including financing for funds as well as forex and repo transactions.* These value-added services are helping us steadily raise our balance of assets under administration.

Moreover we will strive to improve productivity utilizing digital technologies, thereby securing profitability.

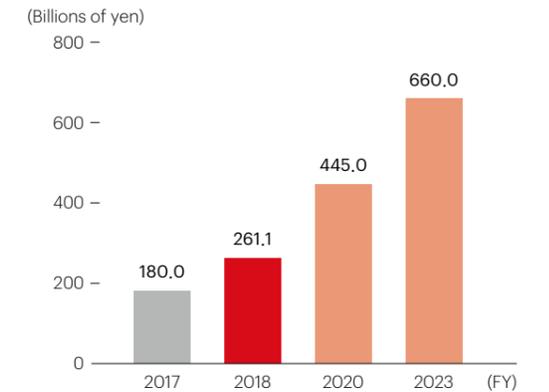
* A type of transaction involving an agreement to exchange funds and bonds for a certain period of time

Pensions Business

We offer consulting services aimed at resolving various issues confronting corporate clients' HR departments, helping them enhance their employee benefit programs through the comprehensive review of HR systems and retirement benefit systems. We have reorganized PO's structure in order to ensure providing services smoothly. As a result, both the balance of pension trusts under defined benefit pension plans and enrollment in defined contribution pension plans have risen.

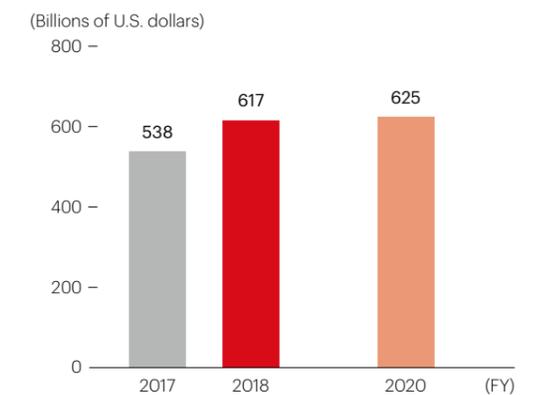
We will further step up our consulting services associated with employee benefit programs to help customers resolve their issues.

Balance of Alternative Products*

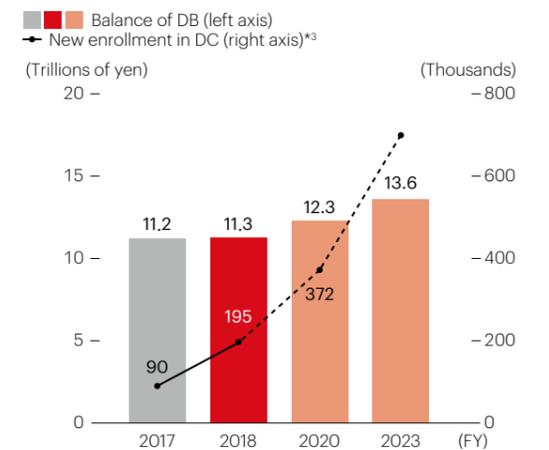


* Balance of real-estate and other low-liquidity investment products developed in-house

Balance of Global IS



Balance of DB*1 Pension Trusts/ New Enrollment in DC*2



*1 Defined benefit pension plans
*2 Defined contribution pension plans
*3 Cumulative growth since April 2017

Business Overview

Acquisition of a Global Asset Manager

The asset management industry is expected to grow both in developed countries and emerging nations thanks to growing asset building needs arising from changing demographics and socio-economic patterns. For developed countries, this is due to aging populations and for emerging nations, the rapid expansion of the middle class and ensuing accumulation of wealth.

With this in mind, the Trust Bank decided to acquire Colonial First State Global Asset Management (CFSGAM) from Commonwealth Bank of Australia, one of Australia's major financial groups, completing acquisition procedures in August 2019.

CFSGAM is a global asset manager with a balance of assets under management amounting to over A\$210 billion. It provides investment management services to clients globally, supported by 800 professionals operating out of 12 bases in Asia, Australia, Europe and North America. With a total of 17 asset management teams handling such asset classes as equities, bonds, alternatives and multi-asset funds, this firm has achieved stable business performance over the long term.

While the business started in Australia, CFSGAM is now a global investment management business with a diverse client base supported by regional operations that extend across Asia, Australasia, Europe and North America. CFSGAM has been entrusted with the management of assets by a broad range of institutional and individual investors, and under MUFG ownership, it has the financial backing and strategic support for its growth strategy,

enabling the business to become a stronger global investment management business.

In addition, this firm is strongly committed to practicing responsible investment. Having become a signatory to the United Nations Principles for Responsible Investment in 2007, the firm has practiced asset management in adherence to these principles for more than 10 years.

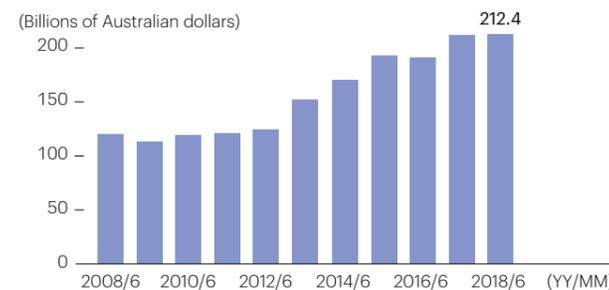
Thanks to the inclusion of CFSGAM, the MUFG Group has grown into one of the largest asset managers in Asia and Oceania on an assets under management (AuM) basis. Going forward, we will continue to seek opportunities to acquire asset managers or teams with unique strength and competitiveness while reaching out to an even broader range of customers around the globe, especially those in fast-growing markets.

In these ways, we will enhance our global presence and remain an asset manager capable of living up to customer expectations.

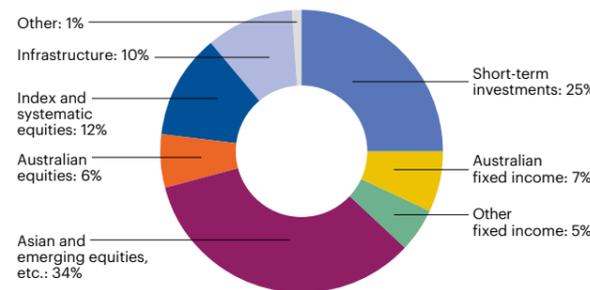
Global Network of CFSGAM/First State Investments (FSI)



CFSGAM's AuM Balance (2008 – 2018)



Composition of AuM by Asset Class*



* As of June 30, 2018

Harnessing Our Collective Strengths



Mark Steinberg
Colonial First State Global Asset Management (CFSGAM)/
First State Investments (FSI)
Chief Executive Officer

The completion of the sale of Colonial First State Global Asset Management (CFSGAM), known as First State Investments outside of Australia, to the Trust Bank was an extremely exciting step forward for our business.

CFSGAM offers clients a comprehensive suite of investment capabilities across a number of sought-after asset classes managed by 17 different

investment teams, some of whom have been investing for clients for over 25 years. Specialist capabilities include global emerging markets and Asia Pacific equities, listed and direct infrastructure, Australian equities, fixed income and multi-asset solutions.

With the Trust Bank, we share a strategic vision to harness our collective strengths and become an even stronger global asset manager. We now operate as a standalone business within the MUFG group, governed by a Board comprised of representatives from CFSGAM and the Trust Bank with an intention to appoint independent directors in the coming year.

We will continue to focus on offering high quality, long-term investment capabilities to our clients, with ongoing investment in our operating platform and our portfolio management teams retaining investment autonomy.

Importantly, our investment teams remain committed to incorporating responsible investment principles in to their processes as complementary sources of risk and return. This continues to underpin our corporate identity and is the binding element across our investment teams' philosophies and strategies.

How MUFG Addresses ESG Issues

Practicing Responsible Investment via Asset Management

Today, public interest in environmental, social and governance (ESG) issues is growing in countries around the world. We are aware of the increasing impact of this trend on the asset owners who entrust us with the management of their holdings. Therefore, we are striving to meet growing customer expectations regarding such issues.

In May 2019, we formulated the MUFG AM Responsible Investment Policy aimed at guiding our initiatives to address ESG issues through asset management activities. This policy is embraced by the Group's primary asset managers, namely, the Trust Bank, Mitsubishi UFJ Kokusai Asset Management, MU Investments Co., Ltd. and Mitsubishi UFJ Asset Management (UK).

We believe that investment and engagement activities based on ESG opportunities and risks will encourage the sustainable growth of portfolio companies and improve investment performance. In line with this belief, this

7 Cross-sectoral environment and social issues

policy communicates our intention of adopting an investment framework in favor of companies deemed superior based on ESG-oriented evaluation. The policy also places particular focus on maintaining dialogue with them to help them embrace changes.

We will also step up efforts to communicate the importance of an ESG-centered investment approach to customers and investees and facilitate their understanding by, for example, participating in ESG-related international initiatives.

Looking ahead, we are determined to increase the level of consideration we give to ESG issues in the course of asset management. To fulfill our fiduciary duty, we will strive to contribute to the sustainable development of society while securing medium- to long-term returns.

As of March 31, 2019, the balance of responsible investment, which represents the balance of ESG-oriented investment, is 6.1%.

Global Markets Business Group

We serve our customers through sales & trading (S&T) operations associated with interest rates, bonds, forex and equities in addition to engaging in treasury operations.*

* Including ALM (which is the integrated management of liquidity risk and interest rate risk inherent in assets (loans, etc.) and liabilities (deposits, etc.)), global investment and other related operations.



Masamichi Yasuda
Group Head, Global Markets Business Group

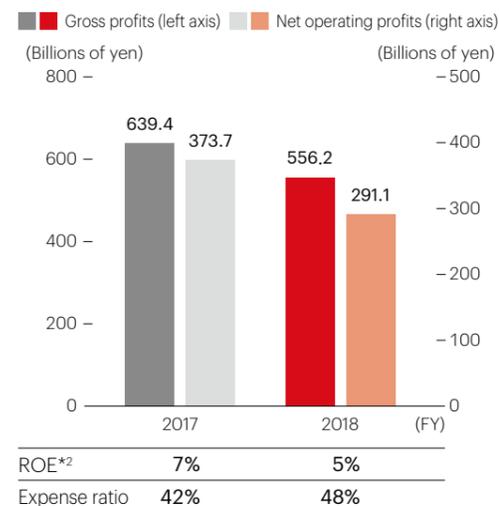
We aim to become an organization capable of delivering value to customers by taking a groupwide integrated approach that transcends the boundaries of Group entities.

In customer segments, we will allocate our resources to fields in which MUFG has been strong and has growth potential, thereby securing greater profit. We will also develop a structure supporting our business activities. Specifically, we will promote the sharing of infrastructure between the Bank, the Trust Bank and the Securities, to offer transactional opportunities with optimal booking for customers.

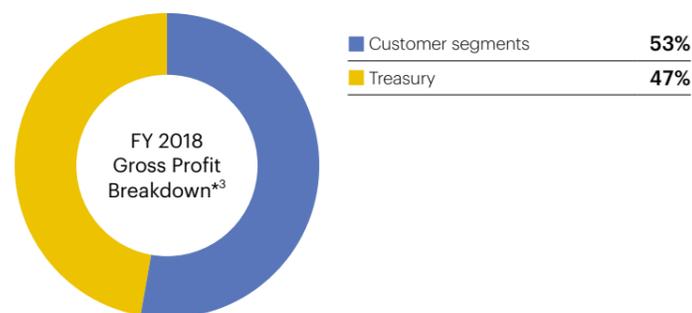
In treasury operations, we will flexibly carry out hedging operations in a way that conforms to the prevailing market environment and helps exercise robust control on unrealized gains and losses while optimizing our asset allocation. Moreover, we will step up non-JPY balance sheet management, tightening our grip on both the asset and liability sides.

Today, the conditions surrounding our business are changing significantly. We will decisively take on issues arising from these changes, thereby maintaining the trust of customers and society as a whole.

Fiscal Year 2018 Results*1



In customer segments, we benefited from robust showings from forex while pursuing cost reductions. However, the profits decreased due to the harsh business environment. In treasury operations, we secured profit via flexible asset allocation in line with the market environment. Nevertheless, profit from these operations decreased due to the absence of proceeds from the sale of JGB recorded in the previous fiscal year



*1 Including Joint venture profits with GCIB
*2 Based on net profits
*3 Excluding profits or losses from others

Our Medium- to Long-Term Strategy

Customer Segments

Institutional investors: Due to the impact of the evolving market environment and structural changes in the industry, we have met some challenges in terms of improving profitability through ongoing reform initiatives. To overcome these challenges, we will collaborate with other business groups to accelerate O&D. Also, we will address changes in operating environment by strategically allocating our management resources to the areas where MUFG boasts competitive strength such as repo transactions*1 and secured finance*2

Corporate customers: We made steady progress in the strengthening of platforms via, for example, the digitalization of forex operational flows.

Derivative business: Mainly in the Americas, we achieved solid results in service fields involving hedging against event risk and other nontraditional risks. On the other hand, conditions surrounding our businesses are growingly harsh due to an evolving market environment, rising needs for non-JPY liquidity management and the introduction of CVA regulations.*3 In response, we will accelerate efforts to shift our business model by giving due consideration to characteristics of and issues specific to each market region.

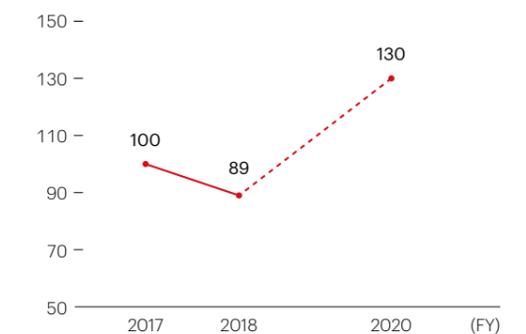
*1 A type of transaction involving an agreement to exchange funds and bonds for a certain period of time
*2 A type of financing that supplements the borrower's credit risk with collateral assets
*3 Capital regulations aimed at addressing risks associated with fluctuations in credit valuation adjustment (CVA)

Treasury

We reviewed our global operational structure to enhance the profitability of both yen and non-JPY holdings and stabilize our balance sheet. Simultaneously, we engaged in market operations in a flexible manner responsive to changes in the market environment.

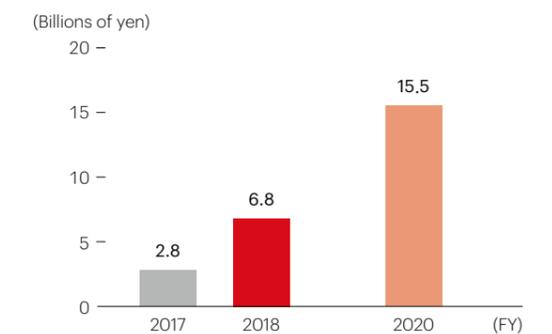
With the aim of maintaining the sustainability and soundness of the MUFG's non-JPY businesses, we will take a groupwide integrated approach aimed at securing stable and efficient non-JPY funding from the market and, to this end, diversify our funding methods and funding sources. We will also carry out market risk management by taking advantage of the strengths of the Bank and the Trust Bank in their areas of specialty.

Client Value*



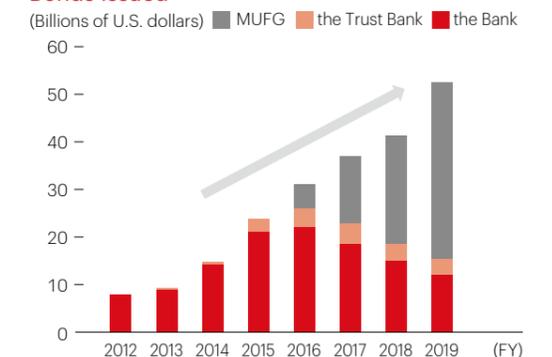
* Quasi sales & trading profits in institutional investors business (FY2017 level = 100; based on annual average)

Derivative Revenues in Strategic Fields*



* Transactional revenues associated with the provision of various hedging products aimed at countering emerging risks, such as interest rate and foreign exchange risks arising from M&A and other major deals, and investment banking products

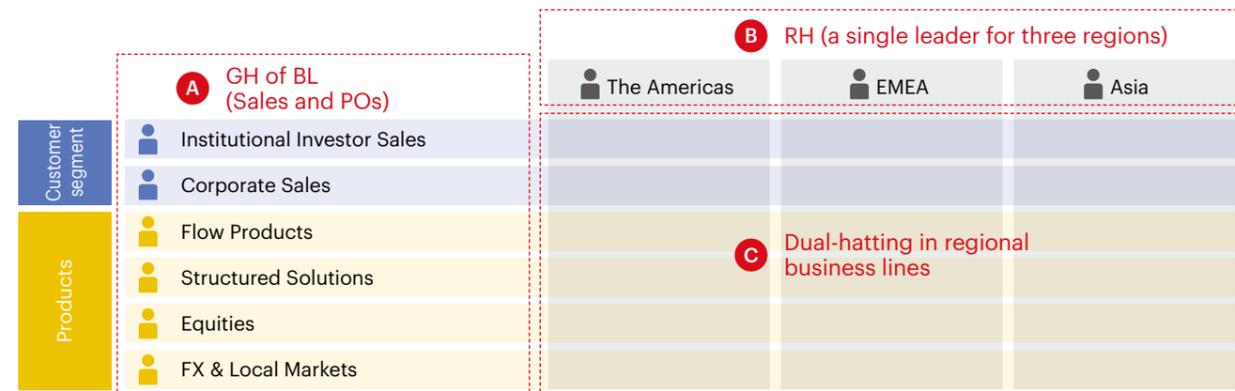
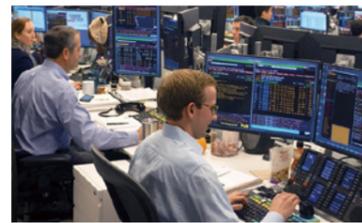
Remaining Balance of non-JPY Denominated Bonds Issued



Enhancing Our Groupwide Integrated Approach

We are promoting the integration of S&T operations handled by the Bank and the Securities Business, with the aim of developing a more robust structure supporting our groupwide integrated management approach. In fiscal 2018, we made progress in our ongoing efforts to enhance customer convenience via a mutual arrangement in which the Bank and the Securities Business utilize each other's specialist expertise, succeeding in enhancing our structure by executing the following three measures.

- A** Reorganized all business lines to enable global operations
Appointed Global Head of Business Line (GH of BL)
- B** Appointed Regional Head (RH) to supervise Americas, EMEA and Asia, ensuring relevant business units under the Bank and the Securities Business are overseen by a single leader
- C** Assigned dual-hat positions to a total of approximately 450 staff members operating in overseas S&T fields, charging them with responsibility for operations under both the Bank and the Securities Business



Operational fields Overseen by each Global Head of Business Line

Institutional Investor Sales	Sales of market-related products
Corporate Sales	Sales of market-related products
Flow Products	S&T of interest rate-related products (spot-trading securities, derivatives, etc.)
Structured Solutions	Development and sales of structured products, including structured bonds
Equities	S&T of equity-related products (spot-trading stock, derivatives, etc.)
FX & Local Markets	S&T of G10 currencies (forex) and emerging market currencies (forex and interest rates)

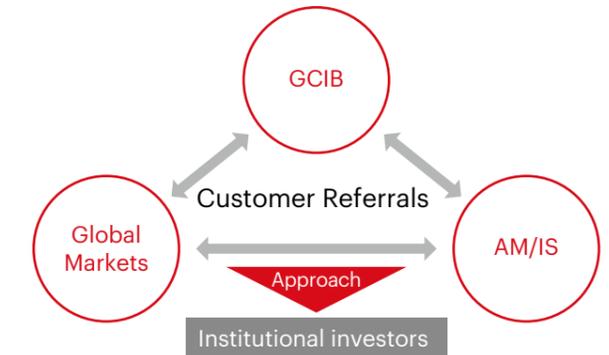
Initiatives to Offer Optimal Booking

As part of our initiatives to provide services that transcend the boundaries of business groups and Group entities, we developed a groupwide integrated product risk management framework to handle some secured finance products that had previously been offered to customers only by securities units. Thanks to framework created by successful collaboration with other business groups, the Bank is now able to engage

in transactions using products of this kind. Going forward, we will strive to develop a flexible booking structure and a more robust risk management framework by consolidating system operational functions and promoting data sharing among Group members. Rallying MUFG's entire strength, we will provide customers with highly convenient, superior services.

Initiatives in the Institutional Investors Business

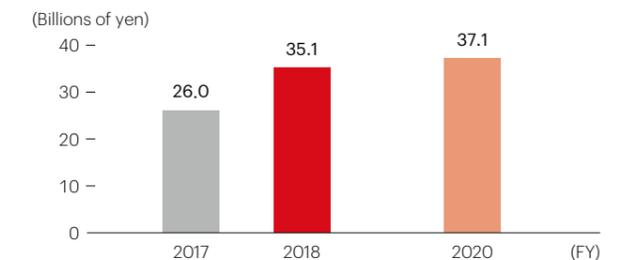
Previously, GCIB, AM/IS and Global Markets have separately delivered their products to institutional investors. In line with the Medium-Term Business Plan, however, we are promoting close collaboration between these three business groups to enhance their service levels and improve MUFG's capital efficiency. This will also help us shift our focus to the O&D business and expand the scope of businesses targeting institutional investors.



