



MUFG Report 2020

Integrated Report

Editorial Overview

We, Mitsubishi UFJ Financial Group, or MUFG, have compiled our integrated report, MUFG Report 2020, 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)* as well as the Guidance for Collaborative Value Creation issued by the Ministry of Economy, Trade and Industry, 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,” “Sustainability Initiatives” and “Our Strengths Supporting Value Creation.” Further details on our financial status and sustainability initiatives are available on our website. In addition, our plans call for issuing a *Sustainability Report* in autumn 2020 to deliver another publication detailing our response to sustainability issues.

* 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.
 FSI: First Sentier Investors

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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.

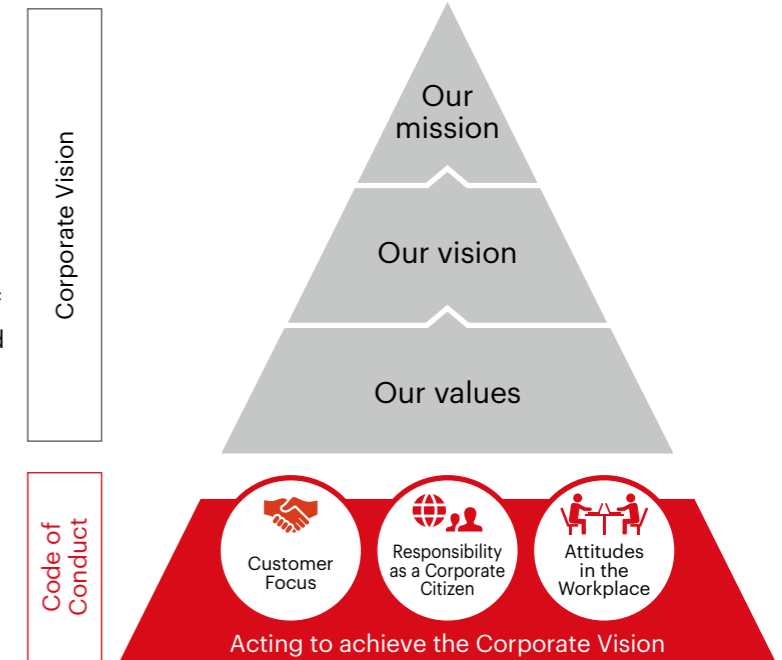
Who We Are

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.

Our Code of Conduct serves as the standard for all group employees to make decisions and act on a daily basis, and is essential to realizing our Corporate Vision.



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.



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



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>

Trajectory of MUFG's Pursuit of Value Creation—Our History

Regardless of the passage of time, we strive to remain sincere in our engagement with customers and to achieve sustainable growth hand in hand with them.

In addition, we hope to make an ongoing contribution to the sustainable development of society in Japan and the rest of the world by fulfilling an essential role in the social infrastructure.

These aspirations support our unwavering commitment to our mission.

1656~

Hard-earned trust backed by a history spanning more than 360 years and a robust customer base

Supported Japan's modernization and periods of high growth, expanding alongside the country's economy

1656

Konoike Exchange Bureau opened in Osaka (Precursor of Sanwa Bank founded in 1933)

1880

Mitsubishi Exchange House established by Yataro Iwasaki (Precursor of Mitsubishi Bank founded in 1919)

Yokohama Specie Bank established (Precursor of The Bank of Tokyo founded in 1946)

1927

Mitsubishi Trust established
Kawasaki Trust established

1941

Tokai Bank established

1948

Yachiyo Securities established

1959

Toyo Trust and Banking established



Source: Konoike Limited Partnership Company



Source: The Mitsubishi Archives



Source: Kanagawa Prefectural Museum of Cultural History

2005~

MUFG was inaugurated as a financial group equipped with comprehensive functions and the largest customer base in Japan

The merger of Mitsubishi Tokyo Financial Group and UFJ Holdings

2005

MUFG inaugurated
Mitsubishi UFJ Trust and Banking, Mitsubishi UFJ Securities inaugurated

2006

Bank of Tokyo-Mitsubishi UFJ (now MUFG Bank) inaugurated

2007

Mitsubishi UFJ NICOS inaugurated



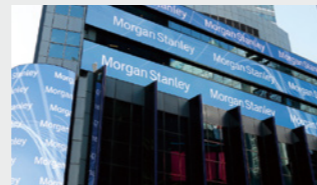
2008~

Strengthened global investment banking operations and initiated the provision of services employing collaboration between Group companies

Invested US\$9 billion in Morgan Stanley (U.S.) during the global financial crisis

2008

Strategic alliance with Morgan Stanley



UnionBanCal Corporation became a wholly owned subsidiary of MUFG



ACOM became a subsidiary of MUFG (JGAAP only)

2010

Mitsubishi UFJ Morgan Stanley Securities, Morgan Stanley MUFG Securities inaugurated

2012~

Enhanced our presence in the ASEAN region, a key market region in terms of our growth strategies

Invested in commercial banks in Thailand, Vietnam and the Philippines

2012

MUFG Corporate Vision renewed

2013

Conversion of Bank of Ayudhya (Krungsri), a major commercial bank in Thailand, into a subsidiary



Capital and operational alliance with Vietnam Joint Stock Commercial Bank for Industry and Trade (VietinBank), a national bank in Vietnam

2014

Integration of Union Bank operations and MUFG Bank Americas business

2015

Moved to a "company with three committees" structure

2016

Capital and business alliance with Security Bank Corporation in the Philippines

2017~

Began offering an array of solutions supported by a groupwide integrated management approach

Started to take on the challenge of achieving business model reforms via the MUFG Re-Imagining Strategy

2018

Bank of Tokyo-Mitsubishi UFJ rebranded to MUFG Bank

Reorganized business groups based on client segmentation and transitioned to a structure comprising six business groups

Integrated corporate loan-related business of the Bank and the Trust Bank

2019

Conversion of Bank Danamon, Indonesia, into a subsidiary



Conversion of Australia-based asset manager First Sentier Investors into a subsidiary

2020

Capital and operational alliance with Grab, Singapore

MUFG's Strengths Accumulated over the Course of Its History

Trust and Reliability

Human Resources

Customer Base

Network

Financial Base

Economic and social trends at home and abroad

2005 Transition to limited deposit guarantee "payoff" scheme in Japan

2006 The Bank of Japan (BOJ) terminated zero interest rate policy

2008 Financial crisis triggered by Lehman Brothers

2010 The debt crisis emerges in Europe

2011 The Great East Japan Earthquake

2012 The Abenomics stimulus package initiated

2013 The BOJ introduces quantitative and qualitative monetary easing policies

2015 Japan's Corporate Governance Code enforced
Quantitative easing measures introduced by the European Central Bank

2016 The BOJ introduces a negative interest rate policy

2017 Basel III regulations finalized

2018 U.S.-China trade friction

2020 The COVID-19 pandemic emerges

Trajectory of MUFG's Pursuit of Value Creation—Our Strengths

We have long nurtured “trust and reliability” along with our “human resources,” “customer base,” “network” and “financial base.”

We will help our customers achieve growth by employing our strengths in diverse aspects.

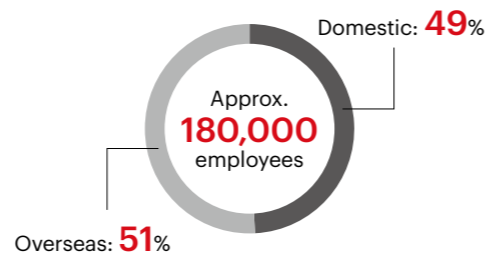
Trust and Reliability

Through our steadfast adherence to our mission of providing safe and secure services despite the passage of time, we have been able to earn the trust of customers. This hard-earned trust is an invaluable asset.



Human Resources

MUFG's pursuit of value creation is supported by approximately 180,000 employees at home and abroad. We are striving to create an environment that helps diverse workers realize their full potential and grow hand in hand with customers.



Customer Base

Employing diverse channels, we provide a range of services through Group companies to individual customers and corporate clients in Japan and overseas.

Number of domestic individual customers
Approx. **34** million

Number of domestic corporate clients
Approx. **1.2** million

Network

We maintain a number of Group companies boasting top-notch capabilities in a variety of business fields, including banking, trust banking, securities and credit cards. Taking full advantage of their robust networks at home and abroad, we help customers achieve growth while contributing to sound social development.

Domestic: Approx. **600** bases

Overseas: Approx. **2,100** bases in more than 50 countries

Financial Base

Our capital adequacy ratio remains robust at a level well above the international regulatory requirement. Furthermore, we have earned high ratings from domestic and overseas rating agencies.

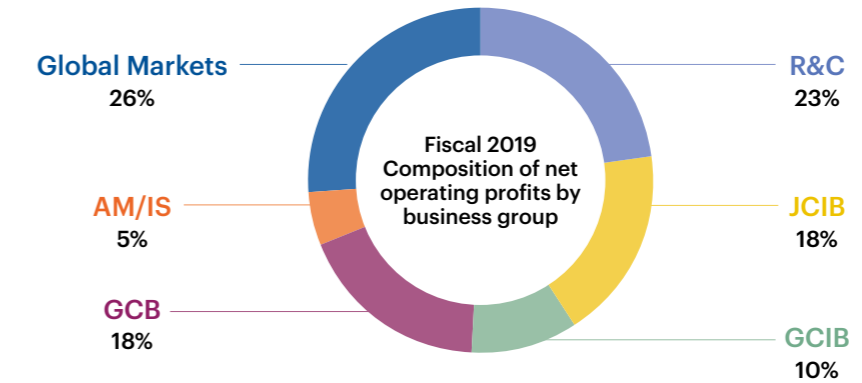
Moody's* **A1**

* Long-term rating for the holding company

Financial Base

Well-Balanced Revenue Portfolio

MUFG's sources of revenue consist of six business groups (R&C serving individual customers and SMEs domestically, JCIB serving major Japanese corporate clients, GCB serving individual customers and SMEs overseas, GCIB serving global large corporate clients, AM/IS and Global Markets operations). Together, these operations constitute a well-balanced portfolio, one of our distinctive strengths.



Overview of Business Groups and Their Main Operating Companies

Retail & Commercial Banking (R&C)

Having positioned domestic individual customers and SMEs as targeted customer segments, this business group employs a groupwide, integrated approach as it strives to meet diverse customer needs via the provision of a range of financial services and solutions. Its lineup includes such financial services as housing loans, consumer finance, corporate lending and settlement as well as those associated with asset management, inheritance and real estate in addition to business and asset succession solutions.

MUFG Bank, Mitsubishi UFJ Trust and Banking, Mitsubishi UFJ Morgan Stanley Securities, Mitsubishi UFJ NICOS and ACOM

Japanese Corporate & Investment Banking (JCIB)

Serving major Japanese corporations seeking to expand globally, this business group provides loan, settlement, forex and other services while offering comprehensive solutions backed by Group companies' specialist expertise related to M&A and real estate to help customers achieve growth in their corporate value.

MUFG Bank, Mitsubishi UFJ Trust and Banking, Mitsubishi UFJ Morgan Stanley Securities, The Mitsubishi UFJ Factors, Mitsubishi UFJ Research and Consulting and Mitsubishi UFJ Capital

Global Corporate & Investment Banking (GCIB)

This business group is charged with corporate & investment banking operations aimed at providing large global corporate clients with high-value-added solutions employing a groupwide, integrated approach, with the Bank and the Securities furnishing core functions.

MUFG Bank and Mitsubishi UFJ Morgan Stanley Securities

Global Commercial Banking (GCB)

This business group boasts robust networks in both the United States and Southeast Asia and provides financial services to local SMEs and individuals overseas through its partner banks,* such as MUFG Union Bank, Krungsri (Bank of Ayudhya) and Bank Danamon, etc.

* This business group is in charge of MUFG Union Bank, Krungsri (Bank of Ayudhya), Bank Danamon, VietinBank and Security Bank, etc.

MUFG Americas Holdings Corporation, Krungsri and Bank Danamon

Asset Management & Investor Services (AM/IS)

Employing its sophisticated specialist know-how in the areas of asset management (AM), investor services (IS) and pensions, this business group provides such services as consulting while constantly striving to further enhance its asset management capabilities and develop products capable of better meeting the diverse needs of customers at home and abroad.

Mitsubishi UFJ Trust and Banking, Mitsubishi UFJ Kokusai Asset Management, First Sentier Investors and MUFG Investor Services Holdings

Global Markets

This business group primarily handles customer-segment sales & trading (S&T) operations*1 associated with interest rates, bonds, forex and equities while comprehensively managing assets, liabilities and various risks via treasury operations.*2

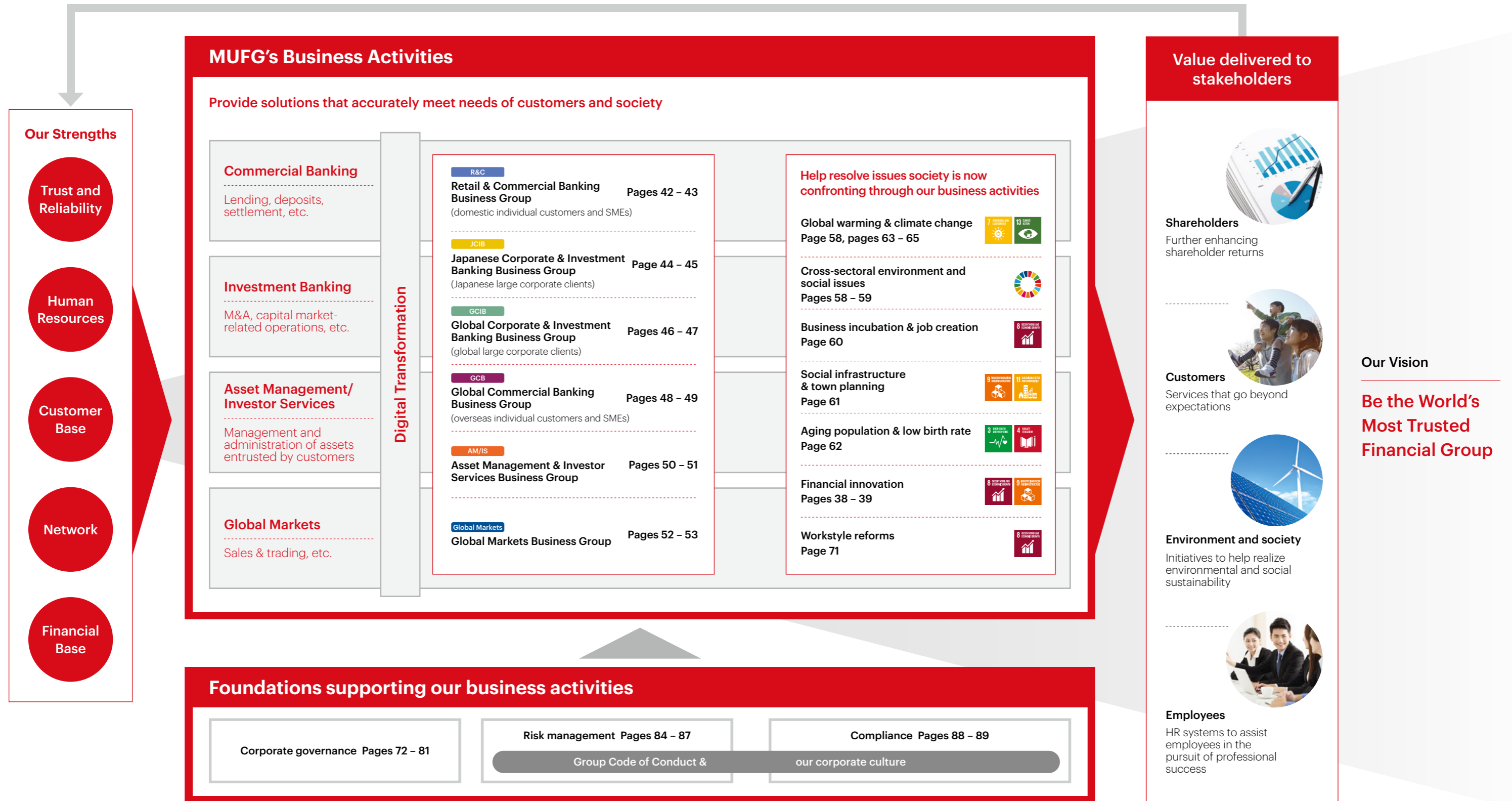
*1 Collective term for sales operations (involving the provision of financial products and solutions, including forex and derivatives, to customers) and trading operations (involving the trading of marketable products between banks or through an exchange).

*2 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.

MUFG Bank, Mitsubishi UFJ Trust and Banking and Mitsubishi UFJ Morgan Stanley Securities

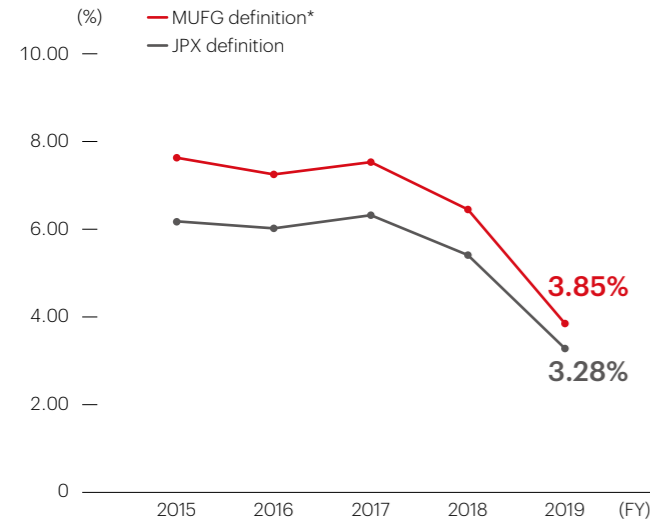
Trajectory of MUFG's Pursuit of Value Creation—Value Creation Process

We will help resolve issues confronting customers and society and deliver unique value that only MUFG is capable of creating as we move ahead toward our vision of becoming the world's most trusted financial group.