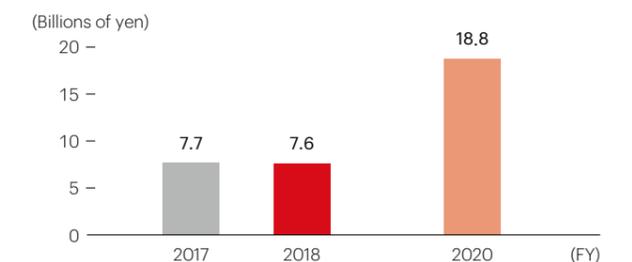
We also established the Institutional Client Business Strategy Office in July 2018. Furthermore, we focused on enhancing our overseas operations by developing the organizational structure, with the aim of extending our groupwide integrated approach to a broader range of customers. Thanks to these efforts, we have seen steady growth in the number of customer referrals among group companies and business groups. For example, fund administration services and asset management products handled by AM/IS are now available to customers via GCIB and Global Markets. Meanwhile, S&T operations were affected by the harsh business environment. To address this, we will review our asset allocation and revert our resources to high priority fields, such as secured finances.

Looking ahead, we will continue to promote intragroup collaboration while maintaining a flexible stance to adapt to changes in the environment. In this way, we will further expand our institutional investors business.

Net Operating Profits from Investor Services



Secured Finance Revenues



How MUFG Addresses ESG Issues

ESG Investment

Around the world, public pension funds and other institutional investors are increasingly paying attention to ESG-oriented investment, believing that giving consideration to the approaches of investees to ESG issues will improve returns over the long term. MUFG has diversified its investment portfolio to encompass domestic bonds, foreign bonds, stock and corporate bonds and thereby improve the risk-return management of its own investment portfolio. Also, we are investing in Green Bonds. Looking ahead, we will strive to enhance MUFG's financial revenues while contributing to sustainable economic growth via ESG investment.

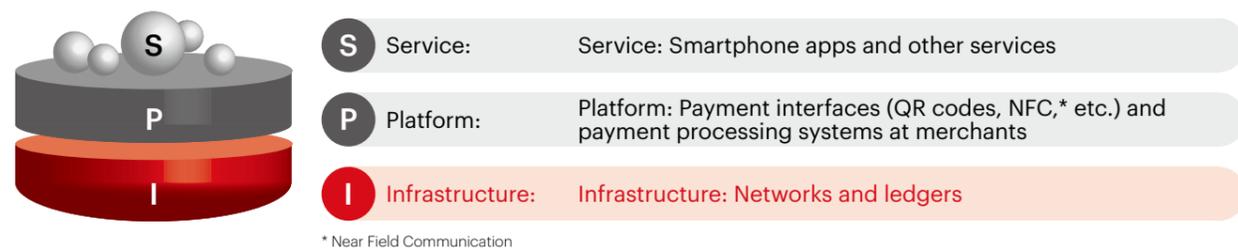
7 Cross-sectoral environment and social issues



Launching a New Payment Network Business

To promote its cashless strategies in the payment business, MUFG takes a comprehensive approach in the service (S), platform (P) and infrastructure (I) fields.

Here, we introduce our initiatives in the infrastructure (I) field.



Services delivered to customers via user interfaces and other functions offered by apps are supported by a coordinated system of platforms that process payment data and undertake other relevant operations and infrastructure, such as networks. Together with the anticipated commercialization of the fifth-generation mobile communication system (5G), an IoT-based society is expected to emerge. This will, in turn, result in growing demand for pay-per-use and other nontraditional settlement methods. Moreover, the Japanese government's policy of promoting cashless payment is expected to prompt

further growth in this field. Taking these factors into account, there are predictions that rapid growth in cashless payment will result in needs exceeding the processing capacities of existing payment infrastructure.

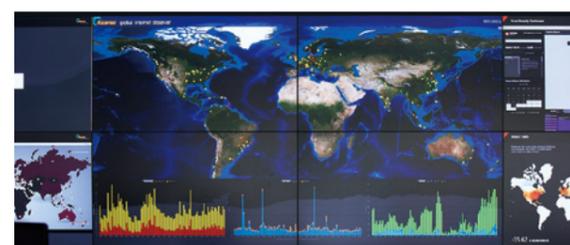
In response, MUFG is collaborating with the U.S.-based Akamai Technologies, Inc. ("Akamai") to develop a high-capacity and secure payment network service that utilizes new blockchain technology.

Outline of Akamai

Established in 1998 and headquartered in Massachusetts, the United States, Akamai is a leader in the fields of online content delivery and cybersecurity services. Akamai's massively distributed and interconnected platform consists of over 240,000 servers across 139 countries that form a high-speed network unparalleled in scale. This enables Akamai to offer high-speed, high-capacity and secure data communication anywhere in the world.

Combating growing cybersecurity risks and sophisticated cyberattacks, Akamai makes best use of its threat intelligence capabilities backed by big data

collected from around the world and the cutting-edge security systems it has developed.



Akamai's network operations command center

A New Payment Network Service Provided by Global Open Network

Toward the full-scale launch of the payment network business, MUFG established Global Open Network Inc. jointly with Akamai. Furthermore, in April 2019 the two companies launched Global Open Network Japan Inc. (GO-NET Japan), an operating company aimed at providing an open payment network in Japan.

Currently, GO-NET Japan is planning to initiate services targeting credit card, e-money, digital currency, loyalty points and pre-paid card business operators after the first half of 2020.

These services will be supported by "GO-NET", a highly secure payment network finely tuned to meet

service needs in an IoT society employing new blockchain technology co-developed by MUFG and Akamai.

In fact, GO-NET is expected to have the capacity to process more than 1 million transactions per second. With this in mind, MUFG believes that this network is sufficiently capable of accommodating growing needs arising from the emergence of an IoT society that will entail large number of micro payments. Looking ahead, we will strive to enhance services offered via GO-NET by making it compatible with diverse settlement methods. Moreover, we will extend the scope of this network to encompass an even broader range of countries abroad.

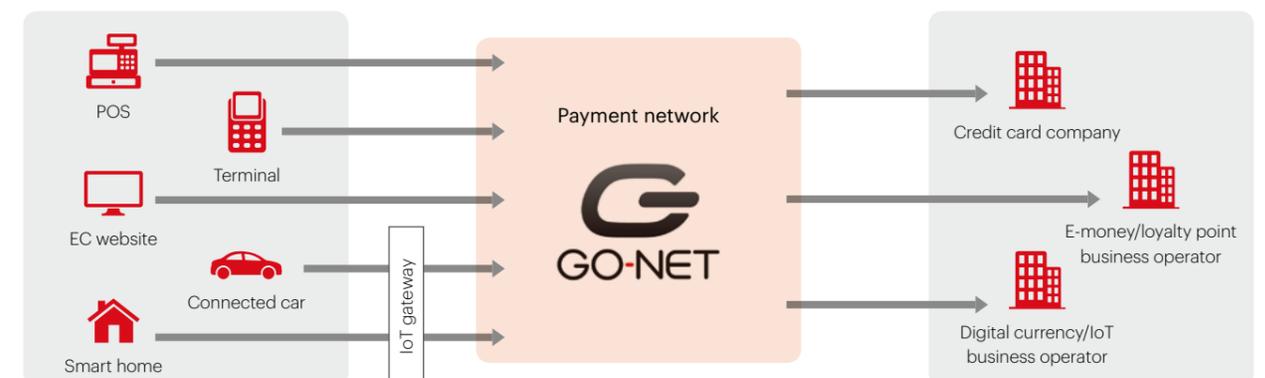
Eight Features of GO-NET



*1 Verified under realistic business conditions

*2 Processing time per transaction is measured end to end from merchant request to final response

Utilization of GO-NET





Important Issues Concerning Value Creation

How MUFG Addresses ESG Issues

Important Issues Concerning Value Creation

Initiatives for Addressing ESG Issues toward Sustainable Growth

MUFG aims to help create a sustainable society and realize United Nations Sustainable Development Goals (SDGs) through its business activities. To this end, we have identified a number of environmental and social issues of concern at home and abroad and determined priority issues to be addressed by MUFG.

Currently, each business group has incorporated these priority issues into their business strategies and is pushing forward with initiatives to address them.

Priority Issues MUFG Must Address

<p>1 Aging population & low birth rate</p> <p>3 GOOD HEALTH AND WELL-BEING</p> <p>4 QUALITY EDUCATION</p> <p>P.41 P.73</p>	<p>2 Business incubation & job creation</p> <p>8 DECENT WORK AND ECONOMIC GROWTH</p> <p>P.53 P.72-73</p>	<p>3 Social infrastructure & town planning</p> <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> <p>P.45 P.73</p>
<p>4 Global warming & climate change</p> <p>7 AFFORDABLE AND CLEAN ENERGY</p> <p>13 CLIMATE ACTION</p> <p>P.49 P.66-71</p>	<p>5 Financial innovation</p> <p>8 DECENT WORK AND ECONOMIC GROWTH</p> <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> <p>P.59 P.72</p>	<p>6 Workstyle reforms</p> <p>8 DECENT WORK AND ECONOMIC GROWTH</p> <p>P.76-77</p>
<p>7 Cross-sectoral environment and social issues</p> <p> P.49 P.57 P.61</p>		

Endorsement of International Sustainability Initiatives



*1 Endorsed by the Bank *2 Endorsed by the Trust Bank and Mitsubishi UFJ Kokusai Asset Management *3 Endorsed by the Trust Bank

Initiatives for Addressing ESG Issues toward Sustainable Growth

Aware of both opportunities and risks arising from ESG issues, MUFG is striving to help resolve environmental and social issues through its business activities.

As part of our mission as a financial institution, we have set Sustainable Finance Goals to contribute to the realization of international goals specified by the Paris Agreement* and those identified by United Nations SDGs. Moreover, we established the MUFG Environmental and Social Policy Framework aimed at providing guidance to our business activities.

*A multilateral international agreement on climate change that was adopted in December 2015 in Paris, where the 21st session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21) was held

Setting a Sustainable Finance Goals

Aiming to facilitate the creation of a sustainable society and realization of SDGs via its financial services, MUFG has committed to extending a total of ¥20 trillion for sustainable finance over a period spanning from fiscal 2019 to fiscal 2030 (of this, ¥8 trillion will be used for environmental finance).

Primary business fields eligible for financing

Environmental	<ul style="list-style-type: none"> Businesses contributing to the popularization of renewable energy and the enhancement of energy efficiency Businesses contributing to the alleviation of climate change impact, such as green building projects
Social	<ul style="list-style-type: none"> Businesses contributing to the development of startups and job creation Businesses contributing to the alleviation of poverty Businesses contributing to the energizing of local communities and regional revitalization Fundamental service businesses, including those involved in basic infrastructure such as public transport, waterworks, and airports, and essential services such as hospitals, schools and police



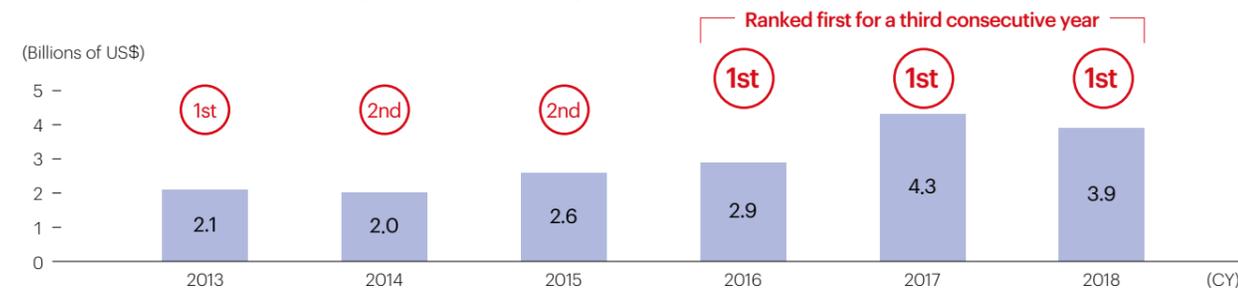
Promotion and Popularization of Renewable Energy

MUFG is acting as project finance arranger and lender for solar, hydroelectric, wind and geothermal power generation projects. In these ways, we serve as a driving force behind the dissemination of renewable energy around the world.

Thanks to these efforts, in 2018 we ranked first on the global private finance lead arrangers league table in the field of renewable energy project financing. We have held this position for three consecutive years.

We will achieve our Sustainable Finance Goals through these efforts.

MUFG's Track Record and Ranking as a Finance Arranger in the Renewable Energy Sector



(Source: Bloomberg New Energy Finance ASSET FINANCE/Lead Arrangers LEAGUE TABLE)



Applying the MUFG Environmental and Social Policy Framework

MUFG recognizes environmental and social risks arising from operations undertaken by its Group companies as important management issues requiring serious attention. Based on the "MUFG Environmental Policy Statement" and "MUFG Human Rights Policy Statement," the MUFG Environmental and Social Policy Framework is designed to ensure that due consideration is given to environmental and social issues in the course of its financing.*

international community's call for more robust climate change countermeasures and stakeholders' feedback on environmental and social issues. The revised policy framework includes more stringent restrictions on financing for the coal fired power generation sector.

Going forward, we will regularly review this policy framework and upgrade it in a way that conforms with changes in business activities and the operating environment.

In May 2019, we revised the policy framework, taking into account various external concerns, such as the

* Including the provision of credit and the underwriting of bonds and equities

Outline of the Revised Environmental and Social Policy Framework

Revised Coal-fired power generation sector	<p>MUFG will not provide financing for new coal-fired power generation projects once the revised framework takes effect.</p> <ul style="list-style-type: none"> Exceptions may be considered where we will take into consideration the energy policies and circumstances of the host countries, international standards and the use of other available technologies when deciding whether to provide financing. We also support the adoption of advanced technologies for high-efficiency power generation and Carbon Dioxide Capture and Storage (CCS) technologies that contribute to the reduction in the emission of greenhouse gases (GHGs).
Revised Restricted transactions	<p>In addition to the coal-fired power generation sector and the cluster munitions manufacturing sector, forestry, palm oil and mining (coal) will be newly added to "Restricted Transactions".</p> <ul style="list-style-type: none"> When financing is considered, we request our clients to certify the relevant operations according to internationally recognized certification organizations.
Newly included Asset management business	<p>In its asset management business, MUFG has established the MUFG AM Responsible Investment Policy concerning environmental and social initiatives.</p> <ul style="list-style-type: none"> The policy was prepared in accordance with the six principles of the Principles for Responsible Investment (PRI), based on our fiduciary duty to clients who entrust their capital to us.

Please also refer to a news release issued by MUFG on May 15, 2019 to see details regarding revisions to the MUFG Environmental and Social Policy Framework.

Environmental Initiatives

4 Global warming & climate change 

Initiatives to Counter Global Warming and Climate Change

Acutely aware of the importance of climate-related financial disclosure, MUFG has declared its support of relevant recommendations formulated by the Task Force on Climate-related Financial Disclosures (TCFD), a special taskforce established by the Financial Stability Board (FSB). In line with these recommendations, we are working to enhance the content of information disclosure.

Governance

MUFG's Governance Structure for Countering Climate Change

At MUFG, the Corporate Social Responsibility Committee operating under the Executive Committee regularly engages in the deliberation of the Company's policies on and the status of initiatives to manage opportunities and risks arising from environmental and social issues, including climate change. Furthermore, the Risk Management, Loan and Investment and Credit committees also discuss specific themes associated with climate change. Conclusions reached by these committees are reported to the Executive Committee and, on an as necessary basis, to the Board of Directors. In fiscal 2018, the Board of Directors received reports

Deliberation and Reporting on Environmental and Social Issues (fiscal 2018)



on the revisions to the MUFG Environmental and Social Policy Framework and the status of environmental financing initiatives.

Strategy

MUFG recognizes climate change countermeasures and other environmental initiatives as important management issues. In line with this recognition, we established the MUFG Environmental Policy Statement, which includes MUFG's policies on climate change. Moreover, we have positioned global warming & climate change among our environmental and social priorities. We are thus endeavoring to address these issues while giving due consideration to both opportunities and the risks arising from them.

Opportunities—Supporting the Transition to a Low-Carbon Society

We serve as a finance arranger and lender for renewable energy projects while actively providing consulting services aimed at assisting clients in their climate change countermeasures as well as assistance in the issuance of Green Bonds. By doing so, we support the transition to a low-carbon society from the aspect of finance.

Risks—Transition Risks and Physical Risks

Clients to whom MUFG has provided credits may be exposed to risks arising in the course of the transition to a low-carbon society, such as stricter regulation and the introduction of low-carbon technologies (transition risks). They can also be exposed to risks arising from physical damage due to the growing occurrences of climate change-induced natural disasters and abnormal weather (physical risks). If these risks were to impact the clients' businesses or financial conditions, MUFG's credit portfolio would also be exposed to substantial risks.

In response, MUFG aims to carry out the quantitative assessment of climate change-related risks and, to this end, is working to assess carbon-related assets associated with its lending portfolio based on the TCFD recommendations. Furthermore, we formulated the MUFG Environmental and Social Policy Framework to accurately evaluate and manage environmental and social risks arising from our business operations.

Status of Carbon-Related Assets (as of March 31, 2019)*

Sector	Proportion in overall portfolio value
Energy	3.0%
Utility	3.6%
Total	6.6%

Note: Total value of lending amounts to ¥96.5 trillion.
* Based on the TCFD recommendations, MUFG has categorized the value of lending for the energy and utility sectors other than lending for renewable energy projects as constituting carbon-related assets.

Scenario Analysis

MUFG has started scenario analysis with the objective of assessing the impact of climate change-related risks on its credit portfolio.

Based on the New Policies Scenario and the Sustainable Development Scenario (2°C Scenario) published by the International Energy Agency (IEA), we are working to quantitatively assess the financial impacts of transition risks. The scenario analysis methods used reference those applied in a pilot project led by the UNEP Finance Initiative in which 16 member banks participated with the aim of discussing and developing methods for climate change-related financial information disclosure for the banking industry.

In addition, MUFG is a participant in Phase II of a pilot project launched in 2019 by the UNEP Finance Initiative.

MUFG Bank's CO₂ Reduction Target

CO ₂ reduction target		
FY2020	Reduce energy intensity index by 10.5% from the fiscal 2009 level by the end of fiscal 2020	▶ Achieved
FY2030	Reduce energy intensity index by 19.0% from the fiscal 2009 level by the end of fiscal 2030	▶ Achieved

Risk Management

We implemented MUFG Environmental and Social Policy Framework to manage environmental and social risks associated with our financing.

In May 2019, we revised this policy framework to live up to the growing call for climate change countermeasures from the international community. Specifically, we strengthened the policy on financing for the coal-fired power generation sector while adding forestry, palm oil and mining (coal) sectors as restricted transactions. From July 2019 we will not provide financing for new coal-fired power generation projects. As a result, we expect our credit balance associated with coal-fired power generation projects to decrease over the medium to long term.

Metrics and Targets

Setting Sustainable Finance Goals

We have committed to extending a total of ¥20 trillion for sustainable finance by the end of fiscal 2030 (of this, ¥8 trillion will be used for environmental finance).

Reducing CO₂ Emissions Attributable to Our Business Activities

To reduce the environmental burden attributable to our business activities, we are working to assess and reduce the environmental footprints of our operations, such as GHG emissions. In addition, the Bank has succeeded in reducing CO₂ emissions beyond its reduction target (reduced energy intensity index* in fiscal 2017 to 26.0% below the fiscal 2009 level).

Please also visit MUFG's website to see its initiatives to reduce environmental burdens. URL: <https://www.mufg.jp/english/csr/environment/effort/>

*Energy intensity index = Energy consumption / Total floor space

GHG Emissions*

CO ₂ emissions/Measured items		FY2018
Scope1	Direct emissions	11
Scope2	Indirect emissions	187
Scope3	Other indirect emissions	10
Emission volume offset by CDM credits		0
Total		208

* Domestic total for MUFG, the Bank, the Trust Bank, MUMSS, and NICOS

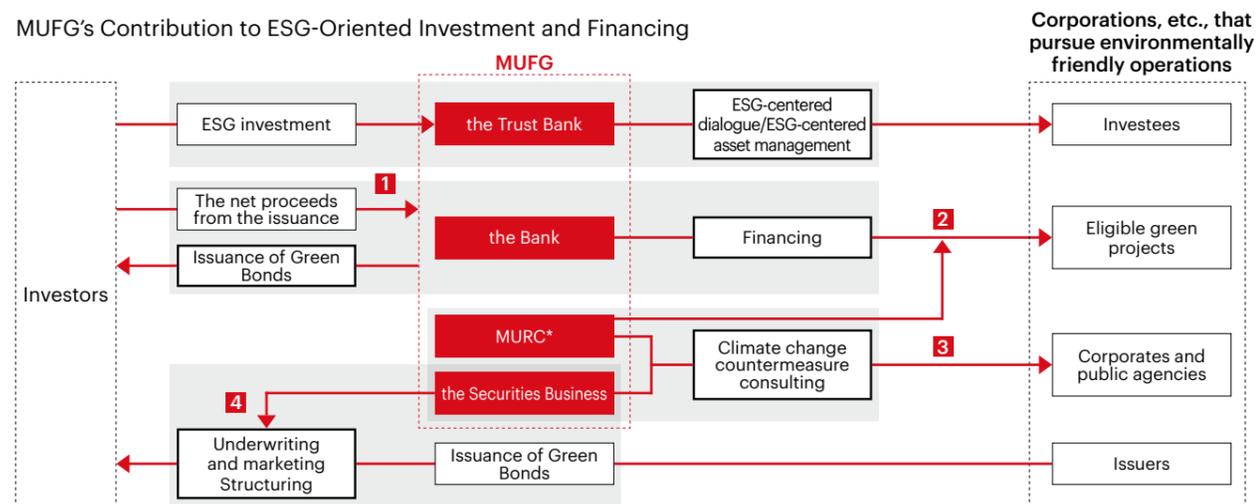
Environmental Initiatives

4 Global warming & climate change

Leveraging Our Financing Functions to Promote Environmental Initiatives

Drawing on its solid track record, abundant know-how and extensive global network, MUFG is acting as project finance arranger and lender in a way that helps curb the impact of climate change. Moreover, we provide consulting services while assisting clients with the issuance of Green Bonds.