Financial Highlights

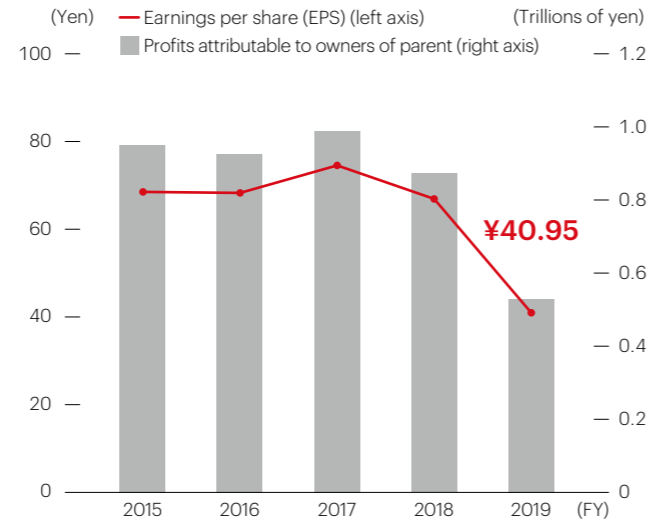
ROE



* $\frac{\text{Profits attributable to owners of parent} \times 100}{\frac{[(\text{Total shareholders' equity at the beginning of the period} + \text{Foreign currency translation adjustments at the beginning of the period}) + (\text{Total shareholders' equity at the end of the period} + \text{Foreign currency translation adjustments at the end of the period})] \div 2}$

Net operating profits increased thanks to growing revenues reflecting the consolidation of Bank Danamon and First Sentier Investors as well as an increase in net trading profits. However, the fallout from the COVID-19 pandemic caused the Group to incur the one-time amortization of goodwill due to plunges in its subsidiaries' stock prices. Because of this, profits attributable to owners of the parent fell significantly, resulting in lower ROE and EPS.

EPS



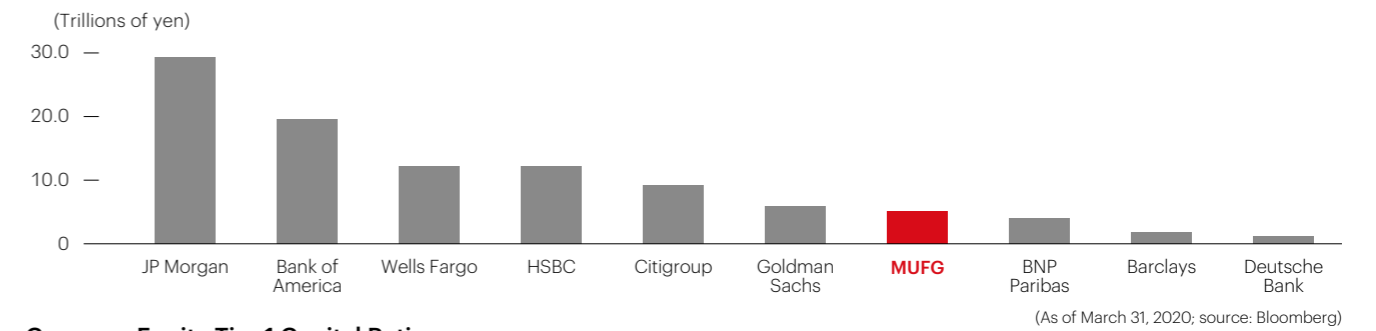
Financial Results under the Medium-Term Business Plan

	FY2017 results	FY2018 results	FY2019 results	FY2020 targets	Medium- to long-term targets
ROE (MUFG definition)	7.53%	6.45%	3.85%	Approx. 7% to 8%	9% to 10%
Expense ratio	68.0%	71.0%	70.2%	Below FY2017 result (68.0%)	Approx. 60%
Common Equity Tier 1 capital ratio (finalized Basel III reforms basis)*	11.7%	11.4%	11.7%	Approx. 11%	

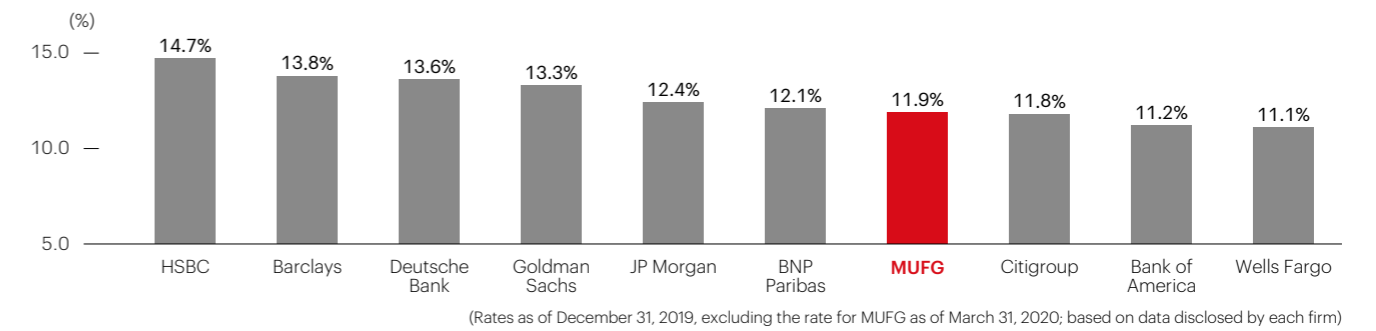
* Estimated Common Equity Tier 1 capital ratio reflecting the risk-weighted assets increase, as calculated on the finalized Basel III reforms basis.

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

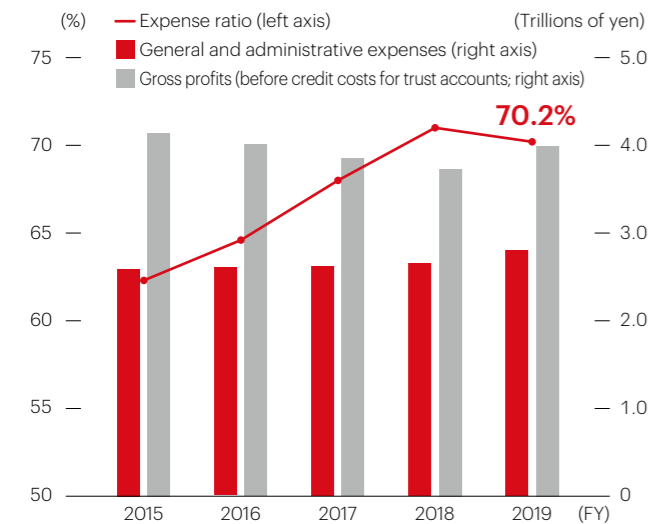
Market Capitalization



Common Equity Tier 1 Capital Ratio

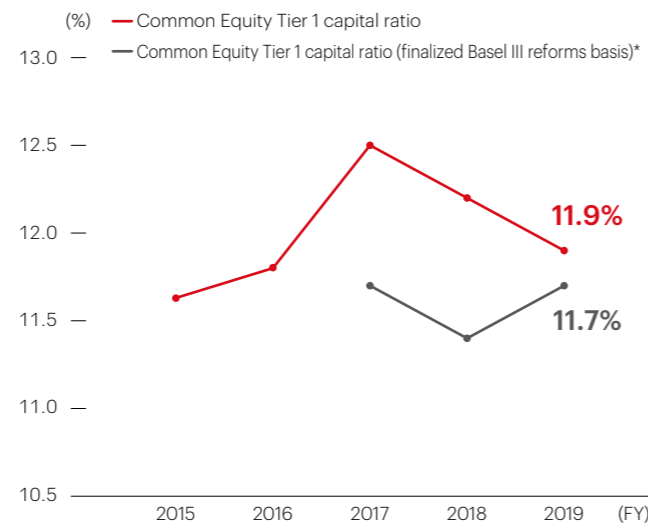


Expense Ratio



Although the Group maintained a tight grip on general and administrative (G&A) expenses attributable to domestic operations, overall G&A expenses grew due to the expansion of overseas operations and higher expenses for regulatory compliance purpose. However, an increase in gross profits surpassed the increase in G&A expenses, resulting in the improvement in expense ratio.

Common Equity Tier 1 Capital Ratio



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

The volume of CET1 capital, the numerator for CET1 capital ratio, decreased. However, ongoing efforts to control RWAs resulted in reduction in RWA volume (the denominator), enabling the Group to maintain a robust CET1 capital ratio.

Credit Ratings*2



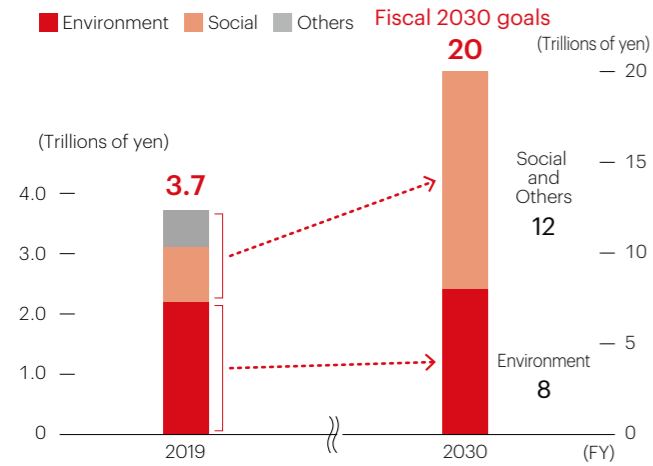
(Ratings as of May 31, 2020; based on data disclosed by each firm)

*1 Comparisons with European and American G-SIBs to which a G-SIB buffer (announced in 2019) of 1.5% or greater is applied

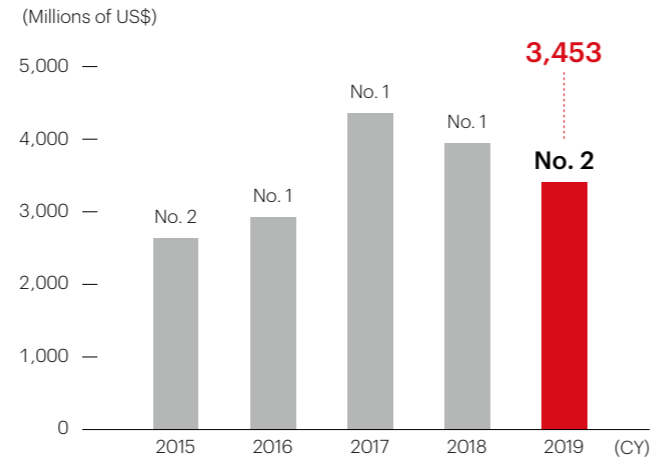
*2 BNP Paribas and Deutsche Bank: Non-preferred senior ratings
Others: Issuer ratings or long-term foreign currency denominated debt ratings

Non-Financial Highlights

Result of Sustainable Financing



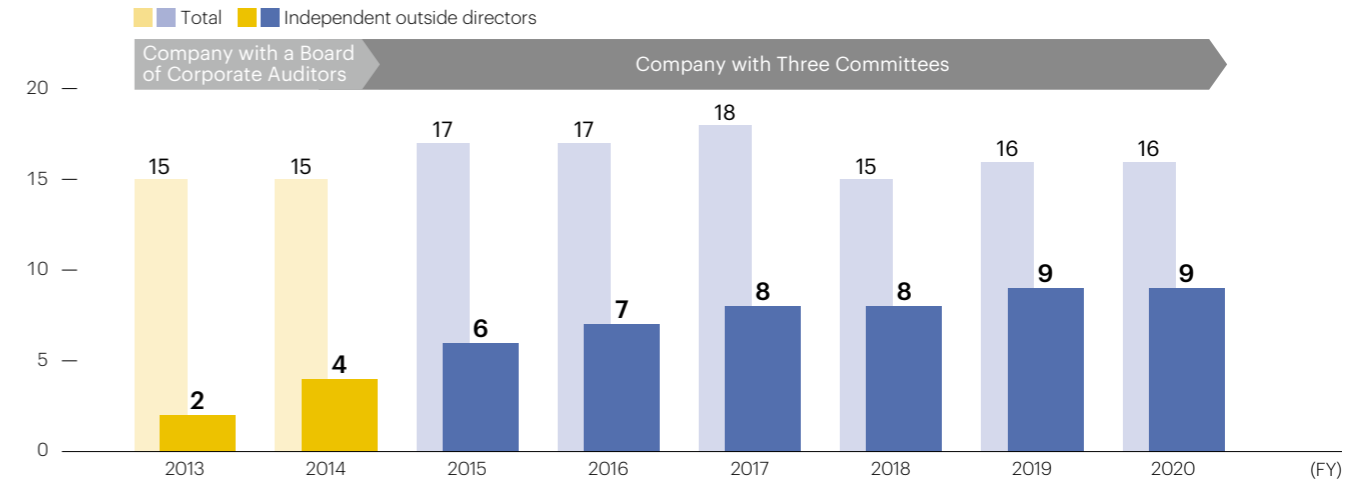
MUFG's Track Record and Ranking as a Finance Arranger in the Renewable Energy Sector



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

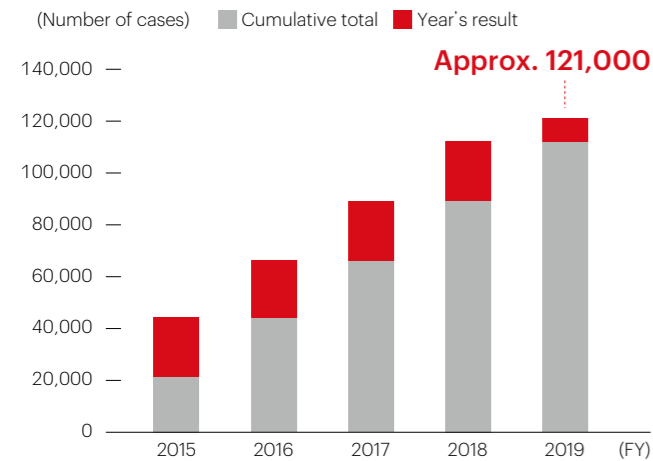
Through the provision of financial services to our customers, we intend to help create a sustainable society and contribute to the realization of United Nations Sustainable Development Goals (SDGs). To this end, we have set our goal for sustainable financing at a cumulative total of ¥20 trillion. In fiscal 2019, the first year following the formulation of this goal, we extended a total of ¥3.7 trillion, making steady progress. Moreover, we are acting as project finance arranger and lender for solar, hydroelectric, wind and geothermal power generation and maintaining a world-leading presence among private global financiers in the renewable energy financing field.

Number of Members of the Board of Directors



In conjunction with our transition to a "company with three committees" governance structure in 2015, we increased the number of independent outside directors. We ensure that independent outside directors always constitute a majority of the Board of Director membership.

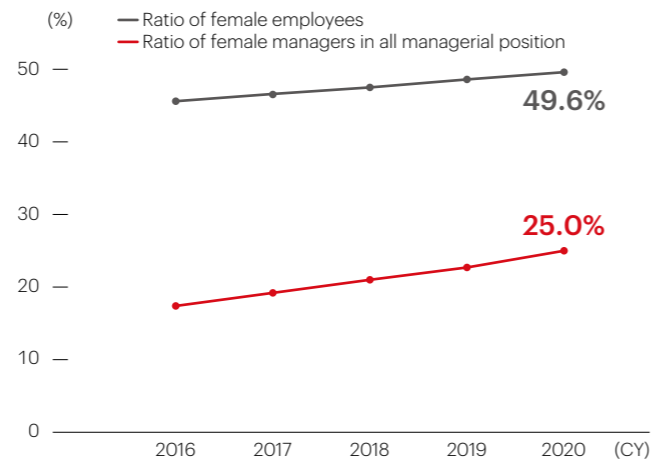
Number of Business Matches Made*



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

As we aim to help our corporate clients create new business opportunities and achieve corporate development via the expansion of sales channels etc., we offer business partner referral services while hosting large business negotiation meetings for clients from a range of differing industries. In fiscal 2019, the number of successful business matching cases amounted to approximately 9,000.

Ratio of Female Managers in All Managerial Positions*



* Total for the Bank, the Trust Bank and Mitsubishi UFJ Morgan Stanley Securities in Japan

As we aim to create an organization and culture that encourages diverse staff to achieve personal growth and career success, we set a target of raising the ratio of female staff in all managerial positions at the three major Group companies to 24% by the end of March 2021. As of March 31, 2020, our efforts had successfully raised this ratio to 25%.

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, 2020).



work with Pride
PRIDE Silver 2019
 MUFG has received a silver rating on the PRIDE Index which evaluates companies' inclusivity efforts toward LGBTQ in Japan.



MUFG Union Bank has received full marks for seven consecutive years in the Corporate Equality Index, which measures LGBTQ equality in organizations according to the Human Rights Campaign, the largest LGBTQ advocacy group in the United States.



MUFG Union Bank was awarded as a Noteworthy Company by DiversityInc. for diversity.



In 2019, WIN, one of our seven Enterprise Resource Groups in North America, was awarded the Spotlight Impact Award by the Association of ERGs & Councils* for its excellent achievements in promoting diversity.

*A premier organization dedicated to increasing the impact, effectiveness and recognition of Employee Resource Groups (ERGs).