MUFG's Contribution to ESG-Oriented Investment and Financing



* Mitsubishi UFJ Research and Consulting Co., Ltd.

1 2 4 Contributing to the Expansion of the Green Bond Market

Green Bonds refer to a type of bond that limits the use of proceeds from its issuance to funding for renewable energy and other projects deemed to be helping preserve the global environment. MUFG is contributing to the expansion of the Green Bond market as an investor, underwriter, issuer and lender.

In addition, the Trust Bank is a leading institutional investor in Asia as well as one of Japan's top Green Bond investors. Meanwhile, in fiscal 2018 MUMSS handled 18 domestic Green Bond public offerings as a lead manager and thereby commanded 29% of shares in terms of the underwriting amount. Among other domestic financial institutions, MUMSS thus boasts an unparalleled track record in this field.

As an issuer, MUFG has issued Green Bonds on a total of four occasions since the first issuance of U.S. dollar-denominated Green Bonds in 2016. Today, the cumulative total value of such bonds issued by

MUFG amounts to approximately US\$1.7 billion (as of March 31, 2019).

The net proceeds from MUFG Green Bonds have been allocated to Eligible Green Projects via the Bank (examples of such projects are described on the facing page). These efforts have contributed to both MUFG and MUMSS being chosen to receive awards from the Minister of the Environment at the Japan Green Bond Awards in the categories of Japan Green Impact and Japan Green Contributor respectively.

Allocation of Funds and Environmental Impact (As of March 31, 2019)

	Balance of Eligible Green Projects funded through the issuance of MUFG Green Bonds (The figure in parentheses represents the number of renewable energy projects)
	US\$2,191 million (43)
	Total annual energy generation
	13,650 million kWh
	Total annual CO ₂ emissions avoided
	6.9 million tons

2 Introducing an ESG Evaluation System for J-REITs*

MUFG has developed a system for evaluating the asset management companies of J-REITs and J-REIT properties from an ESG-centered viewpoint. Taking advantage of this system, we began striving to expand the J-REIT market. Specifically, Mitsubishi UFJ Research and Consulting carries out comprehensive assessments of ESG initiatives undertaken by J-REITs and the asset management companies, and rates them based on a five-grade scale. Loans to J-REITs that received sufficiently high ratings will be prioritized in the allocation of proceeds from MUFG Green Bonds. In fiscal 2018, MUFG has extended a total of ¥6.6 billion to J-REITs since the introduction of this system.

* Japanese-Real Estate Investment Trusts

2 Environmental and Social Risk Management Based on the Equator Principles

As a signatory to the Equator Principles (EP), MUFG Bank supports its clients' environmental and social risk management by identifying, assessing and managing environmental and social risks and impacts associated with large-scale projects by undertaking due diligence in accordance with EP. 46 transactions were subject to EP review and reached financial close in fiscal year 2018 (preliminary figure).

Please visit MUFG's website for further information. <https://www.mufg.jp/english/csr/environment/equator>



2 ESG Management Support Loan

MUFG offers corporate loan products designed to evaluate and support clients' ESG initiatives. Specifically, Mitsubishi UFJ Research and Consulting evaluates clients' initiatives and scores them in tandem with Japan Credit Rating Agency, Ltd. (JCR), thereby providing clients with feedback on the challenges they must address.

Employing these products, the Bank collaborated with regional financial institutions in the development

of a syndicated loan totaling ¥14 billion for Nippon Yusen Kabushiki Kaisha and Nagoya Railroad Co., Ltd. This syndicated loan is certified by JCR as being in conformance with the Green Loan Principles.

3 Consulting Services on Climate Change Countermeasures

MUFG supports the Joint Crediting Mechanism (JCM) a carbon credit system designed to supplement the Clean Development Mechanism (CDM) based on the Kyoto Protocol. With the Japanese government acting as an international advocate for this mechanism, MUFG provides consulting services aimed at supporting the formulation and commercialization of financing schemes for initiatives undertaken in developing countries to curb global warming. Drawing on its leading track record and experience in the field of CDM consulting, MUFG assisted a total of 12 JCM projects in fiscal 2018. Going forward, we expect these initiatives to help realize a total reduction in GHG* emissions of approximately 55,000 t-CO₂/year.

In addition, MUMSS has been commissioned by the Ministry of Economy, Trade and Industry (METI) to conduct a study on and act as a secretariat for climate change adaptation businesses for the third consecutive year since 2016. MUMSS also helped upgrade METI's Climate Change Adaptation Good Practices by Japanese Private Sector while hosting a climate change adaptation forum. In this way, MUMSS is contributing to the promotion of adaptation businesses in the Japanese private sector.

Major Projects Supported by MUMSS in Fiscal 2018 for JCM Procedures

Country	Outline of JCM Projects	Estimated volume of reduction in GHG* emissions (Unit: t-CO ₂ /year)
Indonesia	Introduction of technologies aimed at optimizing power plant operations, etc.	23,509
Cambodia	Introduction of high-efficiency street lighting employing LEDs	4,190
The Philippines	Introduction of solar power generation systems at parts factories, etc.	2,821
Vietnam	Introduction of high-efficiency transformers to power distribution networks (two projects)	5,143
Laos	Introduction of high-efficiency data centers	567
Mongolia	Supply of electricity via solar power generation	18,438
Fiscal 2018 Total		54,668

* GHG: greenhouse gas

Social Contributions

Facilitating Social Development through Financing

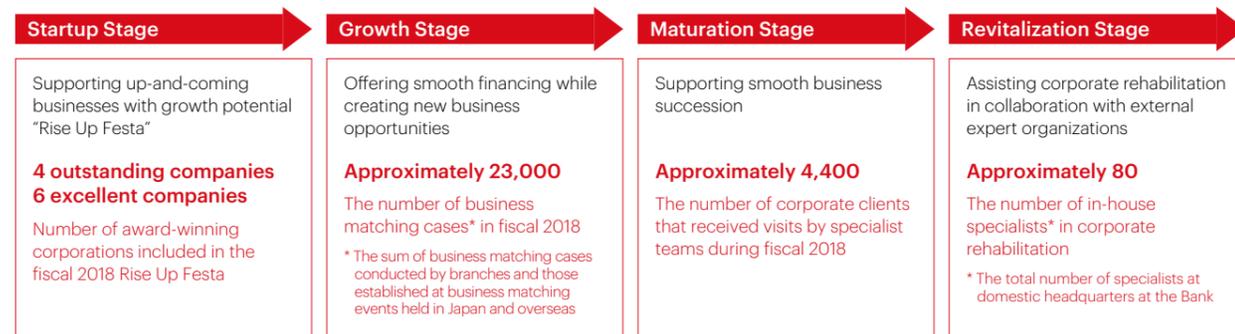
MUFG aims to contribute to social development through financing, the primary function representing its business operations.

In particular, we provide services unique to MUFG to address such issues as the “aging population & low birth rate,” “business incubation & job creation,” and “social infrastructure & town planning.”

Supporting Corporate Growth

Acting as a partner for its corporate customers, MUFG is well aware of the fact that their needs may vary widely due to differing levels of development.

Accordingly, MUFG optimizes its services to fit their individual needs, whether they are startups, growing corporations, mature companies or companies undergoing corporate rehabilitation.



2 Business incubation & job creation

Rise Up Festa

Rise Up Festa is a business support program aimed at assisting SMEs and other growing companies engaged in novel and creative segments as well as those trying to extend the boundaries of existing businesses. Through this program, MUFG engages with them as business partners over the medium- to long-term, taking full advantage of its extensive business network and abundant know-how in management support.

In April 2019, MUFG conducted a final screening for the sixth round of this program, with four outstanding companies and six excellent companies being chosen from among the many candidates. Award-winning companies may benefit from various support programs aimed at helping them achieve growth.

2 Business incubation & job creation

5 Financial innovation

Assisting Startups in Their Pursuit of Growth Strategies

MUFG is rallying the Group’s entire strength to provide promising startups with various assistance ranging from business advisory and lending to IPO-related financing.

As part of these efforts, Mitsubishi UFJ Capital launched Mitsubishi UFJ Capital VII, Limited Partnership and Mitsubishi UFJ Life Science II, Limited Partnership in February 2019. These limited liability partnerships boast robust funds totaling ¥15 billion and ¥10 billion, respectively. While the former is aimed at financing promising companies in a range of sectors, including digital and FinTech firms, the latter is expected to finance up-and-coming players in the life science field.

We also provide assistance for the launch of new businesses in FinTech and other cutting-edge technological fields through the MUFG Digital Accelerator Program.

3 Social infrastructure & town planning

Promoting Regional Vitalization

The Bank launched “MUFG Regional Revitalization Fund” aimed at providing customers with smooth financing for facility procurement and working capital as well as advice to help them get their projects on track. Our efforts focus on helping customers meet four basic targets under Japan’s plan for the Dynamic Engagement of All Citizens,* covering community, people and employment. Every year, this fund provides finance for a number of customers, with a total of ¥35.7 billion being extended in fiscal 2018.

The Bank also engages in financing that draws on the government’s subsidized interest payment program for regional revitalization, extending a total of ¥6.8 billion in fiscal 2018 under this program.

* A comprehensive strategic plan formulated by the Headquarters for Overcoming Population Decline and Vitalizing Local Economy in Japan (established by the Cabinet Secretariat in September 2014). In response to the rapid decline in and aging of the country’s population, this plan aims to help create an autonomous and sustainable regional society in a way that takes advantage of characteristics of each region.

2 Business incubation & job creation

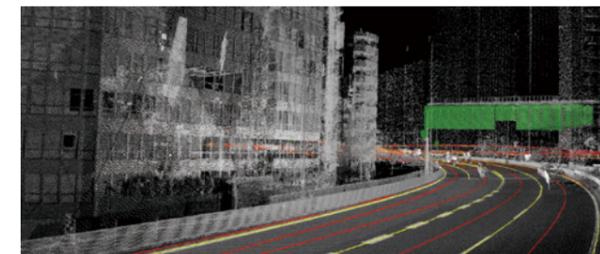
3 Social infrastructure & town planning

Investment in 3D-Mapping Technology for Autonomous Driving

In April 2019, Japan Infrastructure Initiative (JII)* invested ¥2.0 billion in Dynamic Map Platform Co., Ltd. (DMP), a company aimed at providing high-definition (HD) 3D roadmaps, an essential component supporting autonomous driving and other cutting-edge driving assistance technologies. DMP is expected to expand into North America while rolling out its technology to applications other than autonomous driving, with the aim of contributing to the realization of a safe and secure society with higher living standards.

Looking ahead, JII will continue to assist in the development of infrastructure businesses via investment in promising Japanese companies.

* JII was established in January 2017 via a business alliance between MUFG, Mitsubishi UFJ Lease & Finance Company Limited, MUFG Bank, Hitachi, Ltd. and Hitachi Capital Corporation to serve as an open financial platform.



An example of a high-definition map

1 Aging population & low birth rate

Financial and Economic Education

Given a graying society accompanied by a declining birthrate, a growing number of people are expected to face the need for solutions that ensure the stable accumulation of assets. With this in mind, MUFG is providing various educational programs and seminars tailored to meet the interests of audiences from different age groups, helping them better understand what it takes to begin investing.

In August 2018, the Trust Bank established MUFG Financial Education Institute, a body charged with undertaking a study on bottleneck factors hindering young people from initiating asset building, preparing various educational content and providing advice to financial institutions with regard to product development. Via a website, the institute is publicizing its paper and reports survey and research results. In addition, it hosts symposia, delivering a broad range of information aimed at helping people lead an affluent life after their retirement.

Educational Initiatives by Age Group

Elementary, junior high and high school students

- Domestic and overseas branches welcome local elementary, junior high and high school students, offering them workplace experience programs. We also provide on-demand lectures at local schools.
- MUFG Union Bank helps students at public high schools establish and run “High School Branches,” providing them with opportunities to learn about finance and economics through hands-on experience of banking operations.
- We have been running an educational program aimed at helping junior high and high school students learn about stock investment. To date, a total of 4,000 students from 50 schools have completed this program.

University students

- We present lectures aimed at enhancing basic financial literacy with regard to managing loans, credit cards and household budgets.

Businesspersons

- For our corporate clients’ employees, we provide seminars dealing with such topics as life planning and asset management. In addition, our website provides a broad range of articles aimed at encouraging viewers to develop their interest in asset building in addition to quizzes and cartoons.



An educational program themed on stock investment

Social Contributions

Nurturing Professionals Who Pursue Innovation in Challenging Environments

As we aim to deliver greater value to customers and society as a whole, we are striving to nurture professionals equipped with distinctive strengths in their areas of specialty as well as human relations skills to ensure that they are capable of succeeding on the global stage. In doing so, we encourage them to take on the challenge of driving innovation.

With this in mind, under the Medium-Term Business Plan (MTBP) we will step up the integrated management of our Group’s human resources around the world.

MUFG Human Resources Principles

The MUFG Human Resources Principles provide the basis on which the Group has built a human resources management platform that aligns with its Corporate Vision. These principles are:

- Shared Values
- HR Mission
- HR Vision
- HR Philosophy

For the full text of the MUFG Human Resources Principles, please also visit our corporate website.
URL: <https://www.mufg.jp/english/csr/policy/>

Human Resources Strategy under the MTBP

To overcome the harsh environment, we will engage in human resources management aimed at supporting groupwide integrated efforts to achieve the objectives of the MUFG Re-Imagining Strategy.

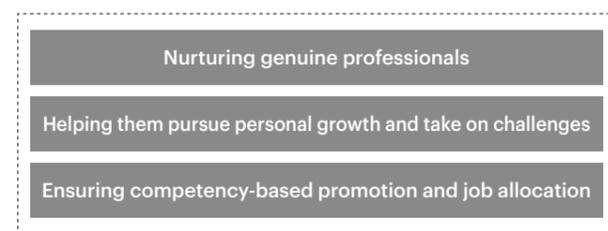
Specifically, we are focusing on ensuring optimal staffing in order to match the competencies of our workforce to jobs while promoting staff exchanges that transcend the boundaries of Group entities, thereby assisting in the execution of business strategies under the MTBP. Furthermore, we are managing employees in Japan and overseas in an integrated manner, practicing more sophisticated human resources management on a global basis.

Taking advantage of the great breadth of operations handled by the MUFG Group, we introduced the Groupwide Posting System, which offers employees opportunities to take on their desired duties in a way that transcends the boundaries of Group entities. The holding company also instituted a new recruiting

framework for securing candidates from a broader range of sources. With the purpose of helping highly skilled individuals pursue greater career success, this framework is designed to provide them with salaries in line with labor market benchmarks unconnected to our conventional pay systems.

Currently, revisions of human resources system are under way at key Group subsidiaries in Japan. This move is intended to nurture a greater number of professionals and ensure human resources management with performance-based assignment. For example, the Bank overhauled its human resources system in April 2019, introducing evaluation and training frameworks designed to support growth and employees’ ability to overcome challenges. Also, the Bank’s new human resources system is thoroughly focused on ensuring performance-based appointment and position-based pay. This is expected to achieve more transparent and fair human resources management that is acceptable to

Objectives of MUFG Bank’s Human Resources System Revisions



Overhaul training policies, conventional human resources management practices and the entire human resources platform to support autonomous career development

employees, encourages their self-development, and creates an environment where employees are satisfied with their daily work and able to continually challenge themselves in pursuit of innovation.

Securing Future Top Management Candidates

MUFG aims to practice a group-based, integrated management approach in regions around the globe and, to this end, seeks future candidates for top management who can lead its businesses accordingly. Having positioned securing such human resources as an important management issue, in fiscal 2018 we established MUFG University to provide special training programs for those in managerial positions or above.

MUFG University offers two different courses, namely, the “Next-Generation Leader Course,” which aims to secure the future leaders of MUFG, and the “Management Course,” which aims to help managers enhance their skills. The former welcomes candidates from among general managers and branch managers and instills practical viewpoints for corporate management while nurturing concept-building capabilities for developing novel financial businesses. This course also provides hands-on

Programs Offered by MUFG University

Next-Generation Leader Course Eligible attendees: General managers and branch managers Number of attendees (fiscal 2018): 133	
Program name	Objective
New Corporate Executive Training	Acquire practical viewpoints for corporate management
Executive Candidate Training	Acquire concept building capabilities to develop financial businesses for the future
Assessment & Coaching	Embrace a new mode of action in daily operations
Management Course Eligible attendees: Managing Directors, deputy general managers and deputy branch managers Number of attendees (fiscal 2018): 72	
Program name	Objective
Global Leaders Forum	Develop leadership for global operations
Liberal Arts Session	Enhance prediction capabilities necessary for making policy judgments through increased exposure to liberal arts concepts
Design & Digital Thinking	Enhance concept building capabilities via exposure to digital thinking methods
Coaching Capability Improvement	Acquire coaching skills to help staff members realize their potential

training based on an “assessment & coaching” approach aimed at helping candidates embrace a new mode of behavior and acquire other traits necessary for corporate management. Meanwhile, the latter course takes on personnel holding the position of Managing Directors, deputy general manager or branch manager, providing a liberal arts education aimed at enriching comprehensive ability and widening perspectives while implementing global leadership training.

Going forward, we will enhance the content of training programs aimed at helping participants acquire coaching and organizational management skills as we aim to nurture managers capable of aiding their staff members in realizing their full potential. Moreover, we will incorporate training for instilling digital literacy, which has become essential to today’s corporate management. In these ways, we will secure future top management candidates capable of leading MUFG’s corporate development.

Nurturing Human Resources Leading in Enacting Reforms

Securing Human Resources Who Drive Digital Transformation

We will recruit and nurture tech specialists who can spearhead digital transformation.

Specifically, we will expand the lineup of job-level based training programs aimed at helping employees acquire practical experience and enhance their digital literacy while proactively hiring digital experts equipped with sophisticated skills.

Enhancing Managers’ Coaching Skills

Today, MUFG is striving to create a sustainable and open minded organizational culture that encourages employees to take on the challenge of realizing innovation and renovation. To this end, MUFG’s managers must be good at drawing out the creativity of their team members and helping them realize their potential so that they can proactively take on higher goals. With this in mind, we will initiate a special program for general or branch managers to help them enhance their coaching skills. Looking ahead, we will roll out coaching education to existing training systems for coverage of an even broader range of job levels.

Social Contributions

Nurturing Global Human Resources

Today, the MUFG Group has expanded into more than 50 countries around the globe, with approximately 53% of its entire workforce being accounted for by overseas employees (as of May 31, 2019).

With this in mind, we are employing a globally unified human resources platform to nurture professionals with diverse backgrounds and offer them greater career opportunities. This approach is expected to enhance our organizational strength. In taking this approach, we promoted a growing number of those hired overseas to managerial posts while preparing a multinational list of key managerial candidates, that is being periodically reviewed to preclude any biases.

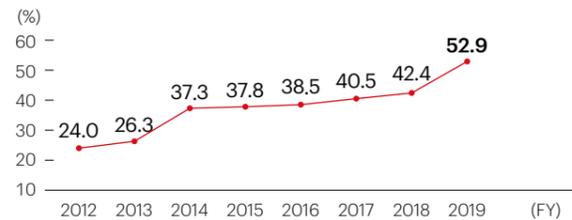
In addition, we regularly hold the Global LEAD Program, mainly for those in department head positions. Hosting diverse participants coming from the Bank, the Securities Business, Krungsri, MUFG Union Bank and other Group entities serving various regions, the forum provides training aimed at helping them acquire essential leadership knowledge, embrace global perspectives and develop other fundamental global leadership traits.

Also, the Bank and the Securities HD have taken advantage of the globally unified human resources management platform to appoint managing director candidates from among those hired overseas. Regardless of the place of their hiring, promising candidates are assigned leading roles in the execution

of global business strategies. By doing so, we also help them develop career track records encompassing a broad range of fields.

As a result of the aforementioned initiatives, we have seen improved motivation among individuals hired overseas, and their drive is helping to facilitate positive competition among employees while expanding the pool of candidates. In short, our approach is creating a positive feedback loop, boosting our organizational strength. Today, a growing number of individuals hired overseas have been promoted to managerial posts. For example, 13 of these individuals, including four women, have assumed executive officer positions at the Bank (as of March 31, 2019).

Proportion of Overseas Employees*



* Proportion of overseas employees in the number of employees (consolidated basis), including part-time and temporary employees, presented in the financial reports. However, the number of employees at Bank Danamon is as of December 31, 2018.

Note: Total headcount is as of May 31, 2019, reflecting the inclusion of Bank Danamon into the scope of consolidation.

6 Workstyle reforms

Promoting Workstyle Reforms

MUFG is striving to develop a working environment that allows employees to thoroughly focus on assessing customer needs and deliver greater value. To this end, we are promoting workstyle reforms on various fronts.

To help realize more flexible workstyles, we encouraged location-free operations via, for example, the utilization of satellite offices while allowing a greater number of employees to work from home. In fiscal 2018, approximately 1,000 more Group employees began working from home (sum of figures for the Bank, the Trust Bank and MUMSS).

In order for the MUFG Group to realize innovation, the Group must create a workplace in which each

employee can find his/her job rewarding. To this end, we implement annual Awareness Surveys encompassing all Group members and assess challenges they are now confronting. Findings from these surveys are widely utilized in the formulation and execution of human resources management policies.

Reducing Overtime Working Hours

In Japan, efforts are steadily under way to reduce overtime working hours. The Bank, for example, succeeded in reducing the ratio of employees who worked overtime of more than 60 hours per month from 4.3% in fiscal 2014 to 2.9% in fiscal 2018 by, for example, encouraging employees to stagger their working hours.

Promoting Inclusion & Diversity

MUFG aims to ensure that all its employees, who boast a diverse range of backgrounds, work as one team and are allowed to maximize their individual potential and fulfill their career goals. To that end, we are helping raise their awareness while developing various programs to support them.

These efforts are focused on facilitating an appreciation of each other's uniqueness and creating an inclusive workplace in which everyone can work in confidence regardless of religion, disability, sexual orientation or gender identity.

MUFG Union Bank was selected by Diversity Inc. as one of the Top 50 U.S. Companies for Diversity in 2018, and for the sixth consecutive year, MUFG earned a 100 percent score on the Human Rights Campaign Corporate Equality Index. Inclusion & Diversity will remain important principles at MUFG, as we continue to embrace the unique perspectives of our colleagues, communities, and clients.

In Japan, the Bank's Marunouchi Head Office has in place a prayer room that accommodates various religious needs. Also, the Bank has distributed tablet terminals equipped with voice recognition software for employees with hearing disabilities.

Assisting Women with Career Development

In Japan, the Bank, the Trust Bank and MUMSS identified a mutual goal: raising their ratios of female employees in managerial positions to 24% by March 31, 2021. Moreover, we aim to identify top management candidates from among this employee group. Our measures to this end include training sessions designed to help candidates inspire one another, round-table meetings with executives and the provision of a mentoring system. We are thus striving to raise their awareness of corporate management.

Overseas, we set a goal of raising the ratio of female managers in the Group's workforce in the United Kingdom by 10% by 2022 as part of our ongoing efforts to ensure gender equality and support women's career development.

Support for Balancing Work and Life Events

MUFG is working to create environments that enable both men and women to continue career development regardless of whether they are on prenatal leave, parenting, or providing nursing care. In Europe, for example, we hold seminars through our employee network to help employees balance life events. The number of employees taking childcare leave is increasing year on year, and we hope that all employees will become more aware of efficiency and productivity. In this way, we support the participation of men in childcare. For example, in the Bank and the Securities Business, the percentage of men taking childcare leave is high, 84% for the Bank and 100% for the Securities Business. However, since men tend to take only short periods of childcare leave, we strongly recommend that men take childcare leave for about one month. In addition, the ratio of male employees among MUAH employees who took childcare leave stood at 36%.*

* As of fiscal 2017

MUFG also believes that raising managers' awareness is key to effectively facilitating the creation of an inclusive working environment and provides special training to achieve this end. We are therefore endeavoring to increase the number of managers who place sufficient focus on staff training, strive to ensure that their staff members feel their job rewarding and extend generous support to help them enhance performance.

Please also refer to the Diversity Report for the detail of these initiatives. URL: https://www.mufg.jp/english/csr/employee/diversity_report/

Upgrading the Governance Framework

Enhance Our Corporate Governance Structure

Fundamental Concepts

MUFG will aim for sustainable growth and the increase of corporate value over the medium- to long-term, in consideration of the perspectives of its stakeholders, including shareholders as well as customers, employees and local communities. MUFG will aim to realize effective corporate governance through fair and highly transparent management based on the guidance provided by MUFG Corporate Governance Policies.

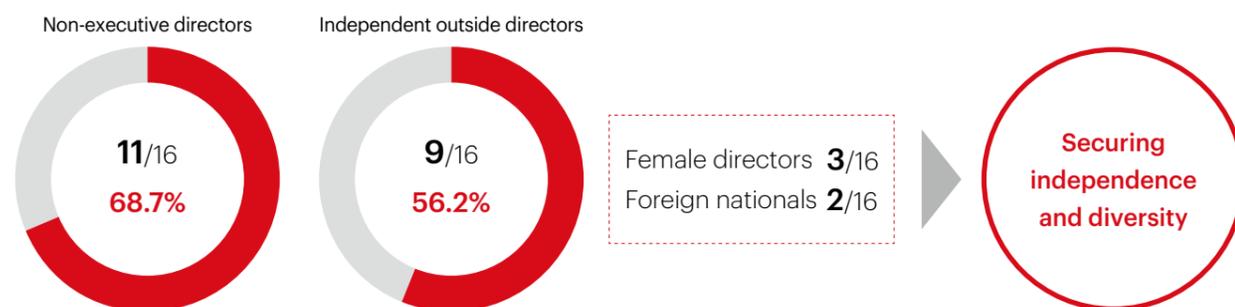
Steps to Improve Our Governance Structure

Since its establishment, MUFG has worked to build a stable and effective corporate governance structure, putting emphasis on ensuring external oversight. In June 2015, MUFG transitioned to the “company with three committees” governance structure. The functions of oversight and execution in the holding company are separated, thereby strengthening the oversight function of the Board of Directors and the committee system has also been reorganized for

Corporate Governance Development

	October 2005~	June 2015	June 2016	June 2017	June 2018	June 2019
Governance Structure	Company with a Board of Corporate Auditors	2015 Company with Three Committees				
Committees under the Board of Directors	2005 Nomination Committee 2005 Compensation Committee 2005 Internal Audit and Compliance Committee	2008 Nomination and Compensation Committee	2013 Risk Committee	2015 Nominating and Governance Committee (Statutory Nominating Committee) 2015 Compensation Committee (Statutory) 2015 Audit Committee (Statutory) 2015 Risk Committee	2016 U.S. Risk Committee	
Board of Directors Operations		2013 Evaluation of Board of Directors		2015 Independent Outside Directors Meeting/ Appointment of Lead Independent Outside Director		
Policy				2015 MUFG Corporate Governance Policies		
Outside Directors		Six	Seven	Eight (Two foreign nationals)	Eight (To make up the majority)	Nine

Independence and Diversity of Directors

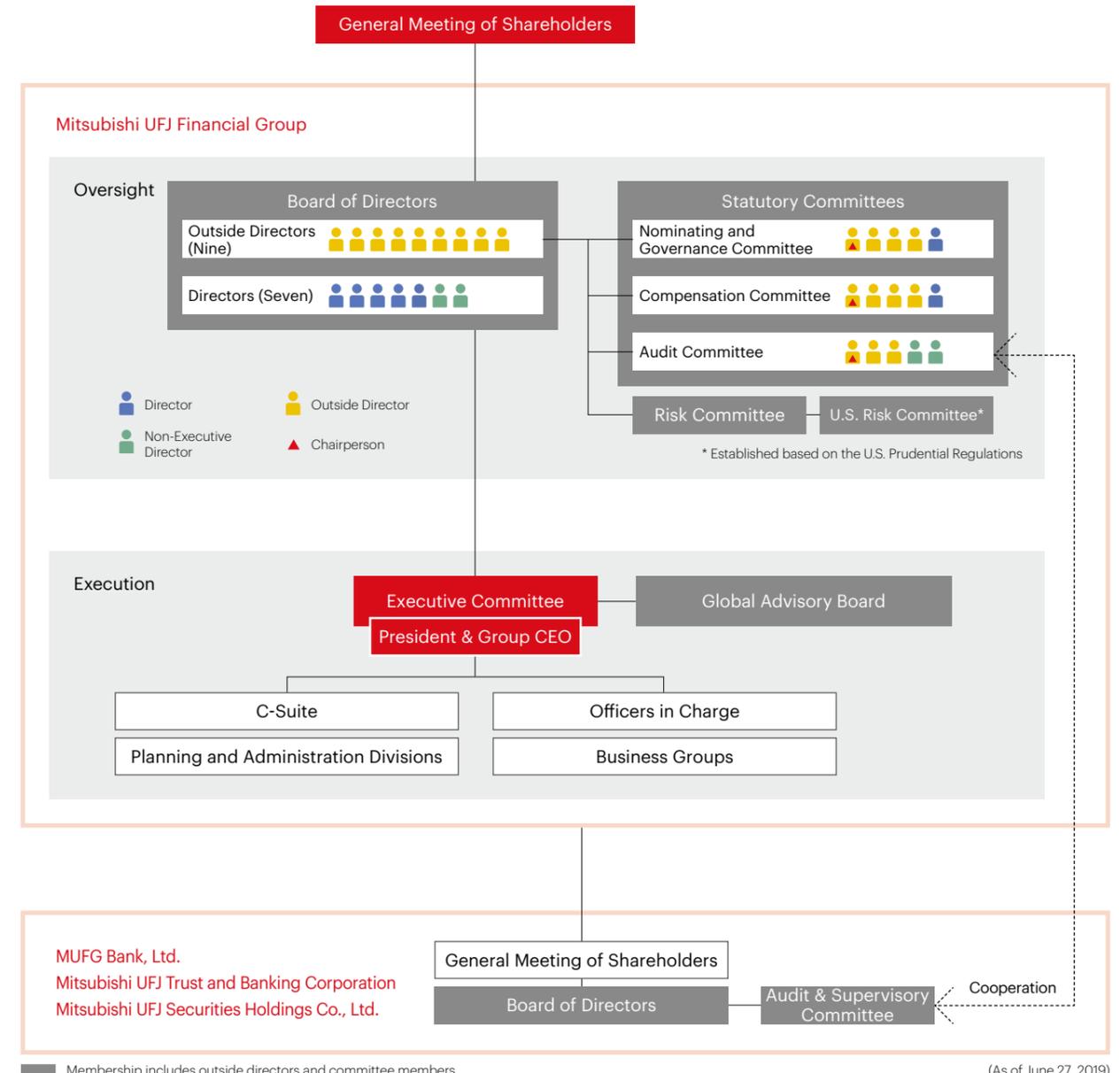


more effective governance. In June 2017, two foreign nationals were appointed as directors. In June 2018, the total number of directors was decreased, with outside directors accounting for the majority of the Board of Director membership.

Due to these appointments, nine out of the current 16 members of the Board of Directors are independent outside directors and include three women as well as two foreign nationals (from the United States and Thailand). With their backgrounds ranging from corporate managers, financial experts and lawyers to CPAs, the composition of outside directors are well-balanced in terms of specialty, region and gender.

In line with the succession plan formulated by the Nominating and Governance Committee, in April 2019, MUFG appointed a Group CEO and, in June 2019, three outside directors and one director.

Management Structure



Upgrading the Governance Framework

Fiscal 2018 Initiatives

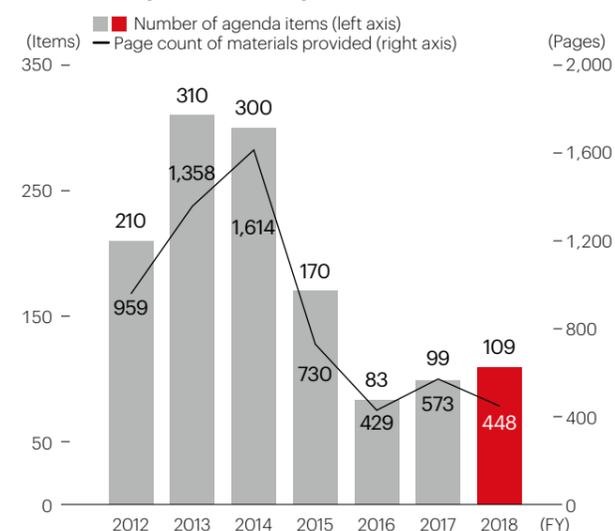
Following the transition to the “company with three committees” governance structure in June 2015, there was a significant decrease in the number of agenda items and the volume of materials for Board of Directors meetings. This was thanks to a review of agenda items and the Board of Directors’ operations as a whole, including meeting frequency.

Specifically, over the course of a period spanning fiscal 2015 through fiscal 2018 the number of agenda items was cut approximately 36%. Over the same period, the total page count with regard to materials provided to members was reduced by 282. Thus, the time allocated for discussing single agenda items has increased. As a result, the average length of regularly scheduled Board of Directors meetings has almost doubled from three hours 16 minutes in fiscal 2015 to six hours 19 minutes in fiscal 2018. In addition, more than half the time spent in Board of Directors meetings held in fiscal 2018 was allocated to the

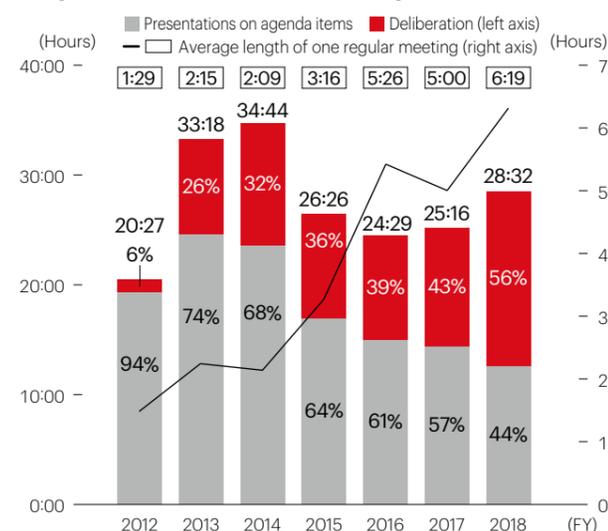
deliberation of specific subjects, allowing for more vigorous debate in the Board room. Also, since the June 2017 inclusion of foreign national outside directors, all meeting materials have been translated into English, while all Board of Directors meetings are attended by simultaneous interpreters.

Main agenda items discussed by the Board of Directors in fiscal 2018 are listed at the bottom of this page. At one meeting with the theme “acquisition of the CFSGAM Group,” the Board of Directors benefited from input from outside directors with regard to post-acquisition management focused on identifying extant decision making processes at the acquired company and how to assess other key management information. They also contributed opinions on how to identify significant issues based on business-specific due diligence findings and suggested how to resolve them. Thanks to outside directors who contributed their specialist expertise, discussions by the Board of Directors were quite active.

Number of Agenda Items/Page Counts of Materials Provided



Length of Board of Directors Meetings (hours)



Examples of Agenda Items Discussed by the Board of Directors in Fiscal 2018

- Business planning for fiscal 2019
- Reporting from C-Suite constituents
- Review of fiscal 2018 MUFG Group employee awareness survey results (including reporting on corporate culture-related initiatives)
- Reporting on progress of strategic investment in Bank Danamon
- The acquisition of the CFSGAM Group
- Revisions of MUFG Corporate Governance Policies and Committee Charters and Rules
- Revisions of Roles for the Board of Directors and Rules on Staffing
- Measures for enhancing shareholder returns and financial performance targets

Outline of Committees and Their Fiscal 2018 Initiatives

Nominating and Governance Committee

The Committee is composed of outside directors and the CEO, with an outside director as Chairperson. The Committee discusses matters related to the Chairman, Deputy Chairman, President, and other major management positions in the holding company or major subsidiaries, as well as corporate governance policies and frameworks in place at these entities, and makes recommendations to the Board of Directors. Of these, the Committee met seven times to discuss the appointment of the Group CEO candidate.

Compensation Committee

The Committee is composed of outside directors and the CEO, with an outside director as Chairperson. The Committee decides on matters associated with the compensation of directors and corporate executives at the holding company and its subsidiaries and makes recommendations to the Board of Directors.

Audit Committee

The Committee is composed of outside directors and non-executive directors, with an outside director as Chairperson. The Committee examines the execution of business by directors and corporate executives and prepares auditing reports. It also examines the business and financial situation of the holding company and subsidiaries, conducting fieldwork where necessary.

Risk Committee

The Committee is composed of corporate executives, outside directors and outside expert members, with an outside director as Chairperson. It mainly examines important risk factors, such as foreign currency liquidity risk, that may impact on business operations while paying close attention to cyber attacks and other significant IT risks in anticipation of Tokyo Olympic games, and submits its recommendations to the Board of Directors.

In addition, the U.S. Risk Committee has been in place from 2016 and operates under the Risk Committee.

Fiscal 2018 Status of the Board of Directors and Committee Meetings

	Board of Directors	Nominating and Governance	Compensation	Audit	Risk
Number of meetings	9	13	7	17	4
Attendance ratio (all members)	100%	98%	97%	99%	87.5%
Attendance ratio (outside directors)	100%	98%	97%	100%	87.5%

Committee Membership*

		Nominating and Governance	Compensation	Audit	Risk
Mariko Fujii	Outside director	○	○		◎
Kaoru Kato	Outside director			○	
Haruka Matsuyama	Outside director	○	◎		
Toby S. Myerson	Outside director				○
Hirofumi Nomoto	Outside director	○	○		
Tsutomu Okuda	Outside director	◎	○		
Yasushi Shingai	Outside director			○	○
Tarisa Watanagase	Outside director				○
Akira Yamate	Outside director			◎	
Tadashi Kuroda	Non-executive director			○	
Junichi Okamoto	Non-executive director			○	
Kanetsugu Mike	Director, President & Group CEO	○	○		
Naomi Hayashi	Managing corporate executive, Group CSO				○
Naoko Nemoto	Outside expert				○
Kenzo Yamamoto	Outside expert				○

* ◎ represents Chair of each committee

(As of June 27, 2019)

Upgrading the Governance Framework

Evaluation Framework of the Working Practices of the Board of Directors' Operation

Since 2013, MUFG has employed external consultants to evaluate the working practices of its Board of Directors. Each director is asked to fill in a questionnaire and is interviewed on such subjects as the composition of key committees, the quality of the preparatory materials assembled prior to each meeting, the content of discussions, the operations of the Board, the Board's contributions, and the performance of executive members. The results of these questionnaires and interviews are reported to and discussed at the Nominating and Governance Committee and the Board of Directors.

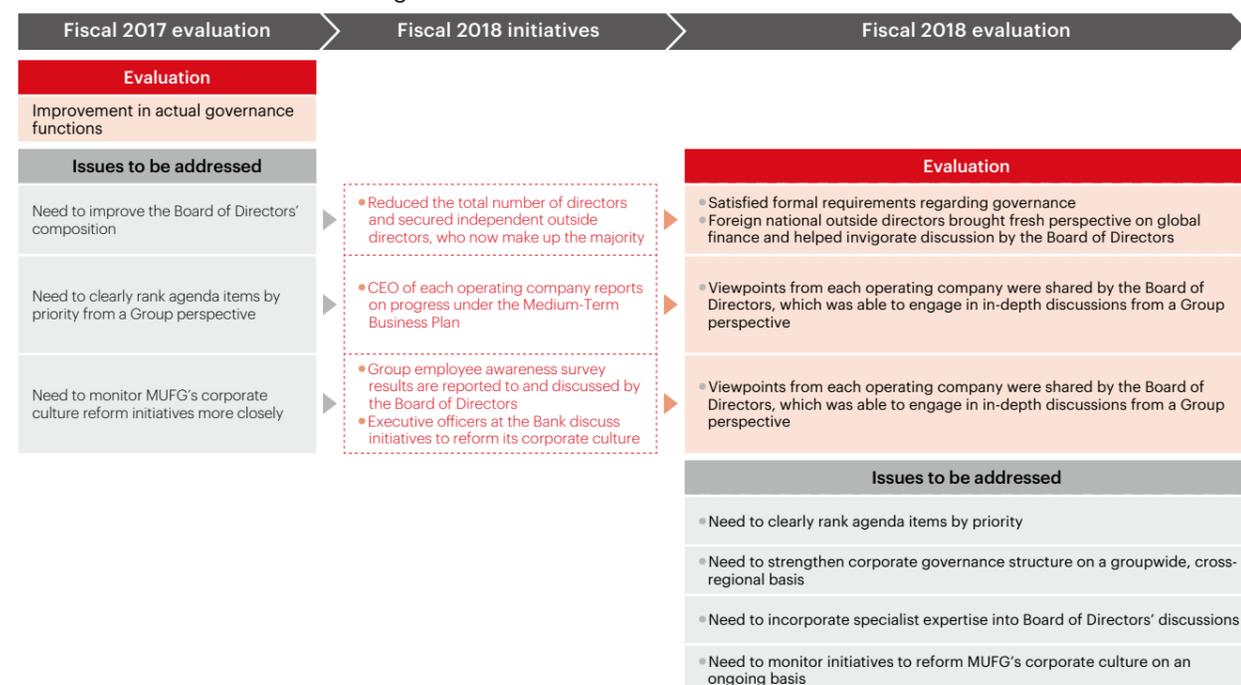
In the course of the fiscal 2018 evaluation, interviews were undertaken in January and February 2019 and completed questionnaires collected. According to the evaluation, MUFG was successful in steadily upgrading its corporate governance structure, making ongoing progress despite the major challenges it is confronting as a global financial institutions. In addition, the execution of the process leading up to the appointment of the Group CEO was evaluated as a best practice demonstrating how

to handle a pivotal issue with thoughtful discussion that employs a broad perspective and exemplifying good governance in terms of how governance systems should actually function.