Note: The inclusion of Mitsubishi UFJ Financial Group, Inc. in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of Mitsubishi UFJ Financial Group, Inc. by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

Earning Enduring Trust

Hironori Kamezawa

President & Group CEO



The worldwide MUFG community extends our deep condolences to those who have suffered and lost loved ones due to COVID-19, and to all afflicted or affected by the coronavirus. Also our profound respect and gratitude go out to the devoted healthcare professionals and others fighting this disease at personal peril.

These concerns are not just situational for MUFG and they won't subside with a vaccine, a cure, or herd immunity. They go to the heart of our company. With fallout from the pandemic affecting real economies at home and abroad, we're more acutely aware than ever of our financial obligations – but also our mission and duty to support the social infrastructure.

Specifically, we're determined to meet customer needs through our skills and services while maintaining a sound financial base. We'll also step forward to contribute solutions addressing social issues, including dramatic changes in customer behavior accelerated by digital shift and pandemic forces.

Put simply, to prevail through this crisis, we will rally the strength of the MUFG Group to earn and deserve the trust of customers and society, regardless of environment forces and factors.

Learning from the Pandemic

Society is operating in circumstances unthinkable just months ago. Like literally millions of others, I now often work from home and conduct most meetings via web or teleconference. Although this can seem inconvenient, my productivity has actually improved – thanks in part to more direct communication with an unprecedented number of people both inside and outside the MUFG Group, including stakeholders overseas.

Adapting to this new way of work has also produced insights, prompting me to think even more deeply than before about what's best for my community and my country. In fact, instead of being cumbersome, the work-from-home process has given me time and opportunity to reconsider how the power of our organization can help society.

These trends aren't limited to MUFG, of course. Remote working will be embraced, quickly and possibly permanently, by a wide variety of institutions. This will lead to real changes in working styles and values, and may possibly herald novel ideas about how society should function.

Changes in behavior will accelerate in countless sectors, and banking is no exception. Our customers have recognized they have access to a variety of financial services without leaving home. In fact, the volume of internet and other non-face-to-face transactions has exploded as this convenient style of banking becomes common.

Technology as a weapon against disease. Humans have battled viruses throughout history, but this particular battle is new. However, what's also new is our potential arsenal of weapons.

We all know vaccines and other medical treatments are key to suppressing the pandemic. But a new dawn of *digitalization*, I am convinced, can emerge as a potent weapon not just to suppress but help defeat it.

Web and teleconferencing, remote learning and remote diagnosis, digital technologies – all these can free us from physical contact. Data from mobile and other smart devices can track behavior of those infected, and pinpoint hotspots as they break out.

These technologies are on the brink of becoming fully deployed, thanks to the blazing pace of innovation over the past ten years in smartphone apps, AI, other data analyses, and ICT technologies driven by high-speed communications. It seems sure that society will embrace a massive shift to digital channels in the post-pandemic period, as people protect themselves from resurging disease.

Obviously, this tectonic shift has huge implications across society, financial services included. Recently in Japan, flaws in special cash-payment programs exposed problems in IT infrastructure and administrative processes. I believe financial institutions as a group – MUFG among them – share the responsibility for addressing them. One commendable motive is to address social issues. And so is seizing the rare chance to fundamentally change ourselves as a company.

Our customers are clearly embracing change. We should lead the way. Massive organizations like ours must shoulder – and should welcome – the challenge to reconsider how society should function, and how we should function within it. We're confronted with the question of what MUFG's *raison d'être* could and should be in a new-normal, post-pandemic society. How do we create a safe, secure, and inclusive society?

As a financial institution, we're morally bound to support society's digital shift and contribute to solving social issues. These duties predate the pandemic, but are magnified by its forces.

Message from the CEO

MUFG’s Social Mission & Organizational Strength

Two main points come to mind as we contemplate the power of the pandemic.

First, it reminds us of the profound social responsibility that financial institutions uniquely bear. Prolonged measures to prevent the spread of the virus – like restrictions on local and global movement – have stagnated social activities essential to daily life. This leads to deterioration in the real economy, and the duty falls on financial institutions to help restore and defend it. This, put simply, is our social mission.

Specifically, we have to keep funds flowing smoothly to support customer livelihoods and business activities. We also have to maintain stable operations, such as settlement services, while ensuring the safety of customers, colleagues, and other stakeholders. It seems the pandemic has served at least one positive purpose: to snap back into sharp focus this social mission we’re obliged to fulfill.

It will likely take several years to fully contain the coronavirus and calm lingering anxiety over subsequent waves. We can hardly expect society to one day crush the disease, once and for all, and simply return to our “normal” lives. Instead, we all face the future with a sense of caution, and MUFG will be called on to help reshape society in a manageable post-pandemic scenario.

Second, this pandemic has revealed the distinct strengths of the MUFG enterprise. Any organization’s resilience is tested during crisis, and MUFG has proven itself by responding admirably to this one.

When spearheading our Crisis Management Headquarters as the pandemic took hold, I supervised the implementation of measures to counter its threats. My colleagues rose to the challenge – spontaneously, creatively, and collaboratively – to serve our customers and society, and I have never been more proud of our team and more confident in the strength of the MUFG Group.

We have survived and thrived through various crises in the recent and distant past, including the collapse of bubble economies and the worldwide recession triggered by the Lehman Brothers bankruptcy. In each case, our steady commitment to safeguard customer and social wellbeing with quality financial services – a commitment passed down through generations – has prevailed. We’re determined to weather this crisis with the grace and strength that has earned the confidence of our customers and the trust of society for more than 360 years.

Please see pages 22 & 23 for details on our response to the COVID-19 pandemic.

Fiscal Performance & Business-Plan Progress

Fiscal 2019 was the second year of our current Medium-Term Business Plan (MTBP). Here are some thoughts on the outcomes of our initiatives under the MTBP, starting with operating results for fiscal 2019.

Reflections on Fiscal 2019 Performance

Fiscal 2019 profits attributable to owners of the parent amounted to ¥528.1 billion, down ¥344.5 billion year-on-year – severe annual financial results due mainly to one-time amortization of goodwill related to partner banks in the ASEAN region.

Despite this, we reversed the downward trend in net operating profits for the first time in the past five fiscal years. This was due to our efforts to improve capital efficiency through a firm grip on risk-weighted assets (RWAs), successfully reducing RWAs by approximately ¥9 trillion on a finalized Basel III basis. Moreover, we’ve maintained an ongoing upward trend in net operating profits from customer segments since fiscal 2018. Our efforts to secure future growth have produced solid results in many ways.

We have also worked on expense control – an ongoing issue we’ve addressed and are improving upon. There’s more to be done, but our performance metrics show headway in reversing the upward trend in costs of domestic operations.

Reflections on the MTBP

Moving on now to accomplishments through initiatives under the Medium-Term Business Plan:

First, we made progress in upgrading our groupwide, integrated management apparatus. Specifically, we enhanced our business structure to help meet diverse customer needs, with better collaboration among the Bank, the Trust Bank, and the Securities, a groupwide business strategy formulated by the holding company. For corporate clients, we’re now ranked first in the DCM League Table and have seen an approximate 10% increase in profits from the real-estate business. For individual customers, we offer solutions in asset and business succession, capturing a growing volume of transactions related to asset management, inheritance, and real-estate purchasing and sales.

Second, we developed and completed a commercial banking business platform to serve key ASEAN nations. By consolidating Indonesia-based Bank Danamon into our MUFG Group, our platform is now supported by four commercial banks with a formidable presence in the region. We’re pursuing growth opportunities through ASEAN economic expansion and devising a unique business model distinct from our competitors in Europe and the United States.

Third, we have initiatives underway to enhance operational efficiency. Our businesses that target large global corporations overseas have adopted stricter transactional profitability criteria and reduced the volume of low-profitability assets, replacing them with high-profitability assets. In the global markets business, we’ve focused on selection-and-concentration, consolidating our management resources in the types of business where our Group can best exert our unique strengths. Also, we’re prompting a channel-shift by reviewing our domestic branch networks and expanding our non-face-to-face channels. We expect this to upgrade customer convenience and propel cost-structure reforms.

We have also made steady progress in digitalization. Each business group has incorporated digitally based strategic measures to improve customer convenience and reform operational processes, and the Group is collaborating with outside partners that have strengths in multiple fields, to help us build a strong portfolio of unconventional financial services. For example, our plans call for launching a payment-network service using a new blockchain technology jointly developed by the MUFG Group and U.S.-based Akamai Technologies by the end of fiscal 2020. We will continue to collaborate with others to develop new sources of profit over the medium-to-long-term.

We have continued to upgrade our corporate governance system as well. In fiscal 2019, the Board of Directors held robust discussions on how to strengthen governance for the entire Group. At the same time, the Board is making strenuous efforts to crystalize issues they identified through their annual evaluation – and which must be addressed – and to improve the effectiveness of the Board’s operations.

Strengthening corporate governance is an abiding challenge, and it will continue to be a major emphasis for us, particularly as we embrace a sustainability-oriented management practice – the practice of managing our firm’s impact on people, the planet, and profit.

CEO Management Policies & Strategic Emphases

Now, a word on my management policies as CEO and areas of strategic emphasis.

MUFG has been asserting systemic changes to support sustainable growth in a harsh business environment – changes such as our Eleven Transformation Initiatives, including digitalization, under the Re-Imagining Strategy.

Looking back over the three years since launching the strategy, we see real progress in some areas, but also a need to adjust our strategy in others. Fallout from the COVID-19 pandemic will no doubt turbocharge some changes previously in progress, like digitalization and the wide-ranging workstyle reforms mentioned earlier. It will also trigger urgent calls for solutions to social issues specified in the United Nations Sustainable Development Goals. We need to revisit our current strategic initiatives and formulate growth strategies for a post-pandemic world.

Three management policies to support MUFG growth strategies in light of these factors can be described as emphases on “Digitalization,” “Resilience,” and “Engagement.”

Digitalization

To align with society’s digital shift, we will innovate our transactional channels for customers not only through digitalization, but by digitizing our processes and workstyles; in other words, “digitalize the way we are in our entirety” – toward a thoroughly transformed mode of business management.



Resilience

The current crisis pulls into sharp focus what kind of company MUFG wants to be: a financial institution that deserves trust regardless of circumstance or environment. To earn that status, we must be secure, safe, and sound as a financial institution, and deploy our resources to areas where we have a competitive edge.

Engagement

Finally, our management approach is built on engagement. Relentless, swirling change can be disorienting. Colleagues must understand and feel connected with their company's reforms and comfortable with its direction. I want MUFG to become more attractive, a company where colleagues feel empathy among themselves, toward the entire organization, and with customers and the community, too.

A personal priority has always been to keep business as down-to-earth as possible. So I'm committed to applying the three emphases described above to three concrete business strategies described below: *Digitalization of our Domestic Retail Business*, *Reshaping our Global Strategy*, and *Innovating our Infrastructure and Processes*.

First, "digitalization of our domestic retail business" means forging ahead with my first management emphasis – digitalization – through a review of all channels, including those at our branches as well as UI/UX, administrative processes, and system architecture. Although we were already shifting to non-face-to-face transactions, customer access has now suddenly accelerated due to the pandemic.

We're responding by actively promoting digitalization so customers can enjoy more convenient, safe, and secure service; we're also using digitalization to accelerate our cost-structure reform.

Second, "reshaping our global strategy" is related to resilience, my second management emphasis, and means optimizing our management-resource allocation to capitalize on region-specific opportunities, such as market growth potential and fields where we can take utmost advantage of our strengths. To date, such allocations have mainly taken the form of strategic investments in ASEAN commercial banks as we seek new growth opportunities to counterbalance domestic stagnation.

We have completed our ASEAN commercial banking business platform by welcoming Bank Danamon as our subsidiary. A capital and business alliance in February 2020 with Grab Holdings, a leading super-app company in Southeast Asia, demonstrates our optimization strategy – to strengthen our ASEAN platform's digitalization aspect. This alliance aims to take advantage of Grab's ability to provide local customers with ride-hailing, food delivery, payment, and other digitally-based services. In particular, we want the ability to deliver financial services in a flexible manner aligned with customers' desires and consumption behavior. This can be done by combining Grab's dynamic data capabilities and MUFG's wealth of customer and financial information, brought to bear through a super-app platform.

We also made progress in the global asset management field in fiscal 2019 by acquiring Australia-based asset manager First Sentier Investors.

Third, through "innovating our business infrastructure and processes," we aim to improve operational efficiency, for example by going paperless, retiring obsolete protocols that require a personal seal, and developing bespoke systems as well. These reforms are relevant to the third emphasis – engagement – through changes in our organizational culture. We will step up the development of a workplace environment and platform to foster relevant, contemporary workstyles that help colleagues find their jobs more stimulating and rewarding.

Helping Resolve Social Issues

The pandemic has suddenly amplified the general public's growing call for businesses to help solve social issues – in some cases raising this duty almost to the status of *raison d'être*. Accordingly, MUFG has reinvigorated our resolve as a financial institution to support the health of society. We're keenly aware of growing stakeholder expectations for us to deliver corporate growth and contribute to society's health in a sustainable manner – namely, by integrating efforts to both resolve social issues and execute our business strategies.

In this light, as a financial institution we must step up our response to climate change, given its concerns among environmental, *social*, and governance (ESG) advocates. Among the three ESG acronyms, businesses are now hearing louder voices calling for even stronger emphasis on "S" – the *Social* issues discussed above.

So far, we've addressed ESG concerns primarily through finance, our main business. In 2019, we became the first financial institution in Japan to set a numerical target for sustainable financing. In the area of "E" – the *Environment* – we have been financing renewable energy projects while underwriting and marketing "Green Bonds." In the area of "S" – *Social* – we have pursued finance projects to nurture startups, create employment, battle poverty, and support other social causes. Having set a cumulative target of ¥20 trillion over the course of the fiscal 2019 – 2030 period, we have made steady progress in the first year with a current total of ¥3.7 trillion.

We've also established our Environmental and Social Policy Framework, which helps ensure due consideration to environmental and social issues in the course of financing. In fiscal 2019, we explicitly declared we will refrain from financing new coal-fired power generation projects; we have updated this framework by expanding the scope of sectors we carefully scrutinize prior to financing, and we will continue to periodically review and refine our policies.

Message from the CEO

As mentioned earlier, the COVID-19 pandemic unmasked some poor IT infrastructure and administrative processes when executing special cash-payment programs. Some municipalities even had to resort to manual operations. As a financial institution, we must contribute to the digitalization of Japan's social infrastructure to help resolve lingering issues that have long hindered progress.

To that point, given the aging Japanese demographic, our physical branch network can reassert its popular value as a warmer, face-to-face venue for customer interaction. Our strategy is based on optimizing channels and services so all customers feel assured that high quality is available both virtually and in person – their choice.

In fiscal 2020, we appointed a Chief Sustainability Officer to upgrade our in-house structure and push ahead with the initiatives described above. We intend to step up sustainability-oriented management by reorganizing our business priorities through the lens of environmental and social concerns. We believe this will help us contribute to a virtuous cycle of resolving social issues through business activities, thereby improving corporate value.

But we don't believe these initiatives are enough. To broadly and effectively address social issues, corporate philanthropy is simply irreplaceable. MUFG has established a ¥10.0 billion investment fund to support new pharmaceuticals, regenerative medicine, and other life-science endeavors in the wake of the COVID-19 pandemic. We've also committed to donate ¥2.5 billion to help medical institutions, students struggling to make ends meet while pursuing higher education, and artists following their calling.

To fortify our approach to philanthropy, we've also developed a framework to stipulate and allocate a portion of our profits to the greater social good. We expect the MUFG Group's involvement in these initiatives not only to help society at large, but to raise our colleagues' social awareness, engagement, and contribution.

We believe our business activities must exist in tandem, and in harmony, with the pursuit of solutions for social issues.

Management Focus on Engagement: Toward a More Attractive, Attentive Company

To me, there's no doubt the success of reforms underway at MUFG hinges on talent. Today, corporate reforms are no longer straightforward endeavors sustainable by a single voice from the top. Rather, leaders and their teams must focus on nurturing real talent that deeply desires to make a meaningful contribution. A foremost senior management responsibility is to ensure that all colleagues play their part in pursuit of successful reforms.

My ideal MUFG is an attractive, attentive company where colleagues can work, day in and day out, at rewarding jobs in a vibrant setting. I also envision a growing community of colleagues genuinely fond of the MUFG community and willing to do their utmost for the sakes of their teams and each other. If these ideals come true, MUFG's organizational strength will increase in an inspiring fashion. I believe it's critical for everyone involved to feel they are taking part in guiding the company and for MUFG's *raison d'être* to win their hearts and minds, their support and sympathies.

These are the thoughts I put into deciding on the word "engagement" as a key element of my management policy. To my mind, a management style that engages the heart and mind is the best path – not only to sustainable growth and reforms, but also to meaningful contributions, both corporate and individual.

Throughout my daily work, I try to honor three commitments. One, act on a modest motto: "Think simple." Two, confidently delegate authority to my team members. And three, create and protect an environment where everyone feels liberated to speak their minds.

We live in a world of radical changes that demand courage and resolve. I will advocate an open-minded environment where my colleagues can exercise those qualities. I want them to share their thoughts with others and incorporate forward-looking, unconventional ideas. I want them to take on with passion the challenges entrusted to them. I hope to see a workplace of this kind flourish in every corner of our MUFG Group.

I aspire to increase the number of colleagues who understand such values wholeheartedly, through *practice* of relentless trials and errors as a team. Such experiences should, and will, lead to heartfelt *realization*, not only of what works and what doesn't, but also what the team roles they are asked to play really mean.

Practice and *realization* combined will elevate our team performance, inspire personal challenges, and lead to tangible business results.

And in this context, I would like to emphasize the importance of *synchronization*. Sophisticated ideas, understanding, and methodologies are indispensable to superior team performance – true enough. But the strongest organizations also depend on members' ability to excel in the roles they play – and how well they mesh – within the team. The capabilities of MUFG can best be unleashed through *synchronization* of hearts, minds, and actions.

I pledge to spearhead such an engagement-oriented management approach to maximize our potential.

Shareholder Returns

I hope it's clear we believe corporate value can, and must, be expressed in more dimensions than one in order to be deeply meaningful. But in the end, of course, value must ultimately be expressed in profitable returns to the investor, and clearly this remains an important management issue for MUFG. Although our fiscal 2019 operating results were harsh, we've effected a turnaround in net operating profits for the first time in five years, while maintaining an upward trend in net operating profits from customer segments. As such, we've made steady progress toward sustainable growth.

To improve ROE, a challenge we've been confronting for some time, we will exert efficiency as measured by our expense ratio, and will raise capital efficiency through firm control of RWAs. The results will support our determination for returns that correspond to our shareholders' expectations.

In Closing

The world community today is engaged in an unprecedented battle against the coronavirus, and my appointment to CEO coincided with its emergence, so my tenure began with overseeing responses to the pandemic. The situation has been, and will be, a challenge, as we all know. But I'm confident we'll emerge wiser and kinder and stronger.

I'm devoted to the ideal that MUFG remain a company deserving of trust from customers and society, in any environment and circumstance. Along with our own colleagues, they merit the best of us, not only through the lifeblood of financial services but as warp and weft of the social fabric.

Another ideal is achieving the right social and fiscal balance – an artful science. It demands a vibrant workplace that attracts the right talent, fosters the right attitude, inculcates the right values, sets the right standards, and defines the right goals, so *all* colleagues find their jobs rewarding. The results then accrue to other stakeholders.

With these ideals in mind as CEO, I am determined to spearhead the initiatives discussed above so our customers can see tangible changes underway at MUFG. I expect that, ultimately, all these efforts and factors will accelerate the momentum of a great company as it delivers greater value to all stakeholders, including shareholders, customers, colleagues, communities, and society as a whole.

I gratefully ask your continued support.

July 2020



Hironori Kamezawa
President & Group CEO

CEO Profile

Practice, Realization & Synchronization

Throughout my career, I've been assigned positions that didn't exist before I assumed them. For instance, as soon as I joined the company, I was dispatched to the United States to study bond-option related operations in the markets division there. I relocated alone and spent six months closely studying how local U.S. financial institutions handled such operations. Returning to Japan, I built the bond-option business from the ground up.

Then, I was involved in the launch of ALM*1 operations and developing new residential-mortgage loan and term-deposit products in the midst of interest-rate liberalization.

Next was a transfer to the Securities subsidiary, to launch equity-related operations amid the major turmoil of Yamaichi Securities' bankruptcy, which affected Japan's entire securities industry. For a while, I engaged in securities-dealing operations by day and interviewed potential team members by night, but even though the pace and pressure kept me busy, I found the work stimulating and fulfilling.

Eventually, I was transferred back to the Bank to launch CPM*2. Banks worldwide had just begun to incorporate this novel management framework to control credit risk from lending and other core banking operations.

I've always felt a sense of fulfillment watching a tiny project – launched either by myself or in tandem with a handful of colleagues – grow into a robust business that needs to be passed on to a larger team or department, or even greater division.

An important lesson I learned from these experiences involves three key concepts. A successful project needs teammates who *practice* trial-and-error to accumulate knowledge, who awaken to *realize* results when the knowledge “clicks,” and are

synchronized in mind and spirit with colleagues who share the assignment. The success of these three stages is due partly to the individual, and partly to the team.

Despite mishaps along the way, I very much enjoyed working shoulder-to-shoulder with my teammates throughout these episodes. I'm also grateful to my supervisors for choosing to trust me with a variety of duties. I've learned a lot about the importance of building a good team, including the truth that the strongest team isn't usually homogeneous. It's fortified with diverse qualities, from sharp logical minds to executional muscle.

As my career path progressed into senior positions, like a lot of others during this volatile stretch of history I've been tested by struggles far larger than my function. Soon after my appointment as General Manager of the CPM Division in 2008, the Lehman Brothers bankruptcy triggered the financial crisis. When I was serving as General Manager of the Credit Policy & Planning Division in 2011, the Great East Japan Earthquake struck. In 2012, I witnessed the repercussions of LIBOR scandals as a General Manager of the Global Markets Planning Division.

It seemed that each assignment came with another crisis potent enough to seriously damage the Company's business operations in the precise area under my supervision. My response was to focus on giving top management accurate facts and figures on the status of operations within my purview, even if it meant delivering bad news. Having executive management responsibilities myself, I knew that avoiding bad news is inviting bad business.

One of my supervisors in these tough periods used to encourage me by saying, “A crisis gives us an opportunity to prove our true organizational strength. Once you've spent enough time thinking through

what to do, just be confident and go ahead.” This calls to mind the aphorism to never let a good crisis go to waste. My supervisor was right. Looking back, each one of those trying experiences helped me grow, not only professionally but personally. Each one was an opportunity.

In 2014, I was appointed Deputy Chief Executive in charge of MUFG Americas operations. This transfer came with a new challenge, too. The CRO*3 soon resigned, and I was asked to fill that position as well. I became an expatriate for the first time at the age of 53, and found myself supervising 2,000 U.S. nationals.

This felt awkward at first, but I resolved to visit the front lines as often as possible and engage with my new colleagues face-to-face. Fortunately, I earned their support. I believe that in part, this was because I encouraged meaningful discussions on real issues – conversations based on case studies and factual figures – with a practical, realistic perspective.

After the Americas assignment, I returned to Japan and was appointed CDTO*4 in 2017, a newly created position in charge of digital transformation. I formed a team of diverse talent from inside and outside the Group, spearheaded the digitalization of a variety of operations, and oversaw the signing of an alliance with Akamai and an investment in Grab to fuel disruptive innovation.

One thing I learned is that complexity can be the enemy of endurance, so my motto when facing difficulties became, “Think simple.” There's no substitute for a concise, focused message when reaching out to people across various cultures, nationalities, and languages.

Bringing the three key concepts together. Repetitive *practice* is important, even if we make a mistake or

two. Indulging in static, abstract theories can hold us back, but incremental lessons from trial-and-error keep us moving forward. We shouldn't fear small failures. This leads us to *realize* – through slow or sudden revelation – the direct connection between our practical efforts and tangible outcomes in the real world. This “aha” moment then *synchronizes* the team through mutual understanding of individual roles and shared goals – which excites the heart as much as the mind.

Active dynamic, progressive teamwork *should* be exciting – it is for me, and I believe others thrive in it, too. I also believe that to create a company attractive to customers and society as a whole, first we have to enjoy what we do. We have to create a vibrant organization attractive to colleagues by offering fulfilling work that we ourselves know is worthy.

*1 Asset Liability Management
*2 Credit Portfolio Management
*3 Chief Risk Officer
*4 Chief Digital Transformation Officer

Amid the fallout from the COVID-19 pandemic, which is expected to have significant economic and social impacts at home and abroad, MUFG has placed the utmost priority on swiftly extending appropriate and flexible fundraising assistance and maintaining stable financial infrastructure while ensuring the safety of all stakeholders. Rallying its overall strengths, MUFG is striving to fulfill its mission as a financial institution supporting social infrastructure.

Initiatives for Customers

Measures Undertaken by Our Branches

To date, every consideration has been given to ensuring customer and employee safety as our branches and back-office centers strive to ensure steady and reliable essential financial services and to support stable settlement functions. During the period in which a state of emergency was declared, none of domestic branches run by the Bank and the Trust Bank suspended even a part of their operations.

To ensure the safety of branch visitors and staff, acrylic partitions have been installed on bank counters and at reception rooms in order to prevent the spread of infection through respiratory droplets. Also, we regularly remind customers to maintain social distancing within branch facilities and ask them to refrain from non-essential, non-urgent transactions. In addition, we are carrying out a proactive campaign aimed at encouraging customers to shift to non face-to-face transactions via ATMs and online banking.

Provision of Online Banking Services

We offer various online banking services for individual customers and corporate clients.

In Japan, the volume of online transactions, including bank transfers, and the number of online applications associated with administrative procedures both grew significantly due to the enforcement of "Stay-at-home" protocols. For example, monthly increase of users of "Mitsubishi UFJ Direct," online banking service targeting individual customers in March 2020 has grown to approximately three times compared to the one in March 2019.

We also provide SME customers holding MUFG Bank accounts for a certain period of time with the "Biz LENDING" online financing service that enables them to complete all necessary procedures online. The number of loan applications filed via this service in March 2020 was approximately three times its size in November 2019.

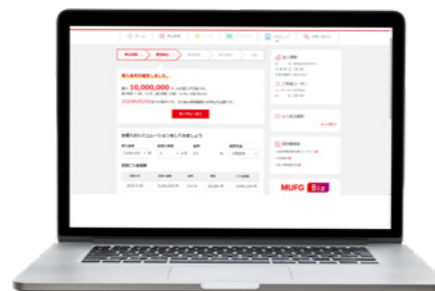
For individual customers

- Mitsubishi UFJ Direct
- A "smart" procedure for opening bank accounts
- App designed to assist hassle-free procedures



For corporate clients

- BizSTATION
- MUFG Biz



Fundraising Assistance

We extend a range of support to corporate clients affected by the fallout from the COVID-19 pandemic, helping them smoothly raise funds in the face of drops in sales, the disruption of procurement and other challenges arising from the crisis.

- Set up help desks for those in need of emergency funds due to the crisis
- Launched a special fund
- Began extending interest-free, no-collateral loans
- Temporarily lowered interest rates for some online loan services

Today, the total number of consulting cases involving corporate clients affected by the pandemic's fallout amounts to approximately 16,000.*¹ Swiftly responding to requests from these clients, we have

executed fresh loans totaling approximately ¥4.0 trillion*² as of June 2020.

Furthermore, we strive to meet needs among individual customers for funds for maintaining their livelihood by, for example, offering card loan services, while flexibly accommodating their requests with regard to the modification of lending conditions via dedicated desks.

Overseas, our partner banks accommodate fundraising requests mainly from local SMEs by, for instance, offering modified lending conditions.

*¹ The number of applications for fresh lending and the modification of lending conditions during the period from March 10 to June 22, 2020; based on reports from the Bank's domestic branches and its online transactional data

*² The value of loans executed during the period from March 10 to June 22, 2020 (including loans executed within the limit under commitment lines); based on reports from the Bank's domestic branches

Initiatives for Employees

In Japan, we introduced a "split team" system* while acting quickly to develop a structure for remote working. As a result, around half of our domestic employees, the majority of whom work at headquarters, were able to stay working via our remote infrastructure (as of April 2020).

at branches and back-office centers, both of which constitute key components supporting MUFG's operations. In addition, around 1,000 staff members have been dispatched from headquarters to these facilities to ensure stable operations are maintained.

* An operational system in which a conventional business unit is divided into two or more number of teams

Other measures to prevent the spread of the virus also include the introduction of staggered work shifts

Contribution to Society

Amid the COVID-19 pandemic crisis, we made donations and otherwise strove to fulfill our responsibilities as a corporate citizen.

In addition, we have donated a total of ¥500 million to the Japanese Red Cross Society and the All Japan Hospital Association. The donated funds were accumulated via a scheme run by the Bank and the Trust Bank that sets aside a certain amount of money for donations upon every occurrence of an online transaction (via Mitsubishi UFJ Direct, etc.). We hope that doing so helps communicate our gratitude to medical practitioners along with the customers who wanted to thank these people.

- Extended a total of ¥2.5 billion in financial assistance to medical institutions, students struggling to pursue higher education and maintain their livelihood and artists intending to continue their activities
- Launched "MUFG Medical Fund" boasting a total asset value of ¥10.0 billion, with the aim of assisting venture startups in their R&D efforts to develop and manufacture a cure for such diseases as COVID-19



Practicing Solid Financial & Capital Management to Improve Our Corporate Value

Tetsuya Yonehana
Group CFO

Greetings from the Newly Appointed Group CFO

My name is Tetsuya Yonehana. Having been appointed as Group CFO in April 2020, I am pleased to have this opportunity to address our stakeholders. Despite the unclear outlook for the business environment due to the unprecedented COVID-19 pandemic, I am determined to ensure the Group's continued soundness through good financial and capital management aimed at securing sustainable growth while addressing issues society is now confronting.

Analysis of the Current Operating Environment

Overview of Fiscal 2019 Operating Results

In fiscal 2019, consolidated net operating profits, which represent our earnings power in its mainstay operations, totaled ¥1,184.4 billion, up ¥105.8 billion year on year. This was primarily due to an increase in net trading profits and growth in revenue reflecting the consolidation of Bank Danamon in Indonesia and the Australia-based asset manager First Sentier Investors (FSI). This marks the first time in the last five fiscal years that we have succeeded in recording growth in net operating profits, thanks to our

steadfast efforts to reverse an ongoing downward trend.

However, profits attributable to owners of the parent fell ¥344.5 billion to ¥528.1 billion, due to higher credit costs resulting from the absence of the reversal of allowances for fiscal 2018 credit losses and the additional allowance in response to the fallout from the COVID-19 pandemic, as well as the recording of extraordinary losses from the one-time amortization of goodwill related to overseas subsidiaries.

Consolidated Income Statement Summary

(Billions of Yen)		FY2018	FY2019	Change
1	Gross profits	3,725.7	3,986.3	260.5
2	G&A expenses	2,647.1	2,801.8	154.7
3	Net operating profits	1,078.5	1,184.4	105.8
4	Expense ratio	71.0%	70.2%	(0.7%)
5	Ordinary profits	1,348.0	1,235.7	(112.2)
6	Profits attributable to owners of parent	872.6	528.1	(344.5)
7	Dividends per share (yen)	22.00	25.00	3.00
8	CET1 capital ratio*	11.4%	11.7%	0.3%

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

Review of the Outcomes of Initiatives under the Medium-Term Business Plan: Second Year

We have contained the expense ratio, one of three financial targets defined under the medium-term business plan (MTBP), at 70.2% for fiscal 2019. This figure represents a year-on-year improvement and is lower than the level estimated in the MTBP. Assessing our financial soundness, our Common Equity Tier 1 (CET1) capital ratio (on a finalized Basel III reforms basis) remained robust at 11.7%, surpassing the target level of around 11%.

On the other hand, ROE, an indicator for capital profitability, fell significantly to 3.85% from 6.45% in fiscal 2018, reflecting a substantial decrease in profits attributable to owners of the parent. However, the turnaround in consolidated net operating profits and a steady increase in customer segment net operating profits suggest that we were able to make some progress toward future growth.

MUFG's Social Mission as a Financial Institution and Efforts to Maintain Soundness

In the face of the fallout from the COVID-19 pandemic and its effects on real economies, MUFG believe that meeting customer needs for fundraising and other financial solutions is its social mission. Accordingly, we will do our utmost to accommodate customer requests for support. By doing so, we help customers address issues they confront while contributing to economic recovery. We expect these initiatives will eventually help MUFG secure future growth.

In order to fulfill our social mission, securing soundness as a financial institution is essential. To this end, the maintenance of solid equity capital and a robust volume of non-JPY funds with sufficient liquidity is a matter of great importance.

From the perspective of maintaining capital soundness, we will continue to exercise stringent control of risk-weighted assets (RWAs).

As for non-JPY liquidity, although the balance of non-JPY lending is in excess of non-JPY deposits, we have been able to secure a stable volume of customer deposits and medium- to long-term funding from the market to cover funds for lending. Therefore, we have no specific concerns in terms of liquidity.

Financial Management and Business Plan

Business Portfolio Strategy

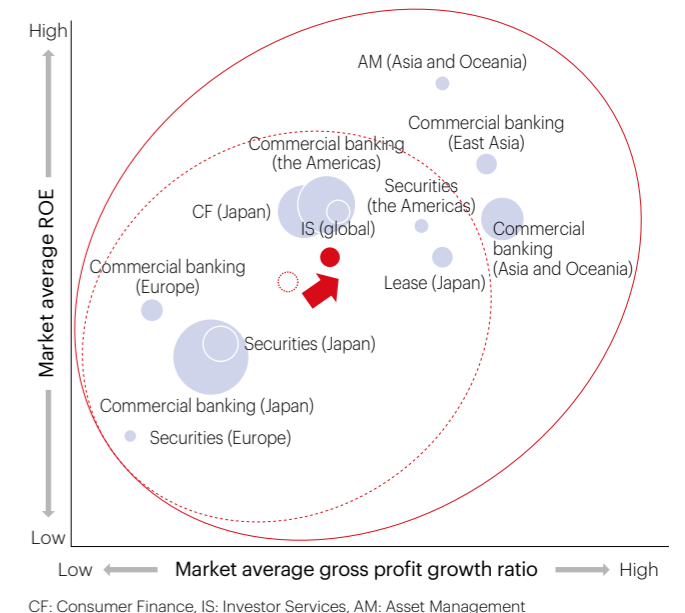
To date, MUFG has taken a "portfolio approach" to business management. This allows us to optimally combine operations with different profiles in terms of risk and return. In doing so, we strive to secure a stable profit stream, maintain financial soundness and enhance ROE and our other profitability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

The diagram below provides an overview of MUFG's business portfolio strategy. The vertical and horizontal axes represent capital efficiency (market average for ROE) and market growth potential (market average for gross profit growth ratio), respectively. Each MUFG business is plotted in the diagram, with the size of the circle reflecting its relative scale of operations in terms of revenue.