On the other hand, the evaluation also identified following issues needing to be addressed to improve the effectiveness of the Board of Directors' operations: (1) agenda items must be clearly ranked by priority, (2) the corporate governance structure must be strengthened on a groupwide, cross-regional basis, for example, by stepping up the coordination of governance functions in place at Group companies at home and abroad, (3) the Board of Directors must incorporate external input from specialists in its discussions of strategic areas, and (4) corporate culture reform initiatives currently under way must be monitored more closely.

Facing a business environment and management challenges that are ever more complex, MUFG is formulating measures to address the aforementioned issues. By doing so, MUFG will enhance the Board of Directors' quality of discussion, enabling it to speedup decision making and thereby resolve these challenges.

Fiscal 2018 Evaluation of the Working Practices of the Board of Directors



Roles Outside Directors Are Expected to Fulfill

At MUFG, outside directors are expected to fulfill the following six roles.

Supervise executives' duties from an independent and objective standpoint	Exercise the oversight of conflicts of interest that may occur between MUFG and top management executives or MUFG and controlling shareholders
Provide advice and other assistance to top management executives based on their experience and expertise	Contribute to sustainable corporate development and medium- to long-term growth in MUFG's corporate value
Engage in timely and appropriate decision making in the course of deliberating investment and other management judgments via the careful examination of the reasoning behind the proposals and other information presented to them	Sufficiently discuss matters reported or proposed by top management executives by requesting supplementary explanation where necessary and by contributing their opinions

Name	Current position at MUFG and committee-related duties	Specialty	Reasons for appointment
Mariko Fujii	Member of the Board of Directors Chair of the Risk Committee Member of the Nominating and Governance Committee and the Compensation Committee	Finance	Having worked for the Ministry of Finance, Ms. Fujii has been serving as a professor at the University of Tokyo's Research Center for Advanced Science and Technology and ambassador extraordinary and plenipotentiary of Japan. She has thus accumulated specialist expertise in finance and economics while boasting extensive experience in these fields.
Kaoru Kato	Member of the Board of Directors Member of the Audit Committee	Corporate management	Mr. Kato has fulfilled a number of key management positions, including President & CEO of NTT DOCOMO, Inc. and is equipped with extensive experience as a corporate manager and invaluable expertise.
Haruka Matsuyama	Member of the Board of Directors Chair of the Compensation Committee Member of the Nominating and Governance Committee	Legal affairs	Ms. Matsuyama boasts extensive experience as a lawyer and is equipped with specialist expertise in a broad range of legal affairs.
Toby S. Myerson	Member of the Board of Directors Member of the Risk Committee	Legal affairs	Mr. Myerson boasts extensive experience as a lawyer and is equipped with specialist expertise in corporate legal affairs and M&A.
Hirofumi Nomoto	Member of the Board of Directors Member of the Nominating and Governance Committee and the Compensation Committee	Corporate management	Having fulfilled a number of key management positions, including that of President & Representative Director of Tokyu Corporation, Inc., Mr. Nomoto is currently serving as Chairman & Representative Director of this firm and boasts extensive experience and invaluable expertise as a corporate manager.
Tsutomu Okuda	Member of the Board of Directors Chair of the Nominating and Governance Committee Member of the Compensation Committee	Corporate management	Mr. Okuda has fulfilled a number of key management positions, including President and CEO and Chairman & CEO of J. Front Retailing Co., Ltd., boasting extensive experience and invaluable expertise as a corporate manager.
Yasushi Shingai	Member of the Board of Directors Member of the Audit Committee and the Risk Committee	Corporate management/ Finance & accounting	Mr. Shingai has fulfilled a number of key management positions, including Senior Vice President & CFO of Japan Tobacco Inc., Executive Vice President and Deputy CEO of JT International S.A., and Representative Director and Executive Vice President of Japan Tobacco Inc., boasting extensive experience as a corporate manager as well as specialist expertise in corporate finance and accounting systems and M&A.
Tarisa Watanagase	Member of the Board of Directors Member of the Risk Committee	Finance	Having served as Governor of the Bank of Thailand, Ms. Watanagase boasts extensive experience as an economist and is equipped with specialist expertise in finance and economy.
Akira Yamate	Member of the Board of Directors Chair of the Audit Committee	Finance & accounting	Mr. Yamate boasts extensive experience as a CPA and is equipped with specialist expertise in accounting and auditing.

Upgrading the Governance Framework

Utilizing Insights Offered by Outside Directors

We believe that insights offered by outside directors are essential to enhancing the content of discussions at the Board of Directors meetings. MUFG is striving to ensure that outside directors are given sufficient information about agenda items by providing them with materials and giving presentations before meetings. In addition, outside directors have opportunities outside the Board and committee meetings to intensively deliberate on the MUFG

Group's business strategies and issues. Moreover, we strive to secure robust communication between outside directors and MUFG's managerial positions by holding special meetings on multiple occasions. Our efforts to increase opportunities for outside directors to understand MUFG's business operations resulted in the enhancement of the quality of discussions at Board meetings, leading to a number of improvements in actual corporate governance functions. In fiscal 2018, we held Board Educational Sessions themed on subjects listed in the chart below.

Subjects Addressed at Board Educational Sessions Held in Fiscal 2018

Digital	<ul style="list-style-type: none"> Digital transformation strategies MUFG Payment Network MUFG's settlement strategies (domestic) 	Internal Control	<ul style="list-style-type: none"> Cyber security threats and countermeasures against such threats
Global	<ul style="list-style-type: none"> Human resources exchange and development on a global basis Overview of MUFG's businesses in Asia Status of inorganic strategies being considered Overview of MUFG's businesses in Europe Exchanges of opinions to which MUAH and MUFG Union Bank directors are invited 	Business	<ul style="list-style-type: none"> Development of an asset management value chain aimed at promoting the wealth management business Strategies for GCIB Business planning for fiscal 2019 (presentations by heads of six business groups) Upgrading methods for subsidiary management
		Other	<ul style="list-style-type: none"> Revisions of the human resources management system

Conference Regarding U.S. Operations

MUFG maintains key subsidiaries in the United States. Thus, it is quite important to ensure that we share the same understanding of the managerial challenges across entities. In order to achieve this, the company emphasizes multi-directional communications and mutual understanding.

In fiscal 2018, these meetings addressed global issues faced by MUFG. Attendees engaged in lively discussion over topics such as compliance with anti-financial crime regulations and other regulations.

To further this goal, MUFG convenes periodic meetings attended by MUAH and MUFG Union Bank independent directors, outside directors from MUFG and the Bank, C-Suite of MUFG Group Companies, and other domestic officers.

Going forward, in an effort to facilitate mutual understanding and develop an even stronger governance structure, we pledge to maintain robust communications.

Session 1	MUAH Risk Committee Chair presentation on financial crime-related issues and various risks associated with operations in the Americas
Session 2	Joint presentation session with independent directors, risk committee members, and audit committee members from MUFG and MUAH
Session 3	Theme-specific discussions led by MUFG executive members Exchanging opinions with regard to Group strategies, IT and digitalization, human resources management, compliance, audits and other key issues that must be addressed by MUFG



Compensation System

MUFG has adopted a performance-based stock compensation plan for all directors, corporate executives and executive officers (hereinafter referred to collectively as "recipients") who serve at the holding company, the Bank and the Trust Bank as well as the Securities HD. The introduction of this plan is intended to provide greater incentives for those individuals to maintain an awareness of the Group's overall corporate performance, stock price and capital efficiency over the medium- to long-term when pursuing their duties.

Outline of Compensation System

Underlying Concepts and Objectives
MUFG's stance on the determination of compensation is focused on ensuring the steady implementation of its management policies as well as securing sustainable corporate expansion and medium- to long-term growth in corporate value. Accordingly, MUFG aims to better motivate recipients to contribute to growth in business performance not only in the short term but also over the medium to long term while discouraging an excessively risk-taking approach. MUFG also determines compensation by giving due consideration to the operating results, financial soundness and domestic and overseas regulatory requirements associated with these recipients. In addition, MUFG mandates that a highly objective and transparent system must be in place for the determination of compensation. The level of compensation may be adjusted in light of prevailing economic, social and industrial trends, the business environment surrounding the MUFG Group, its consolidated business performance and the status of employment markets in the place where hiring is taking place. In the course of determining compensation, MUFG also refers to data gleaned via objective research undertaken by external specialists with the intention of setting it at a level appropriate to maintaining competitiveness.

In May 2018, MUFG carried out a partial revision of this plan, incorporating ROE and the expense ratio into evaluation indices for determining stock compensation and bonuses for directors. This revision was intended to increase the proportion of performance-based compensation and is expected to better harmonize our compensation system with shareholders' interests while incentivizing recipients to contribute to medium- to long-term improvement in corporate performance.

Compensation System Overview

Ratio*1	Type	Evaluation method	Payment
5.5	Basic Compensation (fixed)	Determined by the position and place of residence of individual officers, etc.	Monthly in cash
	Stock Compensation (non-performance-based)	Corresponding to the base amount determined depending on position	At the time of retirement*7
3	Stock Compensation (mid-to-long-term performance-based**)	Base amount determined depending on the position Performance factor*3 [medium/long-term evaluation] 1) Consolidated ROE 2) Consolidated expense ratio	Upon the termination of MTBP*7
1.5	Officers' Bonuses (short-term performance-based**)	Base amount determined depending on the position Performance factor*5 1) Consolidated NOP 2) Profits attributable to owners of parent 3) Consolidated ROE 4) Consolidated expense ratio Status of the execution of the duties of the Officers, etc.*6	Annually in cash

*1 As for the case of the president of MUFG *2 Range: 0-150% *3 Rate of attainment of targets of the indicators in the MTBP
*4 Comparison of the rate of increase in the indicators from the previous fiscal year with that of competitors
*5 Rate of increase/decrease of the indicators from the previous fiscal year and the rate of attainment of targets of these indicators
*6 Determined exclusively by independent outside directors at the Compensation Committee *7 Subject to claw-back clause, etc.

Upgrading the Governance Framework

Board of Directors

As of July 1, 2019

● Type and Number of MUFG Shares Owned as of March 31, 2019
(Dilutive Shares: The number of corresponding vested points in the stock compensation system using a trust structure.)
■ Attendance at Board of Directors Meetings (FY2018)



Member of the Board of Directors (Outside Director)
Mariko Fujii
● Ordinary Shares: 0 ■ —
Former Ambassador Extraordinary and Plenipotentiary of Japan to the Republic of Latvia
Emeritus Professor of The University of Tokyo

April 1977 Joined Ministry of Finance of Japan
July 1997 Director, International Affairs and Research Division, Customs and Tariff Bureau, Ministry of Finance
April 1999 Associate Professor, Research Center for Advanced Science and Technology, the University of Tokyo
March 2001 Professor, Research Center for Advanced Economic Engineering, the University of Tokyo
April 2004 Professor, Research Center for Advanced Science and Technology, National University Corporation, the University of Tokyo
June 2014 Outside Director of Electric Power Development Co., Ltd.
October 2015 Retired from the University of Tokyo
Retired from Outside Director of Electric Power Development Co., Ltd.
Ambassador Extraordinary and Plenipotentiary of Japan to the Republic of Latvia
June 2016 Emeritus Professor of The University of Tokyo (current)
January 2019 Retired from Ambassador of Japan to the Republic of Latvia
June 2019 Outside Director of NTT DATA Corporation (current)
Member of the Board of Directors (Outside Director), MUFG (current)



Member of the Board of Directors (Outside Director)
Toby S. Myerson
● Ordinary Shares: 368*1 ■ 9/9
Chairman & CEO, Longsight Strategic Advisors LLC

September 1977 Registered as an attorney at law, admitted in States of California and New York in the United States
October 1981 Joined Paul, Weiss, Rifkind, Wharton & Garrison LLP
June 1983 Partner of Paul, Weiss, Rifkind, Wharton & Garrison LLP
April 1989 Managing Director of Wesserstein Perella & Co. Inc
November 1990 Partner of Paul, Weiss, Rifkind, Wharton & Garrison LLP
June 2014 Outside Director of MUFG Union Bank, N.A. (current)
December 2016 Retired from Paul, Weiss, Rifkind, Wharton & Garrison LLP
January 2017 Chairman & CEO of Longsight Strategic Advisors LLC (current)
February 2017 Outside Director of MUFG Americas Holdings Corporation (current)
June 2017 Member of the Board of Directors (Outside Director), MUFG (current)
January 2019 Independent Director, TRU (UK) Asia Limited (current)



Member of the Board of Directors (Outside Director)
Yasushi Shingai
● Ordinary Shares: 0 ■ 8/8*2
Former Executive Deputy President and Representative Director of Japan Tobacco Inc.

April 1980 Joined Japan Tobacco and Salt Public Corporation (current Japan Tobacco Inc.)
July 2001 Vice President of Finance Planning Division of Japan Tobacco Inc.
June 2004 Senior Vice President, Head of Finance Group of Japan Tobacco Inc.
July 2004 Senior Vice President, Chief Financial Officer of Japan Tobacco Inc.
June 2005 Member of the Board, Senior Vice President, and Chief Financial Officer of Japan Tobacco Inc.
June 2006 Member of the Board of Japan Tobacco Inc., Executive Vice President and Deputy CEO of JT International S.A.
June 2011 Representative Director and Executive Vice President of Japan Tobacco Inc.
June 2014 External Board Director of Recruit Holdings Co., Ltd.
January 2018 Member of the Board of Japan Tobacco Inc.
March 2018 Outside Director of Asahi Group Holdings, Ltd. (current)
June 2018 Member of the Board of Directors (Outside Director), MUFG (current)
June 2019 Outside Director of Dai-ichi Life Holdings, Inc. (current)



Member of the Board of Directors
Audit Committee Member
Tadashi Kuroda
● Ordinary Shares: 124,600 Dilutive Shares: 69,981 ■ 9/9



Member of the Board of Directors
Audit Committee Member
Junichi Okamoto
● Ordinary Shares: 182,800 ■ 9/9



Member of the Board of Directors (Outside Director)
Kaoru Kato
● Ordinary Shares: 0 ■ —
Corporate Advisor, NTT DOCOMO, INC.

April 1977 Joined Nippon Telegraph and Telephone Corporation (NTT)
July 1999 General Manager of Plant Department of NTT Kansai Mobile Communications Network, Inc.
April 2000 General Manager of Plant Department of NTT DoCoMo Kansai, Inc.
June 2002 General Manager of Corporate Strategy and Planning Department, Member of the Board of Directors of NTT DoCoMo Kansai, Inc.
July 2005 Representative Director and Senior Corporate Executive Officer of Sumitomo Mitsui Card Co., Ltd.
July 2007 Executive Vice President, General Manager of Corporate Strategy and Planning Department, Member of the Board of Directors of NTT DoCoMo Kansai, Inc.
June 2008 Executive Vice President, General Manager of Corporate Strategy and Planning Department, Member of the Board of Directors of NTT DOCOMO, Inc.
June 2012 President and Chief Executive Officer, Member of the Board of Directors of NTT DOCOMO, Inc.
June 2016 Corporate Advisor, Member of the Board of Directors of NTT DOCOMO, Inc.
June 2018 Corporate Advisor of NTT DOCOMO, Inc. (current)
June 2019 Member of the Board of Directors (Outside Director), MUFG (current)



Member of the Board of Directors (Outside Director)
Hirofumi Nomoto
● Ordinary Shares: 25,000 ■ —
Chairman & Representative Director, Tokyu Corporation

April 1971 Joined Tokyu Corporation
April 2003 Executive General Manager of Media Business Headquarters of Tokyu Corporation
April 2004 President & Representative Director of its communications Inc.
June 2007 Director of Tokyu Corporation
Executive Officer of Real Estate Development Business Unit of Tokyu Corporation
January 2008 Managing Director of Tokyu Corporation
June 2008 Senior Managing Director of Tokyu Corporation
April 2010 Executive Officer & Senior Executive General Manager of Urban Life Produce Business Unit of Tokyu Corporation
June 2010 Senior Managing Director & Representative Director of Tokyu Corporation
April 2011 President & Representative Director, Tokyu Corporation
April 2018 Chairman & Representative Director, Tokyu Corporation (current)
June 2019 Member of the Board of Directors (Outside Director), MUFG (current)



Member of the Board of Directors (Outside Director)
Tarisa Watanagase
● Ordinary Shares: 0 ■ 9/9
Former Governor, the Bank of Thailand

June 1975 Joined the Bank of Thailand
January 1988 Economist, International Monetary Fund (On the Secondment)
October 2002 Deputy Governor of the Bank of Thailand
November 2006 Governor of the Bank of Thailand
September 2010 Retired from the Bank of Thailand
March 2013 Outside Director of the Siam Cement Public Company Limited (current)
June 2017 Member of the Board of Directors (Outside Director), MUFG (current)



Member of the Board of Directors
Chairman (Corporate Executive)
Nobuyuki Hirano
● Ordinary Shares: 80,400 Dilutive Shares: 625,577 ■ 9/9
Member of the Board of Directors, MUFG Bank, Ltd.



Member of the Board of Directors
Deputy Chairman (Representative Corporate Executive)
Mikio Ikegaya
● Ordinary Shares: 75,630 Dilutive Shares: 304,796 ■ 9/9
President and CEO, Mitsubishi UFJ Trust & Banking Corporation



Member of the Board of Directors (Outside Director)
Haruka Matsuyama
● Ordinary Shares: 3,300 ■ 9/9
Partner, Hibiya Park Law Offices

April 1995 Assistant Judge, the Tokyo District Court
July 2000 Registered as an attorney at law, Member of the Daini Tokyo Bar Association
Joined Hibiya Park Law Offices
January 2002 Partner of Hibiya Park Law Offices (current)
June 2012 Outside Corporate Auditor of Vitec Co., Ltd.
June 2013 Outside Director of T&D Holdings, Inc. (current)
June 2014 External Audit & Supervisory Board member of MITSUI & CO., LTD. (current)
Member of the Board of Directors (Outside Director), MUFG (current)
June 2015 Outside Director of Vitec Co., Ltd. (currently Restar Holdings Corporation) (current)



Member of the Board of Directors (Lead Independent Outside Director)
Tsutomu Okuda
● Ordinary Shares: 26,100 ■ 9/9
Special Advisor, J. Front Retailing Co., Ltd.

April 1964 Joined The Daimaru, Inc.
September 1991 Managing Director of Daimaru Australia Pty. Ltd.
May 1995 Director of The Daimaru, Inc.
May 1996 Managing Director of The Daimaru, Inc.
March 1997 President of The Daimaru, Inc.
May 2003 Chairman and chief executive officer of The Daimaru, Inc.
September 2007 Chairman of The Daimaru, Inc.
President and Chief Executive Officer of J. Front Retailing Co., Ltd.
Chairman and Chief Executive Officer of J. Front Retailing Co., Ltd.
Director and Senior Advisor of J. Front Retailing Co., Ltd.
March 2010 Senior Advisor of J. Front Retailing Co., Ltd.
April 2013 Member of the Board of Directors (Outside Director), MUFG (current)
May 2014 Special Advisor of J. Front Retailing Co., Ltd. (current)
June 2014
May 2018



Member of the Board of Directors (Outside Director)
Akira Yamate
● Ordinary Shares: 0 ■ 9/9
Certified Public Accountant

November 1977 Joined Price Waterhouse Japan
March 1983 Registered as Certified Public Accountant in Japan
July 1991 Representative Partner of Aoyama Audit Corporation
Partner of Price Waterhouse
April 2000 Representative Partner of Chuo Aoyama Audit Corporation
Partner of PricewaterhouseCoopers
September 2006 Representative Partner of PricewaterhouseCoopers Aarata
June 2013 Resigned from PricewaterhouseCoopers Aarata
External Audit & Supervisory Board Member of Nomura Real Estate Holdings, Inc.
External Audit & Supervisory Board Member of Nomura Real Estate Development, Co., Ltd.
June 2015 Retired from External Audit & Supervisory Board Member of Nomura Real Estate Development, Co., Ltd.
Member of the Board of Directors (Outside Director), MUFG (current)
External Director of Nomura Real Estate Holdings, Inc.
External Member of Board of Statutory Auditors, Prudential Holdings of Japan, Inc. (current)
June 2019 External Director of Nomura Real Estate Development, Co., Ltd. (current)



Member of the Board of Directors
Deputy Chairman (Representative Corporate Executive)
Saburo Araki
● Ordinary Shares: 210,980 Dilutive Shares: 61,520 ■ 8/8*2
President & CEO, Mitsubishi UFJ Securities Holdings Co., Ltd.
President & CEO, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.



Member of the Board of Directors
President & Group CEO (Representative Corporate Executive)
Kanetsugu Mike
● Ordinary Shares: 49,055 Dilutive Shares: 356,140 ■ 9/9
President & CEO, MUFG Bank, Ltd.



Member of the Board of Directors
Deputy President (Representative Corporate Executive)
Group COO & Group CDTO
Hironori Kamezawa
● Ordinary Shares: 25,500 Dilutive Shares: 251,725 ■ —
Member of the Board of Directors, Deputy President, MUFG Bank, Ltd.

*1 Ownership substantially in the form of American Depositary Receipts (ADRs)
*2 For Mr. Yasushi Shingai and Mr. Saburo Araki, their "attendance at Board of Directors Meetings" represents the number of meetings attended/the number of meetings held following their assumption of the office as director at MUFG in June 2018.

Upgrading the Governance Framework

Global Advisory Board

MUFG has established the Global Advisory Board to function as an advisory body to the Executive Committee, and the Board holds regular meetings. The Global Advisory Board is made up of members from Japan, Europe, Asia, and the Americas who are external experts in areas such as corporate management, financial regulation, and government policy. They provide advice and recommendations on groupwide management, global governance, business strategy and other management issues from an independent standpoint.



Dr. Victor K Fung

Group Chairman, Fung Group, Hong Kong
Former Honorary Chairman, the International Chamber of Commerce



Professor Merit E. Janow

Dean, School of International and Public Affairs, Columbia University
Former Member of Appellate Body, World Trade Organization



Ambassador John V. Roos

Former United States Ambassador to Japan



Lord (James) Sassoon, Kt

Director, Jardine Matheson Holdings Limited
Former Commercial Secretary to the Treasury, United Kingdom



Mr. George Yeo

Former Singapore Minister for Foreign Affairs, Trade & Industry, Health, Information and the arts



Mr. Toshio Iwamoto

Principal Executive Advisor, NTT DATA Corporation



Mr. Akio Mimura

Honorary Chairman, NIPPON STEEL CORPORATION



Outline of Annual Meetings

In December 2018, MUFG held its sixth annual Global Advisory Board meeting. In addition to Global Advisory Board members, attendees included MUFG officers, directors, outside directors and representatives from overseas partner banks. Participants engaged in active discussion on a broad range of themes. Topics included risk factors that may impact MUFG's business strategies and portfolio, U.S.-China trade tensions, the growth potential of and risks associated with emerging nations, European politics such as Brexit and the EU's future, digitalization and the data business.



MUFG Global Partnership Conference

We held the third round of the MUFG Global Partnership Conference to facilitate the sharing of expertise and collaboration among partner banks and MUFG. Attendees included chairpersons, CEOs and other executives from partner banks. The conference focused on four themes, namely, "channel strategy," "data-driven marketing," "consumer finance risk" and "cybersecurity." Attendees were able to discuss issues each is now confronting while exchanging insights.

In addition, a digital-themed breakout session was held with representatives from each partner bank. They discussed the priority measures they've taken and shared their know-how and case studies.



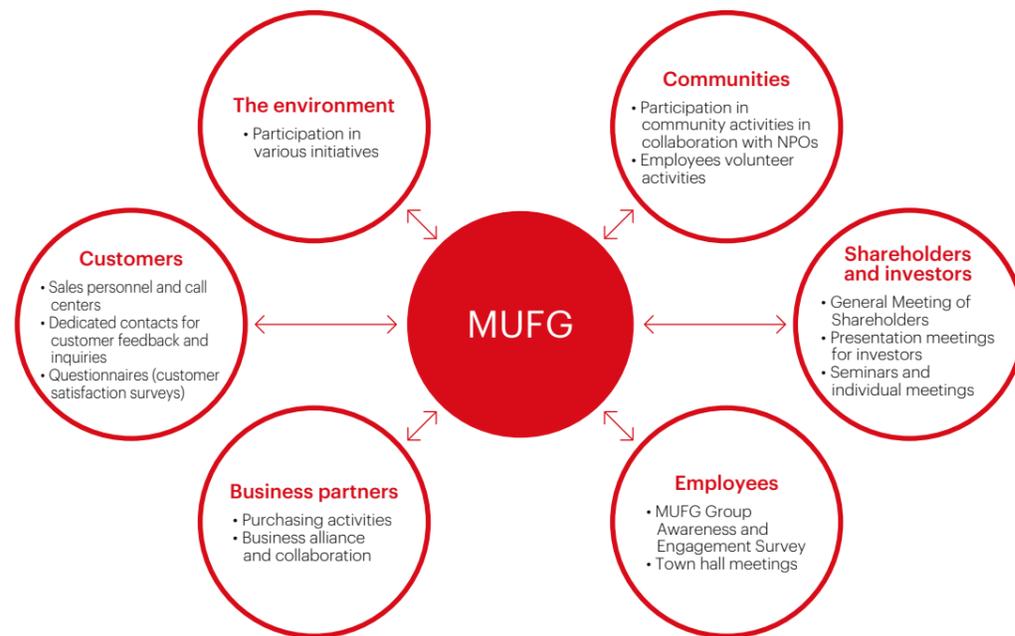


Foundations of Value

Enhancing Our Corporate Value through Committed Engagement with Stakeholders

MUFG believes that winning the support of its various stakeholders is essential to securing sustainable growth in its business activities and thus its corporate value. In line with this belief, we engage with stakeholders via a variety of channels and take heed of their expectations and requests to make improvements in our business management.

MUFG's Channels for Communication with Stakeholders



Dialogue with Employees

MUFG holds town hall meetings and round-table conferences aimed at enhancing mutual understanding between top management and employees and ensuring that MUFG's visions and policies are shared by all. Furthermore, MUFG's executives often visit branches and interact with the frontline employees who directly engage with customers, exchanging insights about how to enhance MUFG's onsite capabilities. This interaction is an example of their efforts to create a better workplace in which employees' opinions are reflected in business operations and every employee finds their job rewarding.

Engagement with Communities, Local Societies and the Environment

As members of the communities they serve, MUFG employees proactively participate in volunteer and other locally rooted activities to nurture ties with other community members.



At the same time, MUFG engages with NGOs and NPOs, incorporating the insights and advice such bodies provide into its environmental, social and governance (ESG) initiatives in an effort to maintain the trust and confidence of local societies at home and abroad.

Dialogue with Customers

We are endeavoring to improve our operations and service quality by incorporating customer feedback. Moreover, we are striving to enhance employee skills so that all customers can rest assured about our services. Setting our sights well above the mere protection of customer trust, we are thus striving to build new trust for the future.

Concepts behind MUFG's Customer Relations

Ensuring the consideration of customer's perspectives and being fair and sincere in our undertakings are basic to our business operations.

In line with the Corporate Vision, MUFG has published its Principles of Ethics and Conduct, a set of standards each officer and employee should apply to their day-to-day business conduct and decisions. The Principles open with a chapter entitled "Customer Focus," and we are engaging in exhaustive initiatives to be the embodiment of this tenet.

In addition, MUFG announced the MUFG Basic Policy for Fiduciary Duties to provide unified guiding principles aimed at ensuring that a customer-centric approach is thoroughly embraced by all Group entities.

Monitoring System

For MUFG, comments and requests from customers constitute valuable assets. Each Group company* is continually collecting, analyzing and sharing the "Voice of Customers," in order to improve its services. Based on this input, in fiscal 2018 we made a total of 345 improvements.

* The Bank, the Trust Bank, MUMSS, NICOS and ACOM

Introducing Universal Design

To ensure that every customer can use its services with confidence, MUFG is pushing ahead with ongoing efforts from two angles: 1) enhancing employees' customer engagement skills to meet diverse customer needs (hospitality) and 2) developing barrier-free branches capable of

accommodating all customers no matter their age, physical condition or disability (facility). As such, we are abiding by the spirit of universal design in various ways.

• A Trust Product with Proxy Withdrawal Functions Released

With the rapid aging of society, a growing number of people are expected to develop dementia; a Cabinet Office survey revealed that in 2025 one out of five of those aged 65 or older will be affected by this disease. To address issues arising from this phenomenon, the Trust Bank is offering products and services with asset management functions employing digital technologies.

For example, the Trust Bank released a trust product with proxy withdrawal functions, in March 2019. This product enables family members or other individuals registered as proxies for elderly customers (beneficiaries) to carry out withdrawals on their behalf. Employing a dedicated smartphone app, both the beneficiaries and proxies are allowed to withdraw funds, while notice of any withdrawal request being filed is immediately sent to these individuals as well as to registered non-proxy family members. The app also provides the details of such requests while giving access to account statements.

Other functions include an optional setting for a waiting period that allows the beneficiary, the proxy and family members to confirm or deny any withdrawal request filed.

• Sign Language Service Using a Teleconferencing System

The Bank and NICOS are equipped with call center functions that offer access to a teleconferencing system to customers with hearing disabilities or conversational handicaps so that they may connect them with operators who use sign language or communicate via text.

In Addition, the Bank began offering these services at bank counters from January 2019 onward.

Risk Management

Basic Policy

Since the 2008 financial crisis, financial institutions have been compelled to adopt more comprehensive and sophisticated risk management systems. This risk management function has also grown in importance for MUFG as a global bank with subsidiaries spanning the commercial, trust and investment banking sectors.

MUFG aims to strengthen its Group risk management through the diffusion of a risk culture that strengthens the structure of Group business management as well as integrated risk management. Our goal is effective risk governance that is consistent across regions, subsidiaries and the holding company.

Furthermore, the Risk Appetite Framework provides guidelines for effective risk management that backs our business strategy and financial plan while supporting efforts to avoid unexpected losses and enhance risk return management.

Risk Appetite Framework

The Risk Appetite Framework aims to clarify MUFG's risk appetite (types and amount of risk that it is willing to accept) as it works to achieve its business strategy and financial plan. The framework is designed to increase management transparency and generate more profit opportunities in an environment where risk is properly controlled.

Risk Appetite Framework Management Process

In the formulation and execution of its business strategy and financial plan, MUFG will set the appropriate level of risk appetite and proceed to monitor and analyze risk volume.

The process of setting and managing risk appetite is outlined on the next page. In order to effectively implement the Risk Appetite Framework, risk evaluation and verification procedures (Top Risk management, stress tests, capital allocation system) will be applied at every stage of the management planning process.

Furthermore, even after the plan is formulated, we are ready to take immediate action in emergency situations through monitoring of the set risk appetite.

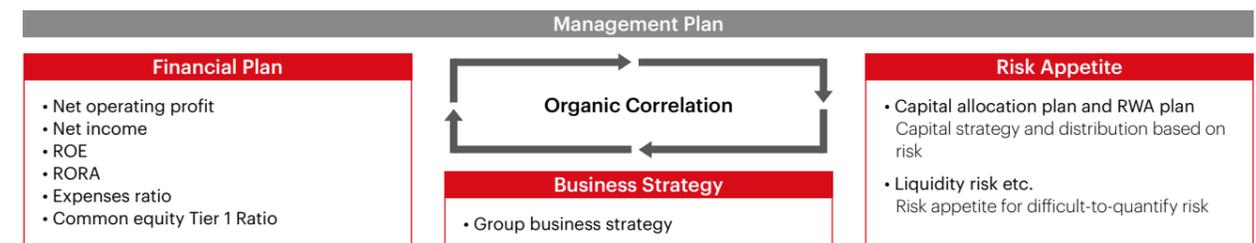
Risk Appetite Statement

The Risk Appetite Statement elucidates the Risk Appetite Framework, which embodies MUFG's attempts to achieve an integrated group strategy along with effective risk management. The Risk Appetite Statement contains an overview of the Risk Appetite Framework (basic policy and management process) as well as specific business strategies, financial plans and risk appetite details.

A summary of the Risk Appetite Statement is distributed throughout the Group in an effort to spread the basic philosophy behind the Risk Appetite Framework.

Through the penetration of risk culture and risk appetite framework, we will take action in anticipation of environmental changes both inside and outside of the Group, while the environment continues to be uncertain.

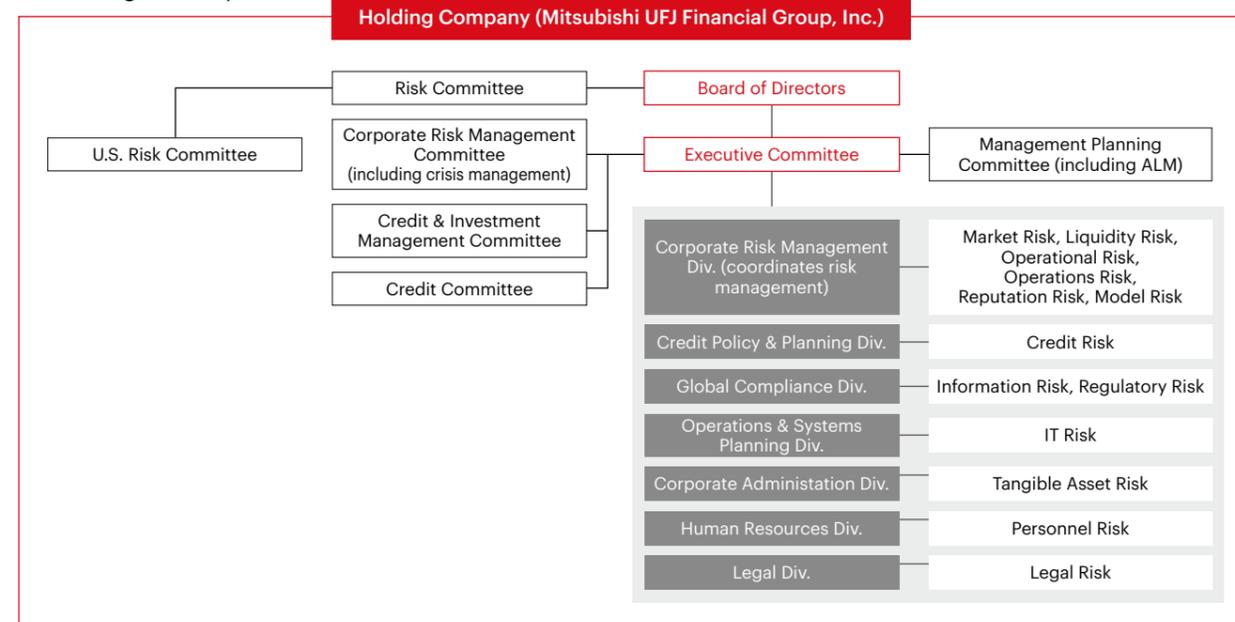
Risk Appetite Framework



Risk Appetite Setting and Management Process



Risk Management System



Enterprise Risk Management

MUFG makes every effort to recognize the risks that emerges in the course of business execution, assessing it according to uniform criteria. Enterprise risk management is then conducted while maintaining business stability and striving to maximize shareholder value. Enterprise risk management is a dynamic approach, promoting stable profits commensurate with risk as well as the appropriate allocation of resources.

Enterprise risk management is composed of three main strands: Top Risk management, stress tests and the capital allocation system.

Top Risk Management

The potential losses that emerge from scenario analysis are classified as risks and then their relative importance is weighed according to degree of impact and probability. The risks that need to be watched most closely over the next year are classified as Top Risks and a risk map is created, thereby ensuring a forward-looking approach to risk management. Moreover, this approach also addresses medium- to long-term risks, including those associated with digitalization and ESG issues, with robust measures being prepared to ensure our responsiveness to emergencies.

At MUFG and its core subsidiaries, management is regularly engaged in discussions aimed at

addressing Top Risks to ensure that the understanding of these risks is shared throughout their organizations. By doing so, management is implementing effective risk control measures. In addition, conclusions reached via these discussions are reflected in stress test scenarios as necessary to accurately verify our capital adequacy and our business and financial plans. (Major Top Risks identified by MUFG are as listed below.)

Stress Tests

• **Stress tests for capital adequacy assessment**
In formulating its business strategy, MUFG regularly assesses its internal capital adequacy through stress tests based on Basel III capital adequacy regulations.

Stress tests analyze the prevailing economic environment at home and abroad as well as the future outlook while giving due consideration to the MUFG Group’s business structure. The three-year-period scenarios are thus created and utilized to calculate and assess the impact on our capital ratio arising from the materialization of risks. This also helps us verify the propriety of our business strategy.

• **Liquidity stress tests**
In liquidity stress tests, the impact of MUFG-specific or overall market stress on the balance sheet is assessed so as to implement MUFG’s business strategy and financial plan. Various options are examined to respond to short-term fund outflows or

long-term structural changes in the balance sheet with a view to ensuring there is no funding shortage.

Capital Allocation System

In this framework, latent losses associated with risk are converted to a required capital amount, and capital is then allocated across Group companies and between different risk categories according to business strategy and the profit plan. The framework is intended to allow the appropriate distribution of capital throughout the Group as MUFG monitors to preserve financial soundness, evaluate capital adequacy versus risk and judge impact on overall capital strategy.

Enhancing the Effectiveness of Risk Management

Effective risk management and a strong Risk Appetite Framework depend on a Risk Culture that enables meaningful discussion and clear communication throughout the Group.

Developing and Diffusing a Risk Culture

MUFG defines a Risk Culture as the basic approach that specifies how to take risks and risk management for MUFG’s organizational and individual behaviors. Our Risk Culture is incorporated into the MUFG Group Code of Conduct, a set of standards aimed at guiding judgments and actions undertaken by Group officers and employees in the course of their daily operations. In accordance with our aim to further enhance the Group’s risk governance structure, we are disseminating this Risk Culture throughout the Group so that it is embraced by every employee.

To learn about our MUFG Group Code of Conduct, please refer to page 98.

Major Top Risks

Risk incidents*	Risk scenarios
A decline in profitability (including a decline in profitability of net interest income)	<ul style="list-style-type: none"> Decline in profitability of net interest income due to negative interest rate policy. Decline in overall profitability due to constraints on balance sheet size caused by regulatory factors.
Foreign currency liquidity risk	<ul style="list-style-type: none"> Depletion of foreign currency liquidity or significant increase in costs due to deterioration of market conditions.
An increase in credit costs	<ul style="list-style-type: none"> Rises in credit costs in specific sectors and regions with potential credit concentration risk because of the slowdown of real economies around the world due to the U.S. and European central banks’ exit strategies from monetary easing and the heightening tensions in the Korean peninsula, Middle East and other regions with geopolitical risk.
IT risk	<ul style="list-style-type: none"> Customer information leakage and reputational damage due to cyberattacks. Payment of compensation costs and reputational damage due to system failure.
Risk associated with money laundering and economic sanctions	<ul style="list-style-type: none"> Regulatory issues such as the infringement of anti-money laundering regulations or applicable regulations related to economic sanctions could lead to legal actions such as business suspension or civil fines, and reputational damage.

* The aforementioned risk scenarios are examples of scenarios reported to MUFG’s Board of Directors after being discussed at a Risk Committee meeting held in March 2019. These scenarios include types of incidents that are not necessarily specific to MUFG and can happen to business corporations in general.

Cyber Security

MUFG is well aware of its social responsibilities for securing the assets entrusted by its customers and its obligation to provide secure and stable financial services. With this in mind, MUFG has positioned threats posed by cyberattacks and other relevant events as Top Risks. Accordingly, we have appointed a Group Chief Information Security Officer (CISO), and are promoting cyber security measures under management’s leadership.

By having announced the Cyber Security Management Declaration, the summary of initiatives undertaken by MUFG, we have enhanced existing risk identification and prevention activities utilizing the MUFG-CERT; a dedicated team in charge of detecting and responding to cyber threats and subsequent restoration. Furthermore, efforts are under way to raise our incident-response capabilities by establishing and updating procedures/manuals, conducting periodic drills/training and updating our contingency plans.

In April 2019, we established the MUFG Cyber Security Fusion Center, a cyber security specialized task force that is in charge of threat intelligence analysis and security monitoring. This task force provides an

efficient and effective cyber centric security function for the group globally.

For customers who use digital banking and other services, we ensure the safety and soundness by distributing onetime passwords, smartphone apps and by strengthening security functions etc. in system development.



Compliance

Basic Policy

We have clarified our Group mission, long-term vision and shared values in the Corporate Vision and expressed our commitment to meeting the expectations of customers and society as a whole. Furthermore, we have established the MUFG Group Code of Conduct as the guidelines for how the Group's directors and employees should act to realize the Corporate Vision. This expresses our commitment to complying with laws and regulations globally, to acting with honesty and integrity, and to behaving in a manner that supports and strengthens the trust and confidence of society.

In addition, as we expand our business globally, we are committed to keeping abreast with developments in the laws and regulations of the jurisdictions in which we operate, including those targeting money laundering and bribery, as well as competition laws, while paying attention to trends in financial crimes.

Compliance Framework

Compliance management divisions have been established at the holding company and the major subsidiaries, namely, the Bank, the Trust Bank and Mitsubishi UFJ Securities Holdings (hereinafter, "three subsidiaries"). Each compliance management division formulates compliance programs and organizes training courses to promote compliance, and regularly reports to each company's Board of Directors and Executive Committee on the status of compliance activities.

The holding company has the Group Compliance Committee while the three subsidiaries have Compliance Committees operating under their executive committees with the aim of deliberating important compliance matters. Additionally, the holding company has the Group Chief Compliance Officer ("CCO") Committee composed of the CCO of the holding company and the CCOs of the three subsidiaries. This committee deliberates important matters related to compliance and compliance-related issues for which the Group should share a common understanding.