In recent years, MUFG has increasingly focused on expanding businesses found in the upper right portion of the diagram. These businesses are expected to have higher ROE and achieve gross profit growth. In this way, we have been shifting the center of our entire business portfolio to high-profitability, high-growth fields. We have also diversified our business portfolio by developing asset management & investor services (AM/IS), securities, consumer finance and other businesses.

We believe that the turnaround in consolidated net operating profits in fiscal 2019 is indicative of the

MUFG's Business Portfolio Shift



Message from the CFO

success of our efforts to improve profitability and diversify sources of stable profits through the practice of this business portfolio strategy.

Also, the consolidation of Bank Danamon and FSI in fiscal 2019, further boosted our expansion into high-growth fields and the diversification of our business portfolio. Moreover, as part of our digitalization strategies, we invested in and signed a strategic alliance with Grab, a major Southeast Asian super app company, to initiate our efforts to take on the new challenge of creating next-generation financial services.

We have thus completed a string of growth investments as envisioned in the MTBP. We have now entered a phase in which we are looking ahead to securing returns from such investments. With this in mind, we will help investees develop their governance structures while pursuing synergies within the MUFG Group. At the same time, we will optimally allocate our management resources in light of growth potential of each region and business. In these ways, we will maximize returns from our investments.

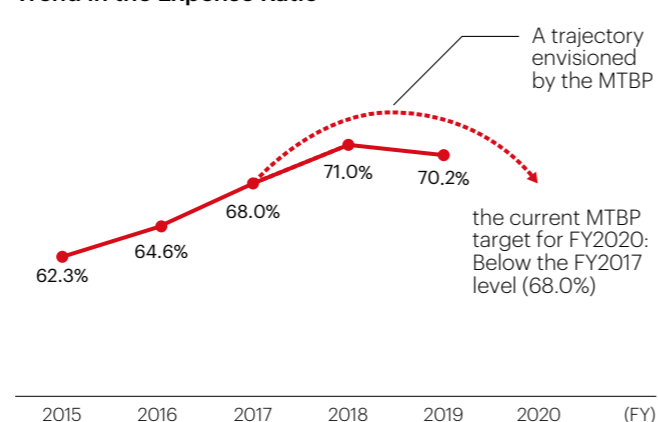
Cost Control

Controlling expenses has long been an important challenge for MUFG. Addressing this challenge, we have strategically allocated expenses for digitalization and other future growth initiatives while curbing personnel expenses, system expenses and branch and other facility costs. As a result, fiscal 2019's overall expenses fell short of the amount envisioned in the MTBP. Similarly, the expense ratio

was lower than the target ratio under the MTBP.

Nevertheless, maintaining a tight grip on expenses is more important than ever. In addition to accelerating ongoing cost structure reforms, we will strive to achieve further cost reductions by thoroughly reviewing our modes of operations and business processes in light of the digital shift and other changes in society.

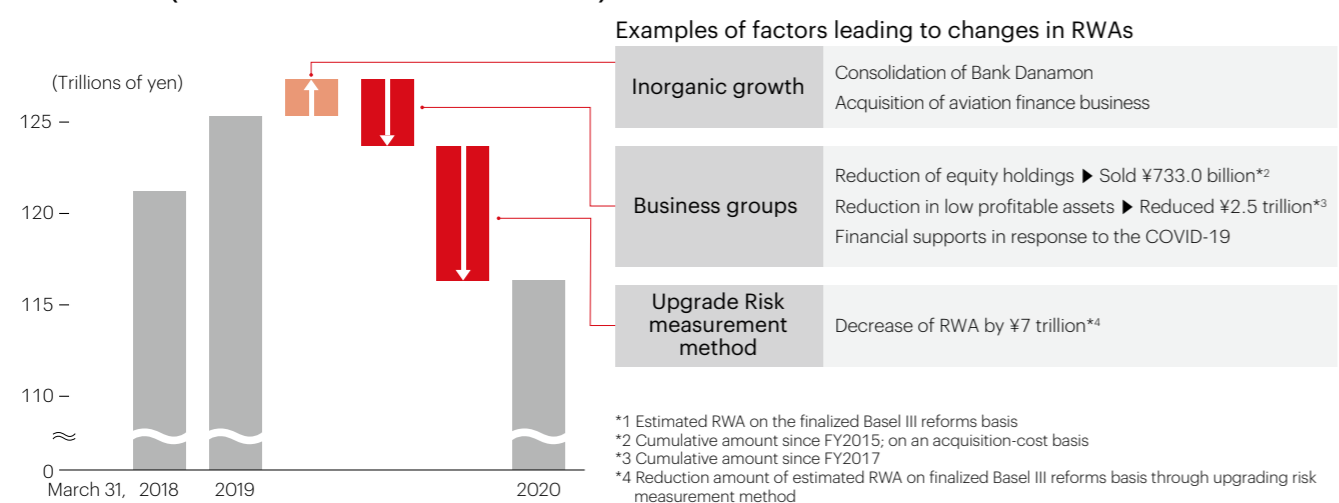
Trend in the Expense Ratio



RWA Control

In terms of controlling our management resources, RWA control is as important as cost control. In the face of growing calls to maintain soundness in conformity with regulations, MUFG recognizes that maintaining controls on RWAs, in a way that maximizes profits is an important management issue for a financial institution.

RWA volume (on a finalized Basel III reforms basis*1)



To date, MUFG has sought to secure greater profits by expanding the volume of RWAs, such as loans. However, since the launch of the current MTBP, we have switched to an approach that is more conscious of the profitability of capital. For example, we are now focused on maximizing profits via asset portfolio recycling to avoid the expansion of RWA volume.

Thanks to these initiatives, in fiscal 2019 we have maintained a steady increase in net operating profits from customer segments despite a significant reduction in RWAs totaling approximately ¥9 trillion (on a finalized Basel III reforms basis). In sum, our initiatives to improve the profitability of capital have yielded steady outcomes.

Looking ahead, we will strive to improve ROE and, to this end, maintain controls on RWAs from the perspective of effective utilization of capital while stepping up efforts aimed at enhancing profitability.

Fiscal 2020 Financial Targets

For fiscal 2020, we had previously aimed to achieve three financial targets under the MTBP, namely, ROE of approximately 7% to 8%; an expense ratio of below 68%; and CET1 capital ratio of approximately 11% (on a finalized Basel III reforms basis). However, the fallout from the COVID-19 pandemic necessitated revisions in these targets.

Currently, it is difficult to determine the pandemic's future impact on the Group's operating results. However, referring in part to the baseline scenario in the world economic outlook released by IMF in April 2020, we have set our target for profits attributable

Fiscal 2020 Targets

Consolidated performance (Billions of yen)	FY2019 results	FY2020 targets	Estimated impact of the COVID-19*1
Net operating profits (Before credit costs for trust accounts and provision for general allowance for credit losses)	1,184.4	1,050.0	(300.0)
Total credit costs	(222.9)	(450.0)	(200.0)
Ordinary profits	1,235.7	850.0	(600.0)
Profits attributable to owners of parent	528.1	550.0	(420.0)*2

*1 Comparison with targets assuming no COVID-19 pandemic
 *2 Calculated by using tax rate of 30%

to owners of the parent at ¥550.0 billion based on certain assumptions.

Despite a lingering sense of uncertainty regarding the economic impact of the COVID-19 pandemic, we will strive to achieve our fiscal 2020 financial targets and, to this end, accelerate our initiatives focused on both profitability and costs. Furthermore, we will also push ahead with efforts to achieve future growth with an eye to securing opportunities in the aftermath of the pandemic.

Capital Management

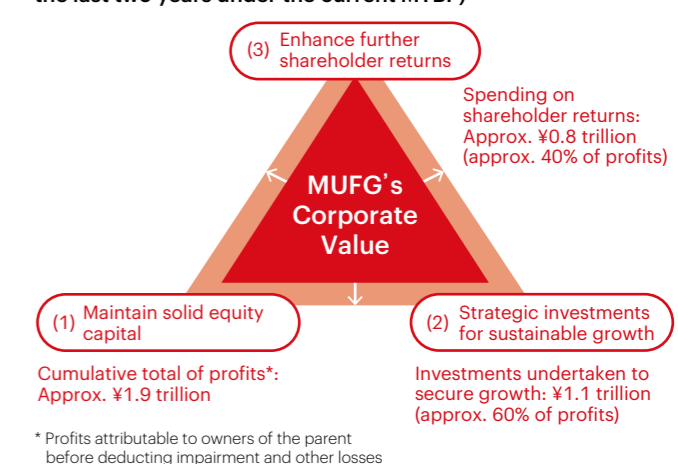
Basic Policy

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

Trust and reliability, which are the indispensable traits of a financial institution, are largely dependent on its financial soundness. Accordingly, we focus on maintaining soundness while improving profitability and pursuing corporate growth in addition to maximizing shareholder value via such means as the enhancement of shareholder returns. This, we believe, is a matter of the utmost importance in capital management.

Capital Triangle

(Figures represent the sum of profits earned over the course of the last two years under the current MTBP)



Maintaining Solid Equity Capital

Although global financial regulations require MUFG to maintain a CET1 capital ratio of at least 8.5%, we aim to achieve a ratio of around 11% (on a finalized Basel III reforms basis) to ensure that external credit

Message from the CFO

ratings for the Company remain at “single-A” or higher.

Credit ratings are important indices affecting MUFG’s ability to secure stable and long-term funding in non-JPY currencies, which, in turn, supports the Group’s operations. We therefore believe that the Company must keep its credit ratings at “single-A” or higher to ensure stable and low-cost non-JPY funding via the issuance of foreign bonds in European and U.S. bond markets and medium- to long-term currency swap transactions.

In addition, the issuance of foreign bonds is also considered an important funding method from the perspective of satisfying Total Loss Absorbing Capacity (TLAC) regulations applied to G-SIBs. In fiscal 2019, MUFG raised regulatory capital totaling approximately ¥1.8 trillion, including a portion raised by foreign bonds and subordinated debt issuance, to satisfy external TLAC requirements. As of March 31, 2020, the Company’s external TLAC ratio was 18.62%, above the 16% minimum regulatory requirement (18% from March 31, 2022 onward).

Strategic Investments for Sustainable Growth

Having positioned capital utilization aimed at enhancing profitability as one of essential methods for achieving sustainable corporate growth and improving corporate value, we also pursue such endeavors as the expansion of strategic investments and RWAs.

Of these, we have been engaged in strategic investments, as stated earlier, in operations that are expected to have higher ROE and a robust potential for market-driven growth. In fiscal 2019, we invested in Bank Danamon, FSI and Grab. From the perspective of capital efficiency, these strategic investments are greenlighted only when the expected return on investment is expected to exceed the cost of capital within an allotted time frame. Looking ahead, we will maintain disciplined capital management and, to this end, closely monitor the profitability of each project, taking a stringent approach to investment. Moreover, we will continue to review existing investments to optimize the overall portfolio of strategic investments.

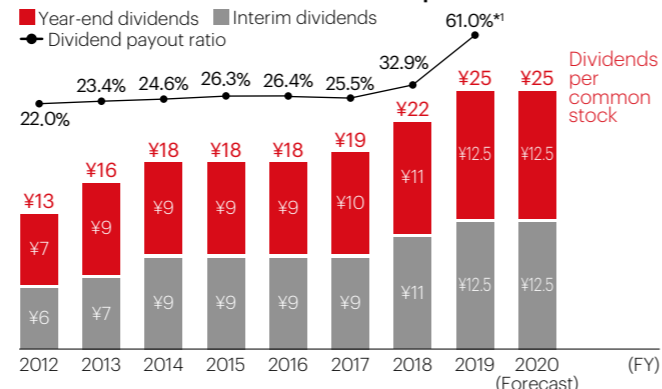
Further Enhancement of Shareholder Returns

Further enhancing shareholder returns and shareholder value remains an important management issue for MUFG.

In line with our Basic Policies for Shareholder Returns, MUFG (1) has positioned share dividends as the primary means for shareholder returns while aiming for stable and sustainable increases in dividends per share through profit growth; (2) has taken a flexible stance toward executing share repurchases in a way that gives due consideration to performance progress / forecast and capital situation, strategic investment opportunities and market environment including share prices; (3) will cancel treasury shares in excess of approximately 5% of the total number of issued shares.

Based on these policies, MUFG paid a full-year dividend of ¥25 per share for fiscal 2019, an increase of ¥3 per share from the previous fiscal year in addition to expending ¥50.0 billion in share repurchases. For fiscal 2020, the Company plans to pay ¥25 per share, an amount on par with the full-year dividend for fiscal 2019, from the viewpoint of maintaining the stable stream of dividends in line with the basic policies despite the unclear outlook for the profit environment.

Results and Forecasts of Dividends per Common Stock



* Dividend payout ratio amounts to 37% when the impact of the one-time amortization of goodwill is excluded

Based on the approach discussed above, we have prioritized strategic investments and shareholder returns in determining capital allocation for the first two fiscal years of the current MTBP. In fiscal 2020, we expect the volume of RWAs to grow due to lending to customers affected by the fallout from the COVID-19 pandemic and therefore in need of fundraising assistance. Going forward, we will continue to implement our ongoing initiatives to control RWAs as part of capital management while paying close attention to the impact of the COVID-19 pandemic on our businesses and capital. In these

ways, we will aim for the further enhancement of shareholder returns.

Divestment of Equity Holdings

Our goal is to reduce our equity holdings by an amount equivalent to ¥800.0 billion (on an acquisition-cost basis) over the six years from fiscal 2015 to fiscal 2020. In fiscal 2019, we divested such holdings worth ¥139.0 billion, thereby achieving a ¥733.0 billion reduction in cumulative total since fiscal 2015. Considering that, as of March 31, 2020, we have also reached agreement with our corporate clients with regard to the future divestment of equity holdings worth ¥163.0 billion, we are certain to have achieved a reduction totaling ¥896.0 billion in near future.

Equity holdings divestment is a key capital management measure, as it frees up capital resources and helps reduce financial risk arising from share price fluctuations. Going forward, we aim to further divest equity holdings while engaging in dialogue with our corporate clients to secure their understanding.

Compliance with Tax Regulations and Tax Planning

MUFG recognizes that as a corporate citizen, putting its best efforts 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. Through these initiatives, we aim to ensure compliance with the letter and 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. To this end, we have made digital-related investments using the IoT tax system (IT Investment Incentive for “Connected Industries”) in fiscal 2019 as well as fiscal 2018.

Initiatives to Address Environmental and Social Issues

In fiscal 2019, we became the first domestic financial institution to issue Green Bonds and social bonds denominated in Australian dollars. In fiscal 2020, we also issued sustainability bonds as part of ongoing

engagement with ESG issues and SDGs from the aspect of financial strategy (please also see pages 58 to 59 for details).

Value of Green/Social/Sustainability Bonds Issued by MUFG (From FY2019 onward)

Type	Issuance date	Currency	Value (millions)
Green Bonds	July 2019	Euro	500
	October 2019	Australian dollar	500
Social Bonds	December 2019	U.S. dollar	90
Sustainability Bonds	June 2020	Euro	500

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 of 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 2019 (please also see page 83 for examples of dialogues held), while the heads of six business groups participated in an Investors Day event.

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, stepping up both investor relations (IR) and shareholder relations (SR) engagement with those charged with exercising voting rights.

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 and improving our corporate value. We ask for your continuous support in this endeavor.

Appointing a Leader Equipped with Strong Execution Skills to Foster a Culture That Encourages Those Who Take on Challenging Endeavors

The Committee Focused on Selection of the Optimal Candidate for New Group CEO with an Emphasis on Competencies

Q. Please tell us about what led to the recent change in Group CEO.

Nomoto: When I took the office of outside director, Mr. Mike was concurrently serving as Group CEO and President & CEO of MUFG Bank. However, the Nominating and Governance Committee was aware of the need to shift the burden of one of these two key positions off him at the earliest possible date as the situation was an exceptional. Accordingly, throughout fiscal 2019 we engaged in discussions

aimed at determining the best candidates for leading the Group and the Bank going forward.

Matsuyama: Mr. Mike had two positions to concurrently fill, on the one hand, he was expected to take the lead in swiftly pushing ahead with the medium-term business plan (MTBP) and, on the other, he needed to meet customer expectations by taking on the duties of Bank CEO. However, we knew that this situation could not hold for too long. His one-year leadership resulted in solid outcomes in many respects, most notably regarding initiatives taken under the MTBP. It was with these achievements in mind that we appointed Mr. Kamezawa as his successor as Group CEO; we believe Mr. Mike to be the best individual for spearheading reforms at the Bank. In sum, this change in Group CEO exemplifies our constant focus on selecting optimal candidates in light of their competencies.

Nomoto: A year ago, we had a sense of crisis, believing that the selection of the best Group CEO candidate for leading MUFG into the future was of crucial importance. We were aware of the gravity of this appointment and our choice was in no way a merely nominal appointment of a successor.

Matsuyama: That is true. The MUFG Group needs a leader capable of indicating the direction reforms should take and spearheading their implementation. These traits will prove essential as it strives to maintain its global presence amid a financial industry environment that is seeing rapid change, including the advance of digitalization.

Nomoto: When it came to choosing a candidate for spearheading reforms, committee members placed particular emphasis on identifying an individual who could utilize digital technologies to transform business models. Digital technologies will be an integral part of financial services going forward. Having experienced business reforms of this kind

myself, I was convinced that possessing knowledge about necessary technologies is not enough, given the breathtaking pace of technological advancements. Rather, the leader must be capable of conceptualizing and clearly communicating his/her vision with regard to how to utilize technologies to realize desired outcomes. The leader also has to be decisive in executing necessary action plans to this end. Results of reforms largely depend on a highly spirited leader who has these competencies.