Initiatives to Enhance Global Financial Crimes Compliance Framework

In November, 2017, MUFG Bank established the Global Financial Crimes Division ("GFCD"), which is in charge of Anti-Money Laundering ("AML"), Sanctions Compliance, and Anti-Bribery and Corruption (collectively, "Global Financial Crimes Compliance"). GFCD is headquartered in New York, where the excellence for Global Financial Crimes Compliance is centralized. The aim is to enhance the Bank's global program to prevent and detect Global Financial Crimes, against the backdrop of the heightened regulatory expectations in that area. At the same time, Regional Financial Crimes Offices under GFCD, which are responsible for the implementation of Financial Crimes Compliance in the region, were established in the Americas, Japan, EMEA and Asia, respectively.

Following the establishment of GFCD in 2017, MUFG GFCD was also established in New York in August, 2018 to ensure a consistent Global Financial Crimes Compliance program across the Group.

GFCD is establishing policies that define the governance and oversight structure for the

management of the Financial Crimes Compliance framework across MUFG and provide the foundation for the implementation of the Financial Crimes Compliance program in a manner that is commensurate with the strategies, business activities, and risk profiles of each Group Company as well as standards that define more detailed requirements.

Under GFCD's leadership, MUFG will implement the Financial Crimes Compliance policies and standards across all of MUFG, ensuring a consistent and integrated approach. Furthermore, GFCD will develop a program framework to maintain the effectiveness of the program throughout the Group globally.

In addition, toward the upcoming 4th FATF Mutual Evaluation in Japan in fiscal 2019, we recognize the paramount importance and urgency of enhancing Global Financial Crimes Compliance functions in Japan, as a financial institution that takes important part in Japanese financial system. We are currently working on the tightening of procedures related to verification at the time of transaction, etc, in line with regulatory requirements and expectations.

Revising the MUFG Group Code of Conduct to Encourage "Doing the Right Thing"

Today, businesses at home and abroad are exposed to a growing risk of a decline in corporate value resulting from the violation of legal regulations or ethical standards. With an eye to securing responsiveness to this risk, in April 2019 we revised the MUFG Group Code of Conduct (hereinafter, the "Code of Conduct"), which provides guidelines to be referred to by each officer and employee to encourage them to "Do the Right Thing" in the course of business activities.

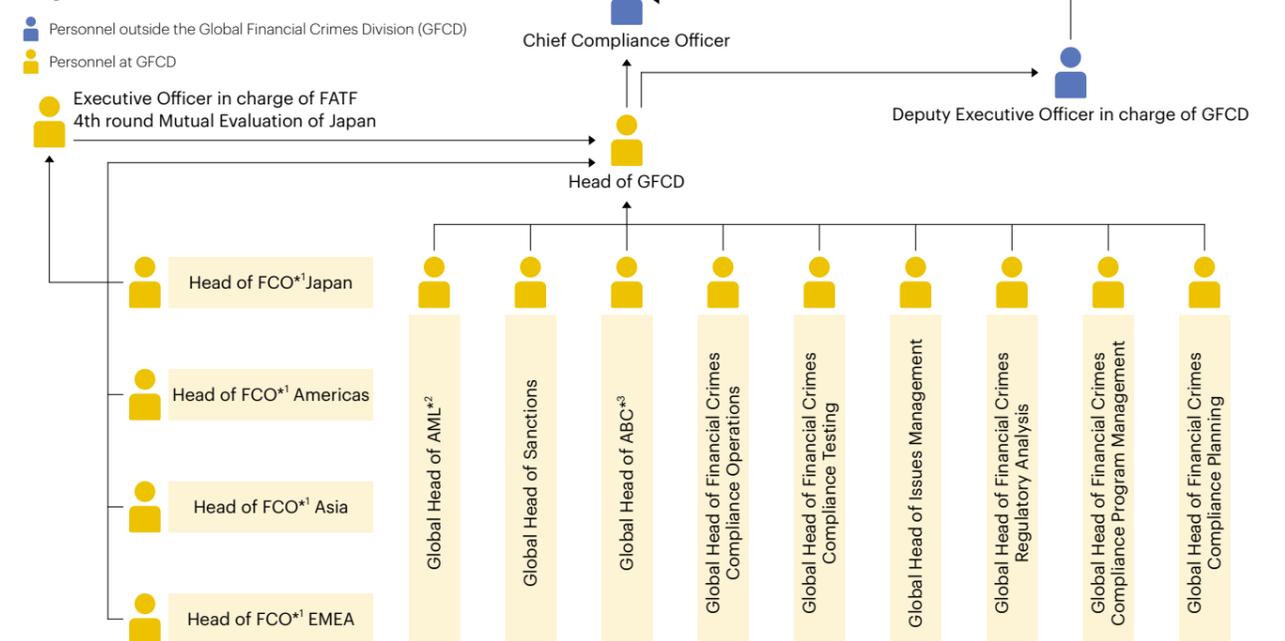
Specifically, the revised Code of Conduct is equipped with a checklist available to Group employees for their reference whenever they have concerns or are unsure of their judgment. The revision also clearly defined the roles and responsibilities of managers, who are expected to serve as a role model of their staff.

In addition, the Code of Conduct now includes illustrative narratives that help employees to clearly understand what it takes to act in accordance with the principles of the Code of Conduct. These narratives show specific cases on, among others, the importance of learning from mistakes and quality management as well as the promotion of whistle-blowing system.

Going forward, we will continue to strive to ensure that the Code of Conduct is embraced and practiced by all Group members. To this end, we will periodically communicate messages from top management to encourage all employees to "Do the Right Thing" while providing various training programs including DVD-based learning as well as incentive programs, such as evaluation system.

For the full text of the Code of Conduct, please also visit our corporate website.
URL: https://www.mufg.jp/dam/profile/governance/ethics/pdf/codeofconduct_en.pdf

Organization Chart (GFCD of MUFG Bank)



*1 Financial Crimes Office *2 Anti-Money Laundering *3 Anti-Bribery and Corruption

Internal Audit

Role of the Internal Audit

Internal audit functions verify the adequacy and effectiveness of internal control systems from a standpoint independent of operating functions. This includes monitoring the status of risk management and compliance systems, which are critical to the maintenance of sound and appropriate business operations. Internal audit results are reported to senior management. An additional role of the internal audit is to make suggestions to help improve or rectify any issues or specific problems that are identified.

Group Internal Audit Framework

The MUFG Group has internal audit functions at the holding company level as well as at the subsidiary level that are designed to enable the Group to provide coverage for all operations and support the Board of Directors of the holding company in the exercise of its supervisory functions.

In addition to having primary responsibility for initiating and preparing plans and proposals related to internal audits of the Group, the internal audit division at the holding company monitors and, as necessary, guides, advises and administers the internal audit divisions of subsidiaries and affiliated companies.

Implementing Effective and Efficient Internal Auditing

To ensure that internal audit processes use available resources with optimal effectiveness and efficiency, the internal audit divisions implement risk-focused

internal audits in which the nature and magnitude of the associated risks are considered in determining audit priorities and the frequency and depth of internal audit activities. In addition, internal auditors attend key meetings, collect important internal control documents and implement other necessary measures to facilitate efficient off-site monitoring.

Reports to the Audit Committee

The holding company has an audit committee within its Board of Directors as required by the Companies Act of Japan.

The internal audit division reports to the committee on important matters, including governing principles for internal audit plans and the results of internal audits.

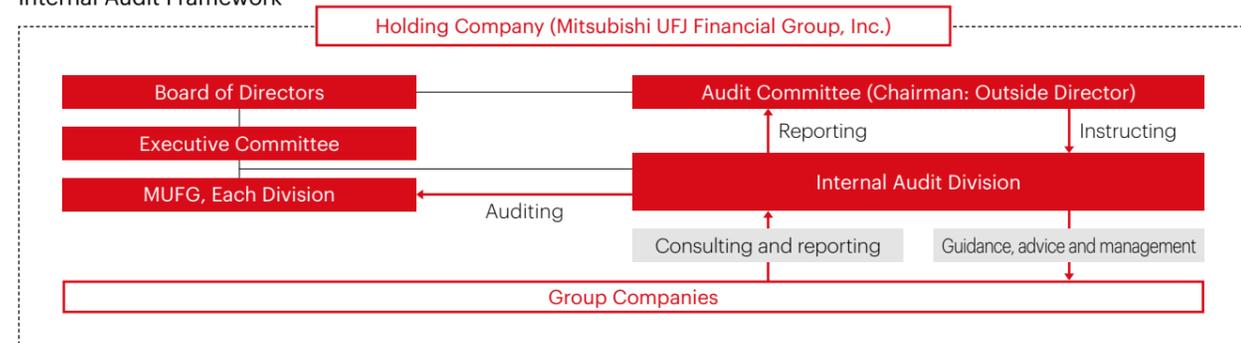
MUFG Internal Audit Activity Charter

In April 2019, the MUFG Group adopted the “MUFG Internal Audit Activity Charter,” which defines its basic policies for internal auditors, including their mission, purposes, responsibilities, and roles. This charter encourages internal auditors to conduct internal audits in accordance with the global standards set by the Institute of Internal Auditors, thereby contributing to the enhancement of the corporate value of the Group and to the achievement of the Group’s corporate vision. This charter is thus designed to raise the acuity of internal auditors.

*An international association headquartered in the United States, the IIA formulates practical standards for internal audits, issues accreditation for certified internal auditors (CIA) and engages in other activities aimed at providing leadership for the global profession of internal auditing.

For the full text of the charter, please also visit our corporate website. <https://www.mufg.jp/english/profile/governance/audit/index.html>

Internal Audit Framework



Responding to Global Financial Regulations

Since the global financial crisis of 2008, financial institutions have been required to uphold higher standards of financial soundness and management discipline, with a number of new regulations having been developed and implemented. In this section, we explain our response to these regulations and challenges that we will face in the future.

The Status of Our Compliance with Prudential Regulations

As of March 31, 2019, the following Basel III requirements are applied, and MUFG has been compliant, meeting the required level for each item.

	Required level*1	Results as of March 31, 2019
Common Equity Tier 1 Capital Ratio	8.54%	12.23%
Tier 1 Capital Ratio	10.04%	13.90%
Total Capital Ratio	12.04%	16.03%
Leverage Ratio	3.0%	4.94%
External TLAC*2 Ratio	Risk-weighted asset basis	16.0%
	Total exposure basis	6.0%
Liquidity Coverage Ratio	100.0%	141.2%

*1 Figures calculated taking into account a capital conservation buffer of 2.5%, a G-SIB surcharge of 1.5%, and a counter-cyclical buffer of 0.04%.
*2 Total Loss-Absorbing Capacity: This obliges G-SIBs, whose failure would have a major impact on the financial market, to acquire additional capital and liabilities.
*3 Excluding a capital buffer.

Upcoming Regulations MUFG Must Comply with in the Future

Implementation of Agreed-Upon Global Standards

With the December 2017 finalization of revised Basel III framework, international regulatory reforms aimed at securing preparedness to the global financial crisis are deemed generally completed. Looking ahead, MUFG is called to maintain compliance with the following international standards that will be applicable to domestic banks.

Internationally agreed-upon deadline for implementation	Main items
2018	● Net Stable Funding Ratio (NSFR)
2022	● Upwardly revised External TLAC Ratio requirements Risk-weighted asset basis (18.0%) Total exposure basis (6.75%) ● Upwardly revised Leverage Ratio requirements (3.75%)* ● Revisions to various risk-weighted asset measurement methodologies Standard credit risk measurement methods Internal rating methods for credit risks Credit assessment adjustment risks Fundamental Review of Trading Book (FRTB) Operational risks Output floor

* Premised on the sum of the ratio of 3.0% and half of the G-SIB buffer of 1.5%.

Addressing the TBTF Problem

All G-SIBs,* including MUFG, are required to prepare recovery plans aimed at reducing the possibility of failure and secure ability to take practical steps to ensure orderly resolution. As one of the G-SIBs facing growing calls for a definitive solution for the so-called TBTF (too-big-to-fail) problem, MUFG is steadily upgrading countermeasures in place to satisfy the aforementioned requirements.

* G-SIBs refer to Global Systemically Important Banks, institutions whose failure would have a major impact on the global financial system according to the Financial Stability Board (FSB).

Outlook

For the international standards to take full effect, it is quite important to ensure their timely and consistent implementation in each jurisdiction. However, there are deviations in some jurisdictions, prompting growing concerns about market fragmentation in countries around the globe.

Moreover, the global economy may be hit by a major crisis caused by unexpected factors. We must also be vigilant against newly emerging risks arising from technological advancements or climate change.

With this in mind, MUFG will strive to realize an optimal global financial regulatory framework so that it will contribute to global economic growth, which is the fundamental role of financial institutions.

Ten-Year Summary of Major Financial Data

	(Billions of Yen)				
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Currency exchange rate (USD/JPY) (yen)	93.04	83.15	82.19	94.05	102.92
Income statements summary					
Gross profits before credit costs for trust accounts	3,600.4	3,522.5	3,502.0	3,634.2	3,753.4
Net interest income	2,177.1	2,020.0	1,840.5	1,816.8	1,878.6
Trust fees excluding credit costs	103.8	100.4	96.9	95.1	108.4
Net fees and commissions	989.8	979.4	964.2	1,042.2	1,160.3
Net trading profits	259.7	103.7	225.5	288.2	362.0
Net other business profits	69.7	318.9	374.7	391.7	244.0
Net gains (losses) on debt securities	49.8	221.3	270.3	336.7	142.8
General and administrative expenses	2,084.8	2,020.8	1,994.5	2,095.0	2,289.3
Expense ratio	57.9%	57.3%	56.9%	57.6%	60.9%
Net operating profits before credit costs for trust accounts and provision for general allowance for credit losses	1,515.5	1,501.6	1,507.4	1,539.2	1,464.1
Total credit costs	(825.2)	(354.1)	(193.4)	(115.6)	11.8
the Bank and the Trust Bank combined*1	(404.4)	(174.2)	(134.5)	(65.3)	35.1
Net gains (losses) on equity securities	32.4	(57.1)	(88.6)	(53.6)	144.5
Gains (losses) on sales of equity securities	93.0	13.7	(9.4)	33.6	157.5
Losses on write-down of equity securities	(60.5)	(70.9)	(79.2)	(87.3)	(12.9)
Equity in earnings of equity method investees	2.6	11.3	377.5	52.0	112.4
Other non-recurring gains (losses)	(179.7)	(385.1)	(130.8)	(77.7)	(38.2)
Ordinary profits	545.6	646.4	1,471.9	1,344.1	1,694.8
Net extraordinary gains (losses)	51.0	(6.8)	(23.8)	9.6	(151.7)
Total taxes	150.9	175.4	376.4	395.7	439.9
Tax burden ratio	25.3%	27.4%	26.0%	29.2%	28.5%
Profits attributable to non-controlling interests	57.0	(119.0)	90.2	105.3	118.1
Profits attributable to owners of parent	388.7	583.0	981.3	852.6	984.8

Balance sheets summary

Total assets	204,106.9	206,227.0	218,861.6	234,498.7	258,131.9
Loans and bills discounted	84,880.6	79,995.0	84,492.6	91,299.5	101,938.9
Securities	63,964.4	71,023.6	78,264.7	79,526.8	74,515.5
Total liabilities	192,807.4	195,412.6	207,185.8	220,979.0	243,019.0
Deposits	123,891.9	124,144.3	124,789.2	131,697.0	144,760.2
Negotiable certificates of deposit	11,019.5	10,961.0	12,980.6	14,855.0	15,548.1
Total net assets	11,299.4	10,814.4	11,675.7	13,519.6	15,112.8
Total shareholders' equity	8,958.7	9,104.9	9,909.5	10,578.3	11,346.2
Retained earnings	4,405.5	4,799.6	5,602.3	6,267.9	7,033.1
Total accumulated other comprehensive income	347.0	(156.0)	83.4	1,158.2	1,709.7
Non-controlling interests	1,987.2	1,858.2	1,674.8	1,774.1	2,048.1

Financial Ratios

Common Equity Tier 1 Capital ratio	—	—	—	11.60%	11.18%
Tier 1 Capital ratio*2	10.63%	11.33%	12.15%	12.63%	12.37%
Total Capital ratio	14.87%	14.89%	14.72%	16.53%	15.43%
Dividends per share (DPS) (yen)	12.0	12.0	12.0	13.0	16.0
Dividend payout ratio	40.6%	30.0%	17.6%	22.0%	23.4%
Book-value per share (BPS) (yen)	612.05	604.58	678.25	800.95	893.77
Earnings per share (EPS) (yen)	29.57	39.95	68.09	58.99	68.29
ROE MUFG definition	4.92%	6.89%	11.10%	8.77%	9.05%
ROE JPX definition	4.91%	6.55%	10.60%	7.96%	8.05%
Total number of ordinary shares (excluding own shares) (billion shares)	14.138	14.141	14.144	14.155	14.161
Share price (fiscal year-end) (yen)	490	384	412	558	567
Market capitalization*3 (trillions of yen)	6.9	5.4	5.8	7.8	8.0
PBR*3 (times)	0.80	0.63	0.60	0.69	0.63
PER*3 (times)	16.5	9.6	6.0	9.4	8.3

*1 MUFG Bank, Ltd. (non-consolidated) + Mitsubishi UFJ Trust and Banking Corporation (non-consolidated) (without any adjustments)

*2 FY 2009 to FY 2011 are under Basel II standards

*3 Figures based on fiscal year-end share price

	(Billions of Yen)				
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Currency exchange rate (USD/JPY) (yen)	120.17	112.68	112.19	106.24	110.99
Income statements summary					
Gross profits before credit costs for trust accounts	4,229.0	4,143.2	4,011.8	3,854.2	3,725.7
Net interest income	2,181.6	2,113.5	2,024.4	1,906.8	1,922.7
Trust fees excluding credit costs	111.4	117.0	122.0	122.5	125.3
Net fees and commissions	1,308.6	1,320.5	1,328.4	1,327.1	1,303.9
Net trading profits	352.9	306.3	290.0	292.4	216.1
Net other business profits	274.3	285.6	246.7	205.1	157.4
Net gains (losses) on debt securities	115.1	132.9	56.8	6.7	29.9
General and administrative expenses	2,584.1	2,585.2	2,593.5	2,621.4	2,647.1
Expense ratio	61.1%	62.3%	64.6%	68.0%	71.0%
Net operating profits before credit costs for trust accounts and provision for general allowance for credit losses	1,644.9	1,557.9	1,418.2	1,232.8	1,078.5
Total credit costs	(161.6)	(255.1)	(155.3)	(46.1)	(5.8)
the Bank and the Trust Bank combined*1	(71.1)	(103.7)	(47.9)	79.5	129.8
Net gains (losses) on equity securities	93.1	88.3	124.9	133.1	112.6
Gains (losses) on sales of equity securities	97.9	113.6	127.4	140.1	125.9
Losses on write-down of equity securities	(4.8)	(25.3)	(2.5)	(7.0)	(13.3)
Equity in earnings of equity method investees	159.6	230.4	244.4	242.8	284.3
Other non-recurring gains (losses)	(23.0)	(82.0)	(271.4)	(100.3)	(121.7)
Ordinary profits	1,713.0	1,539.4	1,360.7	1,462.4	1,348.0
Net extraordinary gains (losses)	(98.2)	(40.7)	(57.5)	(53.0)	(202.7)
Total taxes	467.7	460.2	342.1	313.4	195.5
Tax burden ratio	28.9%	30.7%	26.2%	22.2%	17.0%
Profits attributable to non-controlling interests	113.2	87.1	34.6	106.2	77.0
Profits attributable to owners of parent	1,033.7	951.4	926.4	989.6	872.6

Balance sheets summary

Total assets	286,149.7	298,302.8	303,297.4	306,937.4	311,138.9
Loans and bills discounted	109,368.3	113,756.3	109,005.2	108,090.9	107,412.4
Securities	73,538.1	69,993.8	59,438.8	59,266.1	64,262.4
Total liabilities	268,862.2	280,916.1	286,639.0	289,642.3	293,877.2
Deposits	153,357.4	160,965.0	170,730.2	177,312.3	180,171.2
Negotiable certificates of deposit	16,073.8	11,591.5	11,341.5	9,854.7	9,413.4
Total net assets	17,287.5	17,386.7	16,658.3	17,295.0	17,261.6
Total shareholders' equity	11,328.6	11,855.8	12,318.8	12,880.8	13,300.1
Retained earnings	7,860.4	8,587.5	9,278.5	10,064.6	10,640.6
Total accumulated other comprehensive income	3,989.2	3,602.1	2,961.3	3,143.8	2,879.1
Non-controlling interests	1,961.3	1,920.5	1,377.7	1,270.1	1,082.1

Financial Ratios

Common Equity Tier 1 Capital ratio	11.09%	11.63%	11.76%	12.58%	12.23%
Tier 1 Capital ratio*2	12.58%	13.24%	13.36%	14.32%	13.90%
Total Capital ratio	15.62%	16.01%	15.85%	16.56%	16.03%
Dividends per share (DPS) (yen)	18.0	18.0	18.0	19.0	22.0
Dividend payout ratio	24.6%	26.3%	26.4%	25.5%	32.9%
Book-value per share (BPS) (yen)	1,092.75	1,121.07	1,137.78	1,217.41	1,252.03
Earnings per share (EPS) (yen)	73.22	68.51	68.28	74.55	66.91
ROE MUFG definition	8.74%	7.63%	7.25%	7.53%	6.45%
ROE JPX definition	7.38%	6.18%	6.02%	6.32%	5.41%
Total number of ordinary shares (excluding own shares) (billion shares)	14.017	13.788	13.429	13.162	12.922
Share price (fiscal year-end) (yen)	743.7	521.5	699.7	697.0	550.0
Market capitalization*3 (trillions of yen)	10.4	7.1	9.3	9.1	7.1
PBR*3 (times)	0.68	0.46	0.61	0.57	0.43
PER*3 (times)	10.1	7.6	10.2	9.3	8.2

Consolidated Financial Statements

Consolidated Balance Sheets

	(Millions of Yen)		(Millions of Yen)	
	Mar 31, 2019	Mar 31, 2018	Mar 31, 2019	Mar 31, 2018
Assets:			Liabilities:	
Cash and due from banks	74,206,895	74,713,689	Deposits	180,171,279
Call loans and bills bought	451,668	482,285	Negotiable certificates of deposit	9,413,420
Receivables under resale agreements	10,868,179	5,945,875	Call money and bills sold	2,465,093
Receivables under securities borrowing transactions	2,739,363	9,266,996	Payables under repurchase agreements	25,112,121
Monetary claims bought	7,254,708	5,529,619	Payables under securities lending transactions	903,219
Trading assets	16,126,188	15,247,156	Commercial papers	2,316,338
Money held in trust	912,961	943,153	Trading liabilities	11,624,122
Securities	64,262,463	59,266,170	Borrowed money	16,268,170
Loans and bills discounted	107,412,468	108,090,994	Foreign exchanges	2,271,145
Foreign exchanges	2,134,807	2,942,499	Short-term bonds payable	793,999
Other assets	12,838,412	12,176,023	Bonds payable	12,179,680
Tangible fixed assets	1,335,972	1,369,977	Due to trust accounts	10,282,227
Buildings	361,580	302,981	Other liabilities	9,452,717
Land	674,285	697,105	Reserve for bonuses	79,236
Lease assets	15,078	12,357	Reserve for bonuses to directors	689
Construction in progress	33,618	119,195	Reserve for stocks payment	10,814
Other tangible fixed assets	251,409	238,337	Net defined benefit liabilities	59,540
Intangible fixed assets	1,136,530	1,246,676	Reserve for retirement benefits to directors	1,058
Software	513,231	532,285	Reserve for loyalty award credits	17,606
Goodwill	237,310	258,417	Reserve for contingent losses	265,707
Lease assets	198	351	Reserves under special laws	4,263
Other intangible fixed assets	385,790	455,622	Deferred tax liabilities	829,418
Net defined benefit assets	824,007	874,106	Deferred tax liabilities for land revaluation	114,292
Deferred tax assets	104,451	89,172	Acceptances and guarantees	9,241,062
Customers' liabilities for acceptances and guarantees	9,241,062	9,560,158	Total liabilities	293,877,225
Allowance for credit losses	(711,236)	(807,139)		
Total assets	311,138,903	306,937,415	Net assets:	
			Capital stock	2,141,513
			Capital surplus	1,034,641
			Retained earnings	10,640,655
			Treasury stock	(516,649)
			Total shareholders' equity	13,300,160
			Net unrealized gains (losses) on available-for-sale securities	2,249,231
			Net deferred gains (losses) on hedging instruments	122,516
			Land revaluation excess	167,681
			Foreign currency translation adjustments	339,713
			Remeasurements of defined benefit plans	(4,729)
			Debt value adjustments of foreign subsidiaries and affiliates	4,702
			Total accumulated other comprehensive income	2,879,115
			Subscription rights to shares	217
			Non-controlling interests	1,082,184
			Total net assets	17,261,677
			Total liabilities and net assets	311,138,903

Consolidated Financial Results

	(Millions of Yen)	
	FY 2018	FY 2017
Gross profits	3,725,720	3,854,231
Gross profits before credit costs for trust accounts	3,725,720	3,854,231
Net interest income	1,922,776	1,906,831
Trust fees	125,385	122,533
Credit costs for trust accounts	—	—
Net fees and commissions	1,303,954	1,327,198
Net trading profits	216,165	292,472
Net other operating profits	157,438	205,195
Net gains (losses) on debt securities	29,977	6,707
General and administrative expenses	2,647,137	2,621,431
Amortization of goodwill	17,431	17,603
Net operating profits before credit costs for trust accounts, provision for general allowance for credit losses and amortization of goodwill	1,096,013	1,250,403
Net operating profits before credit costs for trust accounts and provision for general allowance for credit losses	1,078,582	1,232,800
Provision for general allowance for credit losses	—	—
Net operating profits*1	1,078,582	1,232,800
Net non-recurring gains (losses)	269,461	229,618
Credit costs	(143,006)	(185,191)
Losses on loan write-offs	(154,941)	(161,192)
Provision for specific allowance for credit losses	—	—
Other credit costs	11,935	(23,998)
Reversal of allowance for credit losses	15,053	60,200
Reversal of reserve for contingent losses included in credit costs	55,064	—
Gains on loans written-off	67,063	78,880
Net gains (losses) on equity securities	112,602	133,178
Gains on sales of equity securities	203,481	174,633
Losses on sales of equity securities	(77,486)	(34,446)
Losses on write-down of equity securities	(13,392)	(7,008)
Equity in earnings of equity method investees	284,389	242,885
Other non-recurring gains (losses)	(121,704)	(100,334)
Ordinary profits	1,348,043	1,462,418
Net extraordinary gains (losses)	(202,715)	(53,041)
Losses on change in equity	(15,223)	(19,569)
Profits before income taxes	1,145,327	1,409,377
Income taxes-current	189,195	300,032
Income taxes-deferred	6,373	13,404
Total taxes	195,568	313,436
Profits	949,758	1,095,940
Profits attributable to non-controlling interests	77,069	106,276
Profits attributable to owners of parent	872,689	989,664

*1 Net operating profits = Banking subsidiaries' net operating profits + Other consolidated entities' gross profits - Other consolidated entities' general and administrative expenses - Other consolidated entities' provision for general allowance for credit losses - Amortization of goodwill - Inter-company transactions

(Reference)

	FY 2018	FY 2017
Total credit costs*2	(5,826)	(46,110)

*2 Total credit costs = Credit costs for trust accounts + Provision for general allowance for credit losses + Credit costs (included in non-recurring gains / losses) + Reversal of allowance for credit losses + Reversal of reserve for contingent losses included in credit costs + Gains on loans written-off

Consolidated Statements of Comprehensive Income

	(Millions of Yen)	
	FY 2018	FY 2017
Profits	949,758	1,095,940
Other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	(125,622)	208,021
Net deferred gains (losses) on hedging instruments	63,366	(65,001)
Land revaluation excess	—	(57)
Foreign currency translation adjustments	(82,475)	(22,627)
Remeasurements of defined benefit plans	(73,141)	145,534
Share of other comprehensive income of associates accounted for using equity method	(44,893)	(30,919)
Total other comprehensive income	(262,766)	234,950
Comprehensive income	686,992	1,330,891
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	615,166	1,209,604
Comprehensive income attributable to non-controlling interests	71,825	121,287

Consolidated Financial Statements

Consolidated Statements of Changes in Net Assets

(Millions of Yen)

FY 2018	Shareholders' equity					Accumulated other comprehensive income	
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedging instruments
Balance at the beginning of the period	2,141,513	1,196,803	10,064,649	(522,158)	12,880,807	2,388,234	59,360
Cumulative effects due to revision of accounting standards for foreign subsidiaries and affiliates			(2,723)		(2,723)	(844)	
Restated balance	2,141,513	1,196,803	10,061,926	(522,158)	12,878,084	2,387,390	59,360
Changes during the period							
Cash dividends			(276,249)		(276,249)		
Profits attributable to owners of parent			872,689		872,689		
Repurchase of treasury stock				(160,985)	(160,985)		
Disposal of treasury stock		(0)		3,775	3,774		
Retirement of treasury stock		(162,720)		162,720			
Reversal of land revaluation excess			2,557		2,557		
Changes of application of equity method			(20,269)		(20,269)		
Changes in subsidiaries' equity		557			557		
Net changes of items other than shareholders' equity						(138,159)	63,155
Total changes during the period		(162,162)	578,729	5,509	422,075	(138,159)	63,155
Balance at the end of the period	2,141,513	1,034,641	10,640,655	(516,649)	13,300,160	2,249,231	122,516

(Millions of Yen)

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Land revaluation excess	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Debt value adjustments of foreign subsidiaries and affiliates	Total accumulated other comprehensive income			
Balance at the beginning of the period	170,239	499,557	62,182	(35,743)	3,143,832	274	1,270,123	17,295,037
Cumulative effects due to revision of accounting standards for foreign subsidiaries and affiliates					(844)			(3,568)
Restated balance	170,239	499,557	62,182	(35,743)	3,142,987	274	1,270,123	17,291,469
Changes during the period								
Cash dividends								(276,249)
Profits attributable to owners of parent								872,689
Repurchase of treasury stock								(160,985)
Disposal of treasury stock								3,774
Retirement of treasury stock								
Reversal of land revaluation excess								2,557
Changes of application of equity method								(20,269)
Changes in subsidiaries' equity								557
Net changes of items other than shareholders' equity	(2,557)	(159,844)	(66,912)	40,446	(263,871)	(56)	(187,939)	(451,867)
Total changes during the period	(2,557)	(159,844)	(66,912)	40,446	(263,871)	(56)	(187,939)	(29,791)
Balance at the end of the period	167,681	339,713	(4,729)	4,702	2,879,115	217	1,082,184	17,261,677

(Millions of Yen)

FY 2017	Shareholders' equity					Accumulated other comprehensive income	
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedging instruments
Balance at the beginning of the period	2,141,513	1,412,087	9,278,546	(513,260)	12,318,885	2,184,597	125,684
Changes during the period							
Cash dividends			(241,050)		(241,050)		
Profits attributable to owners of parent			989,664		989,664		
Repurchase of treasury stock				(201,051)	(201,051)		
Disposal of treasury stock		(10)		2,098	2,088		
Retirement of treasury stock		(190,054)		190,054			
Reversal of land revaluation excess			3,426		3,426		
Changes in subsidiaries' equity		(25,218)			(25,218)		
Effects due to revision of accounting standards for foreign subsidiaries and affiliates			34,063		34,063		
Net changes of items other than shareholders' equity						203,637	(66,324)
Total changes during the period		(215,283)	786,103	(8,898)	561,921	203,637	(66,324)
Balance at the end of the period	2,141,513	1,196,803	10,064,649	(522,158)	12,880,807	2,388,234	59,360

(Millions of Yen)

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Land revaluation excess	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Debt value adjustments of foreign subsidiaries and affiliates	Total accumulated other comprehensive income			
Balance at the beginning of the period	173,723	558,339	(65,098)	(15,863)	2,961,382	407	1,377,719	16,658,394
Changes during the period								
Cash dividends								(241,050)
Profits attributable to owners of parent								989,664
Repurchase of treasury stock								(201,051)
Disposal of treasury stock								2,088
Retirement of treasury stock								
Reversal of land revaluation excess								3,426
Changes in subsidiaries' equity								(25,218)
Effects due to revision of accounting standards for foreign subsidiaries and affiliates								34,063
Net changes of items other than shareholders' equity	(3,483)	(58,781)	127,281	(19,879)	182,449	(132)	(107,595)	74,721
Total changes during the period	(3,483)	(58,781)	127,281	(19,879)	182,449	(132)	(107,595)	636,643
Balance at the end of the period	170,239	499,557	62,182	(35,743)	3,143,832	274	1,270,123	17,295,037

Consolidated Statements of Cash Flows

(Millions of Yen)

	FY 2018	FY 2017
Cash flows from operating activities:		
Profits before income taxes	1,145,327	1,409,377
Depreciation and amortization	322,770	321,207
Impairment losses	184,692	76,122
Amortization of goodwill	17,431	17,603
Equity in losses (gains) of equity method investees	(284,389)	(242,885)
Increase (decrease) in allowance for credit losses	(83,641)	(155,657)
Increase (decrease) in reserve for bonuses	(5,206)	4,759
Increase (decrease) in reserve for bonuses to directors	68	21
Increase (decrease) in reserve for stocks payment	(792)	1,206
Decrease (increase) in net defined benefit assets	(89,588)	(123,708)
Increase (decrease) in net defined benefit liabilities	1,132	(260)
Increase (decrease) in reserve for retirement benefits to directors	(30)	(40)
Increase (decrease) in reserve for loyalty award credits	(124)	600
Increase (decrease) in reserve for contingent losses	(51,235)	(66,513)
Interest income recognized on statement of income	(3,732,203)	(3,094,990)
Interest expenses recognized on statement of income	1,809,580	1,188,223
Losses (gains) on securities	(131,439)	(188,581)
Losses (gains) on money held in trust	837	450
Foreign exchange losses (gains)	(259,172)	503,565
Losses (gains) on sales of fixed assets	(6,639)	5,800
Net decrease (increase) in trading assets	(1,207,299)	6,172,302
Net increase (decrease) in trading liabilities	928,496	(7,200,920)
Net decrease (increase) in unsettled trading accounts	342,532	(60,914)
Net decrease (increase) in loans and bills discounted	116,865	962,022
Net increase (decrease) in deposits	3,352,158	6,551,091
Net increase (decrease) in negotiable certificates of deposit	(438,845)	(1,483,766)
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	63,519	(429,679)
Net decrease (increase) in call loans and bills bought and others	(6,928,266)	2,362,074
Net decrease (increase) in receivables under securities borrowing transactions	6,443,287	1,786,118
Net increase (decrease) in call money and bills sold and others	7,350,286	631,521
Net increase (decrease) in commercial papers	149,537	(128,226)
Net increase (decrease) in payables under securities lending transactions	(7,231,076)	2,612,538
Net decrease (increase) in foreign exchanges (assets)	803,375	(844,857)
Net increase (decrease) in foreign exchanges (liabilities)	235,037	64,974
Net increase (decrease) in short-term bonds payable	(53,300)	(699)
Net increase (decrease) in issuance and redemption of unsubordinated bonds payable	1,288,395	188,578
Net increase (decrease) in due to trust accounts	(100,251)	488,598
Interest income (cash basis)	3,741,110	3,181,494
Interest expenses (cash basis)	(1,762,774)	(1,170,125)
Others	(7,248)	(809,354)
Sub-total	5,922,916	12,529,070
Income taxes	(346,496)	(250,661)
Refund of income taxes	32,884	32,370
Net cash provided by (used in) operating activities	5,609,305	12,310,778

(Millions of Yen)

	FY 2018	FY 2017
Cash flows from investing activities:		
Purchases of securities	(65,103,588)	(73,029,164)
Proceeds from sales of securities	33,033,639	33,503,855
Proceeds from redemption of securities	26,809,238	39,502,328
Payments for increase in money held in trust	(570,030)	(540,772)
Proceeds from decrease in money held in trust	600,105	401,831
Purchases of tangible fixed assets	(142,393)	(159,814)
Purchases of intangible fixed assets	(286,200)	(247,378)
Proceeds from sales of tangible fixed assets	33,447	11,790
Proceeds from sales of intangible fixed assets	622	700
Payments for transfer of business	—	(7,060)
Payments for acquisition of subsidiaries' equity affecting the scope of consolidation	(1,106)	(20)
Others	(1,282)	(2,172)
Net cash provided by (used in) investing activities	(5,627,546)	(565,875)
Cash flows from financing activities:		
Proceeds from subordinated borrowings	55,000	39,500
Repayments of subordinated borrowings redemption	(173,119)	(245,328)
Proceeds from issuance of subordinated bonds payable and bonds with warrants	376,800	863,460
Payments for redemption of subordinated bonds payable and bonds with warrants	(47,020)	(256,196)
Proceeds from issuance of common stock to non-controlling shareholders	7,493	2,196
Repayments to non-controlling shareholders	—	(16)
Payments for redemption of preferred securities	(222,000)	(150,000)
Dividends paid by MUFG	(276,279)	(241,067)
Dividends paid by subsidiaries to non-controlling shareholders	(49,431)	(53,896)
Purchases of treasury stock	(159,903)	(201,050)
Proceeds from sales of treasury stock	4,141	2,225
Payments for purchases of subsidiaries' equity not affecting the scope of consolidation	(38)	(50,364)
Proceeds from sales of subsidiaries' equity not affecting the scope of consolidation	—	0
Others	—	0
Net cash provided by (used in) financing activities	(484,359)	(290,538)
Effect of foreign exchange rate changes on cash and cash equivalents	(4,192)	(266,616)
Net increase (decrease) in cash and cash equivalents	(506,793)	11,187,748
Cash and cash equivalents at the beginning of the period	74,713,689	63,525,940
Cash and cash equivalents at the end of the period	74,206,895	74,713,689

Company Overview

Major MUFG Group Companies

(As of August 1, 2019)

■ Consolidated subsidiary ● Equity method investee

Mitsubishi UFJ Financial Group

Commercial Bank

- MUFG Bank
- Bank of Ayudhya Public Company Limited
- PT Bank Danamon Indonesia, Tbk.
- Security Bank Corporation
- Vietnam Joint Stock Commercial Bank for Industry and Trade

Commercial Bank Holding Company

- MUFG Americas Holdings Corporation

Trust Bank

- Mitsubishi UFJ Trust and Banking
- The Master Trust Bank of Japan
- Mitsubishi UFJ Investor Services & Banking (Luxembourg)

Securities

- Mitsubishi UFJ Securities Holdings (Securities Holding Company)
- Mitsubishi UFJ Morgan Stanley Securities
- Mitsubishi UFJ Morgan Stanley PB Securities
- kabu.com Securities
- MUFG Securities (Canada)
- MUFG Securities EMEA
- Mitsubishi UFJ Trust International
- MUFG Securities Asia (Singapore)
- MUFG Securities Asia
- Morgan Stanley MUFG Securities

Credit Cards / Consumer Finance / Installment Credit

- Mitsubishi UFJ NICOS
- ACOM
- JACCS
- JALCARD

Leasing

- Mitsubishi UFJ Lease & Finance
- Hitachi Capital

Asset Management

- MU Investments
- Mitsubishi UFJ Kokusai Asset Management
- Mitsubishi UFJ Asset Management (UK)
- Mitsubishi UFJ Baillie Gifford Asset Management
- MUFG Lux Management Company
- Colonial First State Global Asset Management

Holding Company

- MUFG Investor Services Holdings (Fund Management)
- AMP Capital Holdings (Asset Management)

Internet Bank / Regional Bank

- Jibun Bank
- The Chukyo Bank

Others

- Mitsubishi UFJ Real Estate Services
- Japan Digital Design
- MUFG Innovation Partners
- Global Open Network
- MUMEC Visionary Design, Ltd.
- Mitsubishi Research Institute DCS

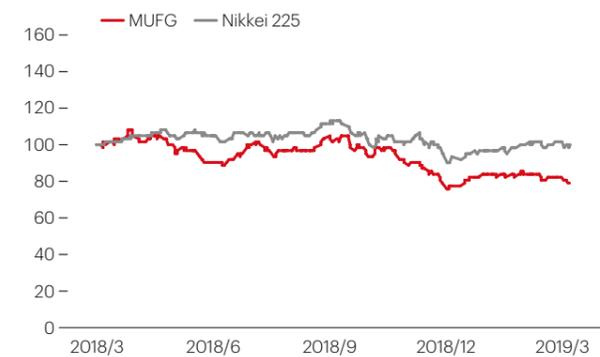
Corporate Information

(As of March 31, 2019)

Company Name	Mitsubishi UFJ Financial Group, Inc.
Head Office	7-1, Marunouchi 2-Chome, Chiyoda-ku, Tokyo 100-8330, Japan
Date of Establishment	April 2, 2001
Amount of Capital	¥2,141.5 billion
Common Stock (Issued)	13,667,770,520 shares
Stock Listing	Tokyo Stock Exchange, Nagoya Stock Exchange, New York Stock Exchange
Ticker Symbol Number	8306 (Tokyo Stock Exchange, Nagoya Stock Exchange) MUFG (New York Stock Exchange)
Number of Shareholders	695,521

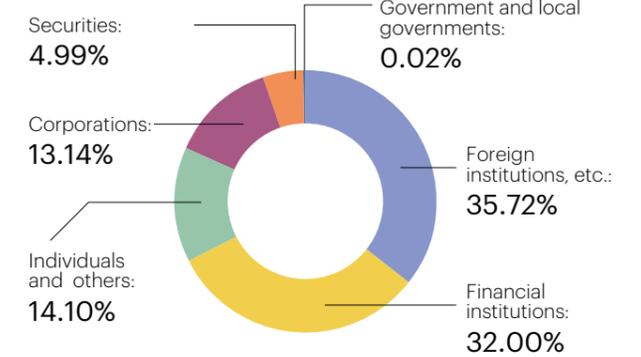


Stock Price Tokyo Stock Exchange



Note: Share index (2018/3E = 100)

Ownership and Distribution of Shares*



* Excludes treasury shares and fractional shares

Website

For more detailed information, please refer to our website.



About MUFG

<https://www.muftg.jp/english/> (English)



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