Matsuyama: Breaking with precedent, we have appointed Mr. Kamezawa, who has no experience as Bank CEO, as Group CEO. Traditionally, the candidate pool for MUFG Group CEO has comprised former Bank CEOs, with due consideration given to seniority. However, we have been concerned that holding with tradition would mean that the majority of candidates would prove too old to handle reforms that, in today's business environment, should be executed at an ever more rapid pace. My own career development was in corporations where Japan's traditional seniority-based principles were largely irrelevant. Perhaps because of this, I believe that leaders should be selected based solely on their possession of the competencies required and ability to create a strong organization functioning as "one team." This standard can be applied equally to candidates for Group CEO and heads of subsidiaries, and it cannot be said that a leading position at one entity is superior to any other similar position.

Nomoto: We also conducted good, long interviews with candidates. Haven't we?

Matsuyama: Although I have experienced outside director positions at multiple corporations, I have never seen a nominating committee that allocates such significant resources to the identification of successor candidates. We actually held a number of interviews and spent a length of time on each round of the process. Also, we benefited greatly from the input of the interviewees' colleagues and staff. In addition to supervisors' evaluations, these inputs helped us make unbiased judgments.

Fulfilling MUFG's Social Mission in the Aftermath of the COVID-19 Pandemic

Q. The spread of the COVID-19 is currently affecting society in a major way. Against this backdrop, could you share your thoughts on roles MUFG must fulfill?

Nomoto: Currently, a number of customers, including individuals, SMEs and even major

enterprises, are beset by fundraising-related issues—the most critical problem triggered by the pandemic. Moreover, the effectiveness of government-led assistance measures is limited. Once their fundraising needs are met, however, customers must be able to figure out how to restore their finances and businesses as economic activity normalizes. Accordingly, financial institutions are being called on to focus even more strongly on fulfilling their social mission, namely, helping resolve this problem by acting as a "partner" to customers and by empathetically providing consultation to those seeking to maintain their livelihoods and keep their businesses going.

Matsuyama: I agree. A major crisis of this kind reminds us that banks especially are expected to function as part of the social infrastructure.

Nomoto: In response to the state of emergency declared by the government, MUFG branches acted quickly to implement such measures as installing acrylic partitions and helping branch visitors avoid close contact with each other. This attests to the utmost priority they have placed on ensuring customer safety. Moreover, MUFG began teleconferencing meetings with corporate clients to minimize infection risks. Employee health has also

Lead Independent Outside Director
Chair of the Nominating and Governance Committee and
member of the Compensation Committee

Hirofumi Nomoto

Chairman & Representative Director, Tokyu Corporation



Member of the Nominating and Governance Committee and
Chair of the Compensation Committee

Haruka Matsuyama

Lawyer, Partner of Hibiya Park Law Offices



Dialogue with Outside Directors

been a priority, with thoroughgoing measures put in place. Furthermore, MUFG employees are highly motivated despite the crisis, and their immediate responses to the pandemic have been impressive. I am grateful to their dedication and hope to directly communicate my words of appreciation to them.

Matsuyama: Looking ahead, MUFG should continue to meet essential fundraising needs among its customers while keeping an eye on risk control. This is important to helping restore economy. In the post-pandemic period, MUFG is also expected to help businesses identify new growth opportunities amidst circumstances where people go about their daily lives aware of the risk of disease resurgence.

Nomoto: In the course of economic recovery, financial institutions will face growing calls to partner with their corporate clients to restore their businesses. Thus, the true value of the services will become increasingly dependent on how well they meet customer needs. It is important for banks to put their heads together with corporate clients struggling to get over difficult circumstances and provide them with optimal counsel. To this end, financial institutions should not only be well-versed in financial data but up to date on changes in the business environment surrounding their clients and must closely assess their potential sources of strength to help them get on a recovery track by adjusting the products and services they offer or even the fields their businesses cover.

Matsuyama: Exactly. I assume that, as the implementation of pandemic countermeasures becomes the new social norm, there will be irreversible changes in the movement of people and goods. Such changes, of course, affect businesses and society as a whole. With this in mind, MUFG must assist its customers' proactive efforts to transition to new types of business and adapt to resulting changes in the business environment.

Nomoto: Acting as a partner to each of our customers, all employees must exercise empathy and look at the issues customers are confronting from the customers' perspective. This approach will naturally result in the type of service described by Ms. Matsuyama. MUFG boasts an extensive customer base and also maintains a number of Group companies capable of offering a variety of financial solutions. Accordingly, MUFG is well-positioned to help its customers find opportunities in difficult situations and create new businesses via the combination of its expertise in business matching, M&A, business succession and other methodologies.

The Importance of Balancing Proactive Risk-Taking and the Maintenance of Trust

Q. What challenges should MUFG take on in connection with business model reforms?

Nomoto: I have participated in brisk discussions to determine MUFG's future business model over the course of the year since joining the ranks of Board members. However, as MUFG constitutes a corporate group encompassing a broad range of business fields, the Board of Directors is asked to make decisions about a wide breadth of items. Also, Board members must study and discuss a large volume of information prior to deciding on each agenda item. We are given well-structured meeting materials designed to provide detailed information. Honestly, however, it takes time to go through and understand the content of these materials. Our primary role as outside directors is to act on behalf of shareholders, investors and customers and to provide our opinions on matters being discussed in the context of how to help resolve issues stakeholders are now confronting, how to enhance convenience for them and how to ensure sustainability based on the accurate assessment of opportunities and risks. Given this, I personally hope to shift our focus away from a conventional approach focusing on "what we do" and allocate more time to in-depth discussion with regard to "why we do this."

Matsuyama: Although the Board of Directors was discussing digitalization even before the emergence of COVID-19, the pace of relevant decision making accelerated greatly due to the pandemic. I also expect this trend to help MUFG accelerate its ongoing efforts to reduce costs—one of lingering issues it has been confronting—via revisiting operational modes.

Nomoto: The incorporation of IT and other digital technologies is one of promising solutions that will help enhance management efficiency. However, my impression is that we have yet to conceive a clear vision of the future financial services to deliver, how MUFG will realize such services via the use of these technologies and to whom it will seek to offer such services.

Matsuyama: Over the course of the selection process that resulted in the appointment of Mr. Kamezawa as Group CEO, Board members were at the very least able to share a sense of crisis arising from the realization that MUFG cannot remain in existence without a successful digital transformation.

This means a lot to all of us. Moreover, my expectations are high for Mr. Kamezawa as he is equipped with strong execution skills. Going forward, MUFG must compete against fintech companies and other players from different industries while creating new services via the use of digital technologies. In this light, I am happy to see that MUFG's management is increasingly leaning toward an aggressive approach that strategically aims to seize new growth opportunities even in the face of risk.

Nomoto: From early in his career, Mr. Kamezawa has been involved in breaking into business areas and fields new to MUFG. Bringing this experience to the job of Group CEO, he will be in a good position to foster a corporate culture supporting a sound approach to risk-taking among all MUFG Group companies. I personally believe that businesspeople who hope to one day become leaders should be courageous enough to get involved in something risky when they are younger. In reality, no enterprise will be wrecked by a wrong decision made by one of its young employees. For their part, employees who are willing to take risks will be in position to learn valuable lessons and are more likely to sense potential risks in similar circumstances. In contrast, those who have never experienced risks are usually not so sensitive and, therefore, cannot be entrusted with important decision making.

Matsuyama: It is important for MUFG to strike a balance between a proactive business approach involving that kind of risk-taking and the maintenance of trust as a financial institution providing social infrastructure. This is where we are called on to play our part.

Fostering a Culture That Encourages Those Who Take on Challenging Endeavors

Q. What is your evaluation of the corporate culture reforms currently under way at MUFG?

Matsuyama: I assume that it must be extremely difficult to change the prevailing corporate culture in such a large organization. Moreover, financial groups typically evaluate their employees based on a "demerit system" as they consider risk management to be one of their most important duties.

Nomoto: Decades ago, a mistake-intolerant culture worked very well for financial institutions. A strong sense of responsibility with regard to the accurate implementation of procedures helped them gain

trust amid ongoing economic growth. Moreover, as the business and the number of employees was ever-expanding, the "demerit system" was necessary to ensure the fair and efficient treatment of employees. Today, however, financial institutions are called to create new value through change. Accordingly, MUFG must foster a culture that encourages employees to courageously take on new endeavors and tolerates their mistakes.

Matsuyama: MUFG needs a structure that facilitates change.

Nomoto: That's right. To this end, top management must engage in frank communications with employees and send them a convincing message about the need for transition to a new corporate culture. This is a matter of the utmost importance. Although it may take some time, the success of business model reforms, I believe, hinges on the creation of a corporate culture that nurtures employees who have a wealth of experience in terms of both achieving successes and suffering setbacks.

Matsuyama: The fallout from the COVID-19 pandemic is expected to remain ongoing for the time being, but I would like to help MUFG to find good opportunities to effect change amid the crisis and support a sound approach to risk-taking. To avoid misunderstanding, I empathize with MUFG's traditional culture placing utmost emphasis on maintaining trust, which is essential for financial institutions. This valuable legacy must be passed on to future generations. At the same time, of course, I hope that MUFG acquires a new trait—being an innovation-oriented corporate group.

Nomoto: In the real world, we have to deal with a mixture of what needs to be preserved and what needs to be changed. As outside directors, however, we would like to intentionally focus on matters that need to change and help MUFG address them by proactively offering our opinions.

Value Creation Initiatives

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Capturing Opportunities Arising from Asia's Economic Growth to Secure Sustainable Growth

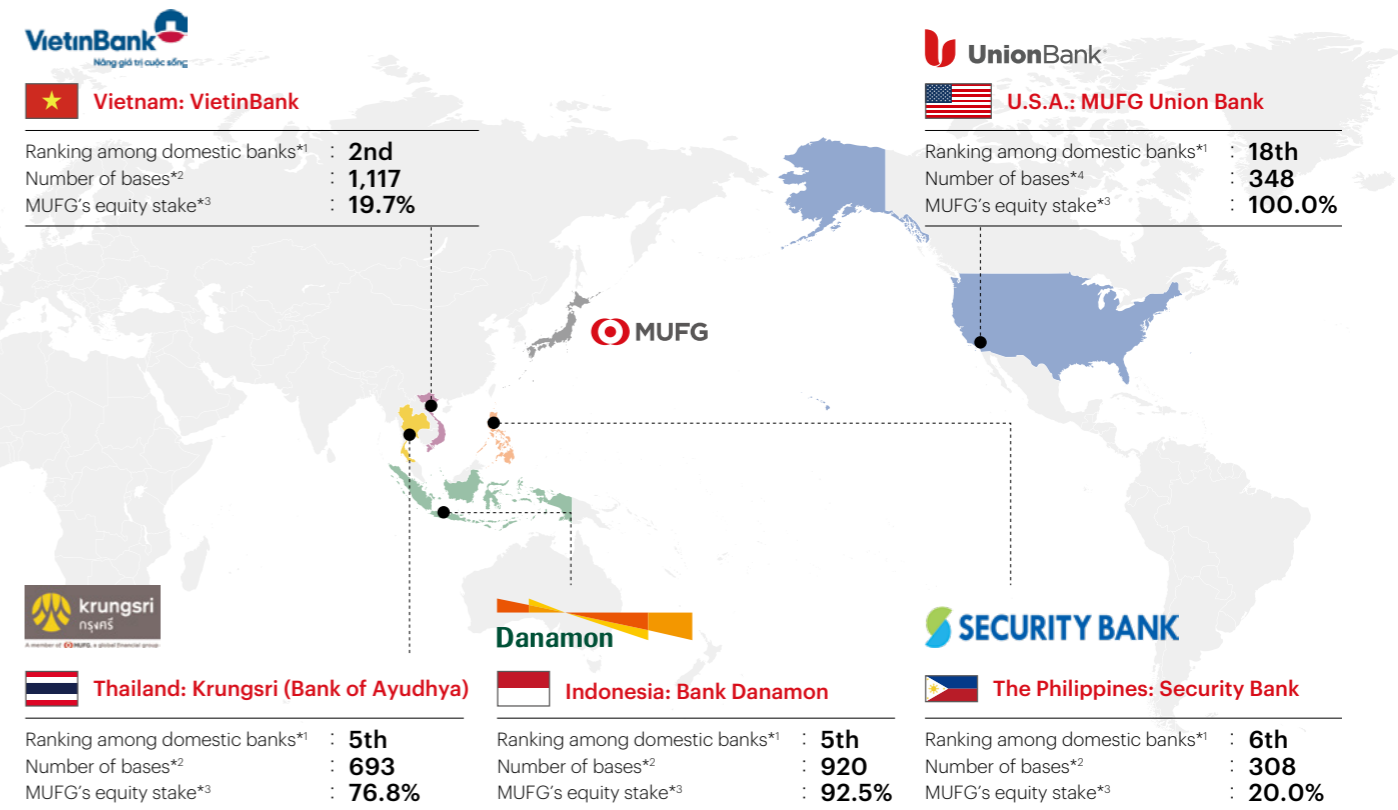
MUFG engages in the commercial banking business through its partner banks—which are its investees—based in the United States and ASEAN nations. This partnership allows us to offer a variety of services aimed at providing solutions to issues confronting individual customers, SMEs, large corporate clients and the communities in which we operate.

Our History of Expansion into Asia

MUFG has positioned Asia our second “home market” and is proactively pushing ahead with investments in the ASEAN region with the aim of capturing opportunities arising from the region’s burgeoning economic growth. To date, MUFG has invested a total of more than US\$14.0 billion in four commercial

banks located in Thailand, Indonesia, Vietnam and the Philippines, successfully building an extensive commercial banking platform to serve key ASEAN nations in April 2019. By utilizing this platform, we will deliver solutions that will leverage on MUFG’s unique strength to full advantage while helping these partner banks improve their corporate value.

MUFG's Partner Bank Networks

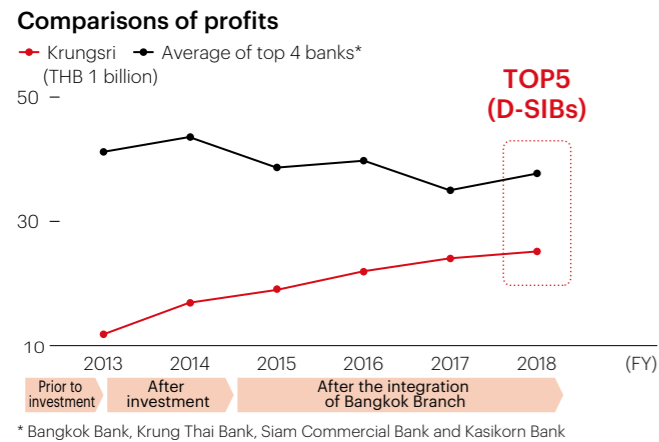


(Sources: SNL Financial, Philippine Central Bank, Bloomberg, and data disclosed by each partner bank)
 *1 Calculated based on the value of total assets. The ranking of Bank Danamon is determined by incorporating assets held by MUFG Bank's Jakarta Branch. The rankings for Thailand and the Philippines exclude government-funded financial institutions. (As of December 2019)
 *2 Based on information disclosed by each partner bank and data compiled for internal managerial purposes. (As of December 2019)
 *3 As of June 2020
 *4 As of March 2020

Special Feature: Growth Strategies in ASEAN

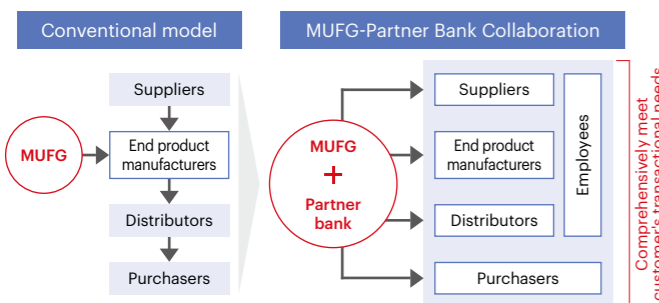
Achieving Synergies through Collaboration

Since becoming MUFG's subsidiary in 2013, Thailand-based Krungsri has achieved remarkable profit growth at a pace that outstrips the growth recorded by any of the top four local banks in terms of total assets. In fiscal 2019, Krungsri marked record-high performance in both net operating profits and net income. Furthermore, Krungsri has been designated as a D-SIB in light of its significance presence in Thailand's financial system, becoming one of the country's top-tier banks. These results accomplished by Krungsri attest the success of collaborative efforts involving MUFG to leverage the latter's functions in creating synergies.



In ASEAN countries, MUFG's traditional business has mainly involved end product manufacturers. However, collaboration with partner banks has enabled us to cover a wider range of business channels, from SMEs such as suppliers and distributors, to purchasers and employees.

Through sharing best practices of collaboration and knowledge sharing, we will strive to enhance the corporate value of each partner bank.



In Vietnam, MUFG partners with VietinBank, a state-owned bank, which has strong ties with the Vietnamese government. One example of the influence VietinBank has with the Vietnamese government was, when Vietnam's prime minister visited Japan, we hosted a conference to which we invited the top management of major Japanese corporations and Vietnamese government officials to help foster new business opportunities.

To support Japanese corporate clients seeking to expand business in Vietnam, we leverage on VietinBank's business network, offering unique products and services such as QR code based settlement which help customers penetrate the local market.



Conference attended by Japanese business leaders and Vietnamese government officials

Enhancing Our Framework for Collaboration

We are working to further promote collaboration between partner banks. For example, we host the annual MUFG Global Partnership Conference attended by top management from each partner bank to discuss how to resolve the universal issues these banks are confronting. Discussion at the conference resulted in, for example, the establishment of a Philippines-based consumer finance joint venture by Krungsri and Security Bank, as well as the enhancement of risk management systems in place at each partner bank.

In addition, partner banks have been actively engaged in the exchange of human resources and MUFG has been hiring a growing number of human resources from partner banks as well. In fiscal 2019, previous CFO/CRO of Bank Danamon was hired by MUFG. Also, the former CSO* of Krungsri has joined MUFG Union Bank to tackle the formulation of regional bank strategies and the upgrade of deposit systems. As we aim to work hand in hand with partner banks to achieve mutual improvement in business strengths, we will strive to help a greater number of highly professional staff in partner banks acquire successful careers in MUFG.

* Chief Strategy Officer

Strategic Partnership with Grab

In February 2020, we entered into a capital and business alliance with Grab Holdings, the leading super app in Southeast Asia. This alliance is intended to further enhance MUFG's commercial banking platform encompassing the ASEAN region through digitalization.

In addition, we expect this alliance to serve as a bridge for our partner banks in reaching out to new customers. Going forward, we aim to create bespoke financial services by combining Grab's extensive customer contact points and advanced AI technologies with MUFG's financial product development capabilities.

In May 2020, Krungsri initiated a partnership with Grab in Thailand to extend emergency financing for Grab franchisees affected by the fallout from the COVID-19 pandemic. Meanwhile, VietinBank launched lending services for Grab's contract drivers. As such, the alliance is yielding steady results.

The fallout from the COVID-19 pandemic is contributing to a growing shift toward digital services. With this in mind, we will utilize the alliance with Grab to proactively assist each partner bank in their pursuit of digitalization strategies.



Toward Securing Sustainable Growth in the ASEAN Region

My role is to promote greater collaboration amongst MUFG and its partner banks (PBs) in the ASEAN region and greater oversight and alignment of our PBs' risk management framework and practices. Prior to joining MUFG, I was the CFO and Director of Micro Business at Bank Danamon. In my earlier tenure with Bank Danamon, I was its CRO. During the strategic partnership discussion between the two banks, I was able to engage and work with MUFG's senior management and was impressed by their steadfastness and commitment to working with their partners in Asia for growth. Having worked in ASEAN for many years, I believe my experience and insights will serve as a bridge for greater cooperation as we strive to derive greater synergies from our partnerships. Being part of MUFG will enable me to contribute more effectively to the joint success of

MUFG and its PBs. In February 2020, MUFG made a strategic investment in Grab Holdings. I am excited about this new opportunity to create new business models that go beyond existing financial services for sustainable growth.



Satinder P.S. Ahluwalia
Managing Director,
Global Commercial Banking
Planning Division

Addressing Social Issues via Digitalization

Stably delivering financial services powered by technology, we strive to help customers enjoy affluent living and achieve business growth while contributing to the resolution of social issues in a variety of fields.

Financial innovation

Enhancing Non Face-to-Face Channels

MUFG aims to improve customer convenience by enhancing its services delivered via non face-to-face channels. As a result, in fiscal 2019, the ratio of address change applications submitted by individual customers via bank counters declined by half. Meanwhile, the applications completed solely through online banking and smartphone apps rose to approximately 30%.

We also offer various online services for corporate customers through the "MUFG Biz" portal site, which provides them with solutions to management issues they are confronting via a combination of innovative ideas and technologies developed by startups. For SMEs, we provide the Biz LENDING online lending service employing a platform licensed by Credit Engine, Inc. and an AI-driven underwriting model developed by Japan Digital Design (JDD). This novel underwriting model analyzes past transactional data possessed by the Bank from multifaceted perspectives and is not dependent on the conventional underwriting process. The incorporation of this model has drastically cut the hours necessary for credit underwriting, enabling us to furnish online loans in a swifter manner.

Partner companies supporting MUFG Biz



Operational Process Reforms

We promote operational process reforms and improve productivity by utilizing AI, blockchain, robotics and other digital technologies.

For example, plans call for digitizing paper documents used at the Bank in connection with the registration of seals, which have been essential to opening transactional accounts under conventional Japanese banking practices, from 2021. This initiative will employ an external service provided by Ripcord, Inc., a U.S.-based startup specializing in robotics- and AI-related technologies. Once completed, staff will be able to use terminals to quickly check seal-related documents. This will shorten the time branch visitors are asked to wait and improve customer convenience while streamlining operations.

The Global Markets Business Group is taking on the development of an AI-based trading model through collaboration with startups as well as industry-academia collaboration. The project aims to use AI to replace human operations that until now have been a necessary part of engaging in trade, such as market making and position-related operations, by leveraging machine learning and deep learning in addition to creating a sophisticated model capable of providing customers with useful investment information.

Also, the Bank is striving to digitize its services associated with international trade finance via the use of blockchain technology. Specifically, the Bank co-founded KomGo SA in tandem with other 14 companies, including prominent overseas banks, oil majors and commodity trading companies, and is taking part in collective efforts aimed at updating international trade practices. The utilization of the KomGo platform is expected to help abolish

conventional norms dependent on paper documents and introduce digital-driven, highly efficient trade procedures while realizing more secure transactions via data encryption.

GO-NET Initiatives

In anticipation of the coming of an IoT-driven society and the expansion of sharing economies, there are predictions that rapid growth in cashless payment could exceed capacities of the existing payment infrastructure.

Addressing this potential social issue, MUFG established Global Open Network (GO-NET) jointly with Akamai Technologies, the largest digital content delivery network service provider in the United States, with the aim of creating an open payment network. Thanks to the use of new blockchain technology, which will enable the processing of more than 1 million transactions per second, GO-NET is expected to not only become an innovative payment platform but also support network services in an even broader range of fields.

Efforts are currently under way to launch the service in fiscal 2020 in Japan to help develop the foundations of an IoT-driven society.

Accelerating Open Innovation

In 2015, we initiated the MUFG Digital Accelerator Program, becoming the first banking group among our domestic peers to host a startup-assistance program of this kind. We are currently rallying all the MUFG Group's strengths to support the launch of new businesses.

To date, a total of 26 startups participated in the program and we have been working on various collaborations to get their ideas on track. For

example, Robot Fund Co., Ltd., a participant in the second round of the program, worked in tandem with the Bank, introducing a fund analytics model that automatically assesses fluctuating factors affecting the standard prices of investment trusts, in November 2019. This model also enables the Bank to carry out the accurate analysis of customers' investment status and provide them with follow-up services in a more meticulous manner. Leveraging this model, the Bank is striving to enhance its capabilities to make proposals aimed at assisting customers in their medium- to long-term asset formation.

In December 2019, we opened MUFG SPARK, a facility for promoting open innovation via collaboration between Group companies and startups and other external partners. Spark was chosen to suggest our aspiration to foster the type of collaboration that sparks inspiration and fresh chemistry between different ideas in the pursuit of breakthroughs in the creation of financial services for future generations.

Looking ahead, we will accelerate open innovation, thereby contributing to the enhancement of customer convenience and the resolution of issues society is confronting.

Supporting Startups in Thailand

Krungsri is engaged in business incubation through subsidiary Krungsri Finnovate in the digital field.

To assist local startups facing fundraising and other business challenges due to the COVID-19 pandemic, the company began hosting the online business matching event "Meet the Angels by Krungsri Finnovate" in April 2020. This event is currently held twice a month with the aim of providing startups with a venue for letting investors know about their business ideas, receiving real-time feedback and finding potential partners who will help them achieve business expansion.

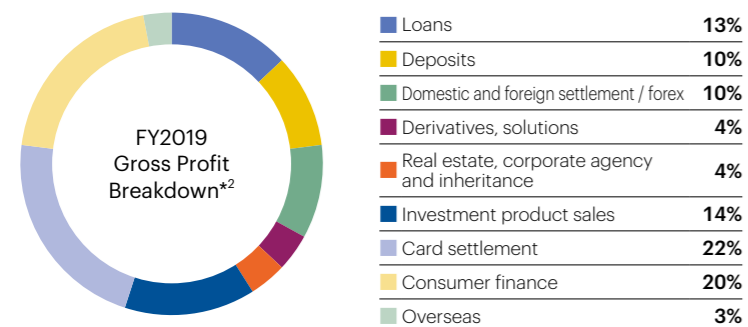
Going forward, Krungsri will continue to support promising startups seeking business growth and thereby help them realize their future potential.



Participants in the final presentation meeting as part of the fourth round of the program

Business Group Performance

Retail & Commercial Banking Business Group (R&C)*1



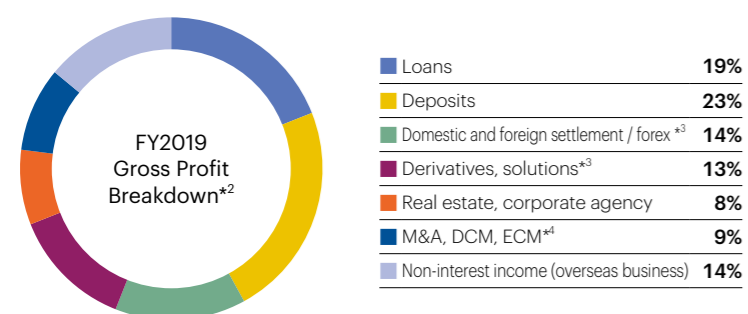
Overview of FY2019 Results

Although the investment product sales struggled due to deterioration in market conditions, net operating profits were up year on year. This was thanks to the expansion of the card settlement and consumer finance businesses and the success of cost control efforts, in addition to growing profits from business and asset succession solutions that employ a groupwide integrated approach.

	FY2018	FY2019
Net operating profits (billion yen)	307.8	307.9
Expense ratio	80%	80%
ROE*3	1%*4	9%*5

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

Japanese Corporate & Investment Banking Business Group (JCIB)*1



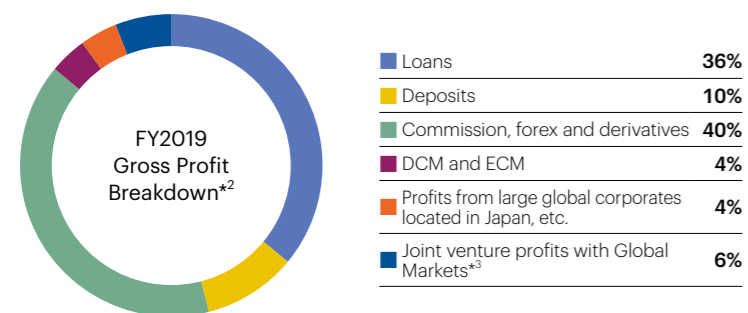
Overview of FY2019 Results

Reflecting an improvement in lending spread, net interest income from loans increased, while M&A-related event finance transactions and real estate-related transactions resulted in a robust volume of profits. Consequently, net operating profits were up year on year.

	FY2018	FY2019
Net operating profits (billion yen)	244.3	249.6
Expense ratio	57%	57%
ROE*5	15%	12%

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

Global Corporate & Investment Banking Business Group (GCIB)*1



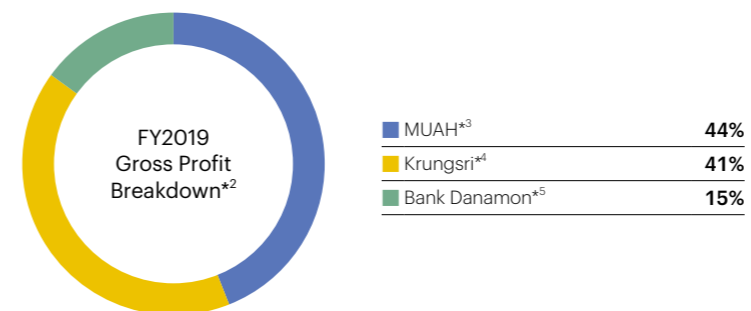
Overview of FY2019 Results

Net operating profits grew year on year due to an increase in net interest income from loans and the accumulation of profits deriving from major event finance transactions in the Americas and transactions in Asia and Oceania.

	FY2018	FY2019
Net operating profits (billion yen)	156.0	163.7
Expense ratio	63%	63%
ROE*4	10%	8%

*1 Including profits from large global corporates of Krungsri, which belongs to GCB, profits from large global corporates located in Japan, which belong to R&C and JCIB, and joint venture profits with Global Markets
 *2 Excluding profits or losses from others
 *3 Including O&D profits through collaboration with Global Markets
 *4 Calculated based on net profits and excluding non-JPY medium- to long-term funding costs

Global Commercial Banking Business Group (GCB)*1



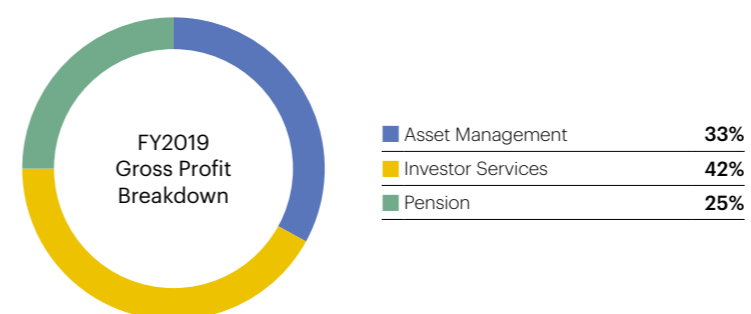
Overview of FY2019 Results

Although MUAH struggled due to lower U.S. interest rates, Krungsri secured a robust loan balance, while the consolidation of Bank Danamon served as a positive factor. Consequently, net operating profits were up year on year.

	FY2018	FY2019
Net operating profits (billion yen)	198.8	217.9
Expense ratio	70%	72%
ROE*6	6%	(17%)*7

*1 Figures for MUAH and Krungsri include those belonging to GCB only and exclude those belonging to other business groups
 *2 Excluding profits or losses from others
 *3 MUAH's figures as reported in MUAH's 10-Q and 10-K exclude figures belonging to Trust/Securities subsidiaries, JCIB, GCB and Global Markets
 *4 After GAAP adjustment. Excluding figures that belong to Global Markets
 *5 April to December 2020 results after consolidation.
 *6 Based on net profits
 *7 ROE excluding the impact of one-time amortization of goodwill and impairment loss is 5%

Asset Management & Investor Services Business Group (AM/IS)



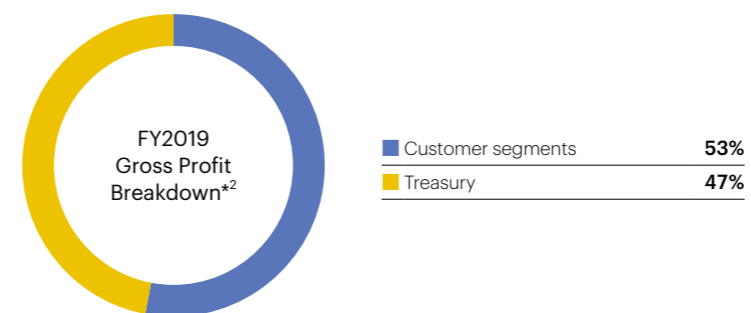
Overview of FY2019 Results

Net operating profits fell year on year due to a temporary increase in expenses in connection with the acquisition of an overseas asset manager (FSI), despite the expansion of the investor services business at home and abroad and robust sales of investment products for domestic institutional investors.

	FY2018	FY2019
Net operating profits (billion yen)	78.1	70.9
Expense ratio	61%	71%
ROE*1	8%*2	19%

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

Global Markets Business Group*1



Overview of FY2019 Results

Net operating profits rose year on year thanks to the successful execution of a selection and concentration approach aimed at increasing gross profits from and reducing costs associated with customer segments as well as the accumulation of profits from treasury operations via flexible portfolio management that took timely advantage of interest rate declines.

	FY2018	FY2019
Net operating profits (billion yen)	298.8	352.0
Expense ratio	48%	45%
ROE*3	5%	6%

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

Retail & Commercial Banking Business Group (R&C)

Our Medium- to Long-Term Vision

We aim to be a retail & commercial banking group with unparalleled strengths in Japan and capable of achieving sustainable growth in tandem with customers and society as a whole.

To this end, we are providing a range of services employing an extensive value chain backed by a groupwide integrated approach while pushing ahead with profit and cost structure reforms.

In pursuing the former, we take full advantage of both our robust customer base, one of our sources of strength, and the comprehensive capabilities afforded by our value chain to deliver diverse solutions for our corporate clients and retail customers. With regard to the latter, we aim to develop a more stable profit structure by expanding base revenues and by accelerating cost structure reforms via, for example, digitalization, sales channel optimization and Business Process Re-engineering (BPR).

In addition, we are determined to ensure the ongoing stability of the financial infrastructure amid the fallout from the COVID-19 pandemic via our settlement functions, which are essential to the maintenance of daily activities, as well as our financing functions, which supports the economy. Every employee is acutely aware of this profound mission and engages in daily operations aimed at ensuring we live up to the expectations of society.

Looking ahead, we will strive to meet diverse customer needs and help resolve issues society is confronting, with all Group members working as one. In this way, we will achieve growth hand in hand with customers and society as a whole.



Naoki Hori
Group Head, Retail & Commercial Banking Business Group

Strengths of the Business Group

- The most extensive customer base and the largest network in Japan
- Strong capabilities to deliver solutions employing functions offered by Group companies
- Robust lineup of face-to-face and non face-to-face services, enabling customers to choose the optimal transactional channel for their needs

Operating Environment Analysis and Key Initiatives

In addition to facing the prolongation of the negative interest rate policy as well as social issues arising from a rapidly aging population and a low birth rate, the domestic business environment has seen major changes due to factors such as the digital shift. Looking ahead, these changes are expected to remain ongoing.

Furthermore, the fallout from the COVID-19 pandemic has prompted a growing need for financial transactions via non face-to-face channels. With this in mind, we need to step up the shift to digital channels. Amid this crisis, we are also being called upon to help our customers maintain their livelihoods and keep their businesses going as part of our social mission. To this end, we will steadily extend fundraising assistance and other services to meet diverse customer needs.

Along with our recent efforts, we will implement the following key initiatives to realize our medium- to long-term vision.

- Promote the wealth management business while rebuilding the asset management business
- Offer diverse services backed by the MUFG Group's extensive value chain in the course of accommodating business and asset succession needs
- Expand base revenues by strengthening our capabilities to make proposals in the settlement and forex fields
- Push ahead with digitalization and otherwise enhance customer convenience to expand our customer base
- Pursue cost structure reforms via sales channel reforms, BPR and other endeavors

Initiatives to Realize Our Vision

• SME Business

We employ various functions offered by Group companies to help SMEs resolve the issues confronting them, offering lending, real estate, M&A, IPO and other solutions while making proposals that start with addressing their business succession needs.

Having launched the Growing Industries Support Office, we are stepping up investment in and financing for venture startups as well as the provision of IPO assistance, with the aim of nurturing new industries.

In the face of society's digital shift, we are working to expand transactional opportunities via non face-to-face channels. Furthermore, the "MUFG Biz" portal site launched a new online service that provides corporate clients with an easy-to-understand summary analysis of their financial status and transactional data and helps them identify promising business partner candidates and M&A counterparts.

We have also set up dedicated help desks for clients affected by the fallout from the COVID-19 pandemic to extend fundraising assistance in a flexible and swift manner via, for instance, an emergency special loan scheme and "Biz LENDING," an online lending service. Furthermore, we launched the "MUFG Medical Fund" aimed at assisting venture startups in their efforts to develop and manufacture a cure for COVID-19.

• Retail Business

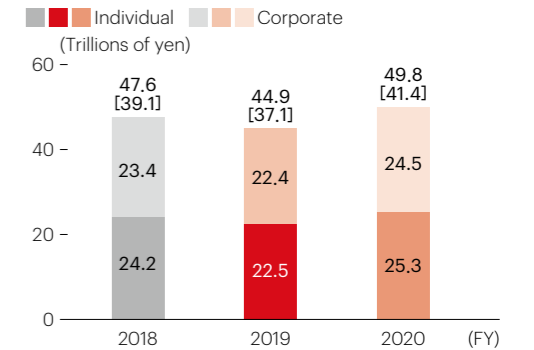
In the asset management business, we are promoting an advisory business model to proactively meet customer needs for stable, medium- to long-term asset building solutions. This approach is expected to lead to an increase in the balance of assets entrusted to us by customers and help us transition to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

As part of key initiatives described earlier, we also focus on delivering high-value-added services via the wealth management business in a way that takes full advantage of MUFG's strengths. To this end, our specialist are engaged in the proposal of asset management, inheritance, real estate and other solutions designed to meet evolving needs of customers in light of their life stages.

With the aim of innovating contact points with retail customers and improving productivity, we have updated the design of our internet banking interface to make it even easier to navigate while initiating the acceptance of applications for private-pension plans. At the same time, we enhanced the lineup of smartphone app-based services to include the re-issuance of cash cards and other procedures that had previously required a branch visit. In addition, the Bank and Sumitomo Mitsui Banking Corporation began allowing each other's account holders to use their off-branch ATMs.

Going forward, we will strive to enhance both customer convenience and operational efficiency, thereby achieving improvement in productivity.

Balance of Investment Assets*

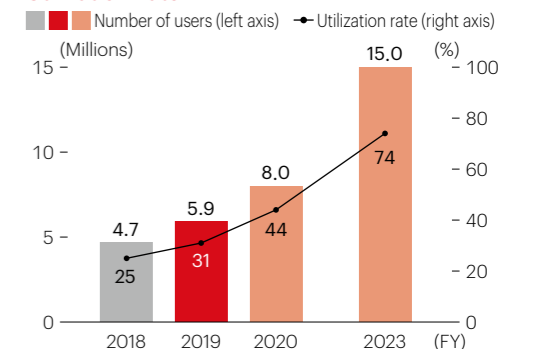


* Including customer assets belonging to JCIB; figures in parentheses represent the balance of assets belonging to R&C

A sample of materials used for the proposal of asset and business succession solutions



Number of Mitsubishi UFJ Direct Users*1 and Utilization Rate*2



*1 Users who logged in Direct at least once in 6 months out of all active accounts (excluding accounts used for direct debit only)

*2 Number of Direct service users / number of active accounts (excluding accounts used for direct debit only)

Sustainability Initiatives



R&C is extending financing for growth industries and venture startups while developing products specifically tailored to meet the needs of the elderly in addition to offering solutions supporting smooth business succession.

For more details, please refer to pages 38 to 39 and pages 58 to 62.

Japanese Corporate & Investment Banking Business Group (JCIB)

Our Medium- to Long-Term Vision

Employing our functions at home and abroad, we are striving to be the “First Call Business Partner” trusted by customers. At the same time, our organizational goals are to contribute to the enhancement of Japan’s industrial competitiveness and the realization of a sustainable environment and society.

To this end, we upgraded our RM^{*1}/PO^{*2} structure via the integration of the sales functions of the Bank and the Trust Bank, the establishment of a new dual-hat organization of the Bank and the Securities, and a shift to a cross-regional management approach. These measures are expected to strengthen our ability to provide one-stop services and deliver optimal solutions to corporate clients. As a result, we were able to expand non-asset businesses, such as those associated with major event finance arrangements, while securing greater asset efficiency thanks mainly to improvement in lending spread and growth in non-JPY deposits.

Looking ahead, we will continue to promote a shift to the origination & distribution (O&D) business as well as a transition to more solid P/L and efficient B/S structures. Moreover, we will strengthen our research & advisory functions to establish a sustainable business model as well as a sophisticated business approach helping resolve the management issues of our corporate clients.

Lastly, we believe that the economic impact of the COVID-19 pandemic will increase in severity going forward. However, MUFG is always there for those seeking help. We will continue to swiftly and carefully accommodate requests from clients in need of fundraising and other solutions to keep their businesses going.

*1 Abbreviation for Relationship Managers in charge of sales.

*2 Abbreviation for Product Office, namely, business units and staff in charge of the planning, development and the provision of products and services.



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

Strengths of the Business Group

- Comprehensive lineup of financial functions
- Solid customer base at home and abroad
- Extensive global network, the largest of its kind among domestic banks

Operating Environment Analysis and Key Initiatives

Currently, there is a growing sense of uncertainty regarding the global economic outlook due to lower U.S. interest rates, the fallout from the COVID-19 pandemic and other factors. In addition, the ongoing trend toward digitalization is prompting a shift in the industrial structure and changes in the competitive environment. Furthermore, businesses are facing the growing call from the general public to promote corporate governance reforms and make greater contributions to environmental and social sustainability.

Due to the lingering fallout from the COVID-19 pandemic, the current economic stagnation will only get worse and deprive businesses of their vitality. With this in mind, we place the utmost priority on extending fundraising support for our clients while pursuing the following key initiatives.

- Shift to a more solid P/L structure
- Pursue more efficient B/S management and improved ROE
- Strengthen our solutions capabilities
- Continue upgrading our RM/PO model

Initiatives to Realize Our Vision

• Strengthen Our Solutions Capabilities

With the recent upgrade of our RM/PO structure, we have steadily enhanced our approach to management issue resolution for corporate clients. This approach helped us expand our trust business such as corporate agency and pension and real estate, secure major event finance transactions and large M&A advisory deals and otherwise achieve solid results.

To enhance our solution capabilities even further, we will upgrade our sector-based approach while strengthening our ability to make proposals regarding digitalization and other advisory functions.

In July 2019, the Research & Advisory Unit was established through the consolidation of relevant functions from across our organization. Currently, this unit is striving to deliver various solutions finely tuned to meeting diverse client needs in light of the management issues they are confronting.

Moreover, we have seen growing public interest in the status of businesses’ compliance with the Corporate Governance Code and their response to climate change issues as well the United Nations Sustainable Development Goals (SDGs) and other ESG issues. Taking these factors into account, we are also focused on helping businesses implement measures to secure sustainable growth and are otherwise supporting their shareholder and investor relations activities in ways that take full advantage of MUFG’s unique strengths.

• Enhancement of Capital Efficiency

We have made steady progress in the enhancement of capital efficiency by, for instance, narrowing the gaps between non-JPY deposits and loans, promoting the O&D business and reducing our equity holdings.

In particular, we promote the O&D business in the course of reaching out to domestic and overseas institutional investors as a means of reducing low-profitability assets. As a result of this and the success of our efforts to secure “sticky” non-JPY deposits, the gaps between non-JPY deposits and loans decreased. Going forward, we will continue to take a flexible approach to non-JPY balance sheet management, with the aim of stepping up the accumulation of negotiable assets.

In addition, we made steady progress in the reduction of our equity holdings and expect that our target amount for the end of fiscal 2020 will be met. We will continue to push ahead with reduction while sincerely engaging in ongoing dialogue with our corporate clients.

• Upgrading of Pricing Management in Lending Operations

The non-JPY lending spread is on an ongoing improvement track thanks to the upgrading of our pricing management approach at home and abroad. To transition to a more solid P/L structure, we will continue this policy.

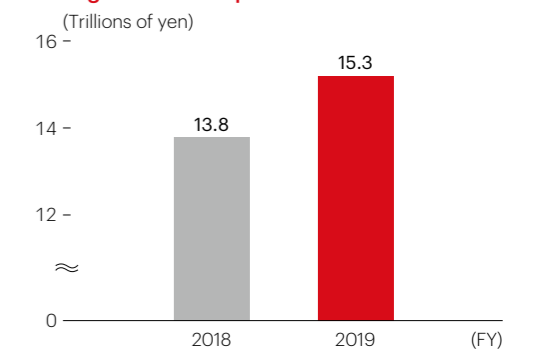
We will also review our pricing criteria with regard to yen loans to improve risk return.

Securities Business League Table*

	Results		Targets
	FY2018	FY2019	FY2020
M&A (Deals involving Japanese corporations)	1st	2nd	2nd or higher
DCM (Value of bonds underwritten)	2nd	1st	1st
ECM (Value of equities underwritten)	5th	3rd	2nd-ranked group

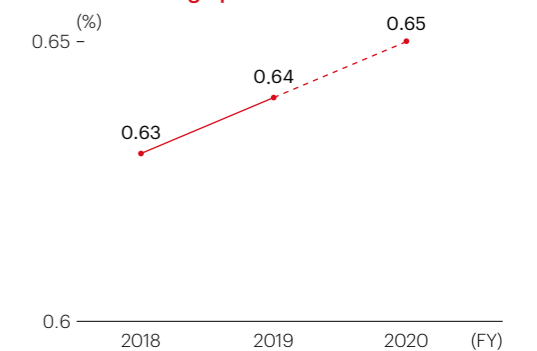
* Based on data provided by Refinitiv, etc.; DCM includes domestic and foreign bonds

Average Non-JPY Deposit Balance*



* Sum of domestic and overseas loans

Non-JPY Lending Spreads*



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

Sustainability Initiatives



JCIB is financing renewable energy and social infrastructure projects while providing such products as Sustainability Linked Loans.

For more details, please refer to pages 58 to 61.

Global Corporate & Investment Banking Business Group (GCIB)

Our Medium- to Long-Term Vision

Our vision is to provide our global clients with a comprehensive set of solutions that meets their financing needs by leveraging our extensive network, robust customer base and product capabilities that we have established over time.

To support our vision, we are on a journey to transform our business model from “quantity” to “quality” through continued focus on promoting origination & distribution (O&D) on an MUFG group basis and accelerating portfolio recycling to improve returns. In addition, we are working to enhance non-JPY liquidity management and cost control to ensure stable business foundation.

Right now, it is also essential to address business impacts as the world shifts to “new normal” as a result of the COVID-19 pandemic. We will focus on resolving environmental and social issues by supporting sustainable financing, developing financial innovation with digitalization as well as promoting workstyle reforms of our employees. Through the continuous business model transformation, we strive to contribute to sound social development and realize sustainable growth of our business.



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

Strengths of the Business Group

- Strong client relationships backed by a robust global network
- Talents with extensive backgrounds delivering a rich variety of solutions
- Partnership with Morgan Stanley, a world-leading financial group

Operating Environment Analysis and Key Initiatives

The spread of COVID-19 brought significant economic and social impact worldwide; a tougher business environment as the global economy has now adopted ultra-low interest rates more widely than ever. To tackle this, we need to be more cognizant of non-JPY funding costs and regulatory costs.

We also note the growing importance of Sustainable Development Goals (SDGs). Addressing environmental and social issues through our business is among the top on our agenda: responding to global warming and climate change; helping developing nations achieve sustainable development; and innovating financial solutions to enhance financial inclusion.

Given the above business environment, we are engaged in the key initiatives listed below.

- Promotion of the O&D business on an MUFG group basis
- Portfolio recycling on a global basis
- Reduction of non-JPY loan-to-deposit gaps
- Financial innovation utilizing digital technologies
- Offering Sustainable financing

Initiatives to Realize Our Vision

• Promotion of the O&D Business on an MUFG group basis

We have enhanced O&D platform connecting institutional investors and corporate clients with financing needs through strengthening our talents and organizations on an integrated business model involving the Bank and the Securities.

In fiscal 2019, the distribution amount fell year on year due to the COVID-19 pandemic. However, we were able to engage in large M&A financing transactions through collaboration with Morgan Stanley and efforts to enhance our sector-based approach.

In addition, we welcomed on board an aviation finance-related business and a team of aviation finance professionals from the DVB Bank in November 2019. Leveraging the product offering and risk management capabilities backed by their strong expertise, we are developing an even more sophisticated business model to enhance asset velocity.

• Portfolio Recycling on a Global Basis

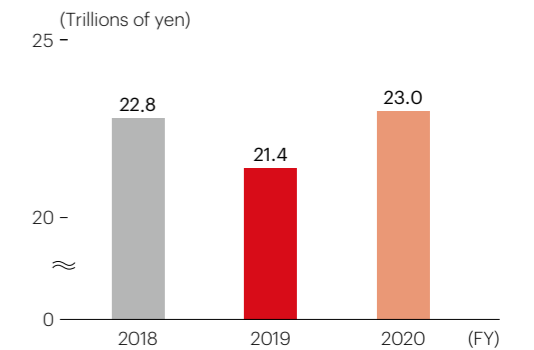
We continue to replace our portfolio with higher-return assets in growth areas through our client relationship review and classification framework, based on the profitability and profit amount metrics of each relationship. In fiscal 2019, we raised the profitability threshold from the year before, thereby expanding the scope of clients under monitoring. With this, we exited from transactions with 119 low-profitability clients. As a result, we have made steady progress in our ongoing transformation from “quantity” to “quality.”

Improving asset quality via portfolio recycling is also essential to offer attractive products backed by high-profitability assets to institutional investors in light of the O&D business. We will further enhance reduction of low-return assets and improvement of portfolio returns.

• Upgrading Our Balance Sheet Management Approach

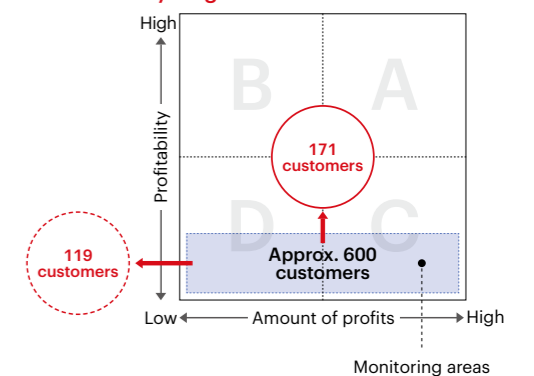
Having established the GCIB Asset & Liability Committee (GALCO) in fiscal 2019, we are currently striving to enhance our non-JPY balance sheet management from both assets and liabilities perspective to manage liquidity constraints. With the more disciplined approach through GALCO, we were able to reduce the loan-to-depo gap on the end of fiscal 2019 despite facing a radical increase in financing demand. We will continue to enhance the framework and optimize the capital allocation with reviewing portfolio returns and non-JPY liquidity capacity.

Distribution Amount*

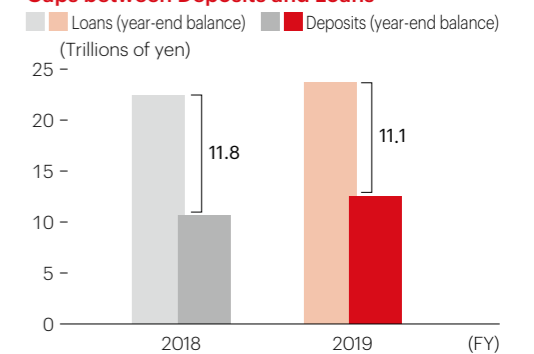


* Based on the value of syndicated loans, project finance, securitization, aviation finance and other financial arrangements, excluding underwritten value + the value of DCM, ABS and other securities arrangements

Portfolio Recycling



Gaps between Deposits and Loans



Sustainability Initiatives



GCIB is offering financing solution for renewable energy and social infrastructure projects and contributing to the expansion of the market for Green Bonds.

For more details, please refer to pages 58 to 61.

Global Commercial Banking Business Group (GCB)

Our Medium- to Long-Term Vision

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

We have long regarded Asia our second “home market”, and have been especially focused on developing a commercial banking platform to serve key ASEAN nations. In 2019, we completed this endeavor through subsidiarization of Bank Danamon Indonesia. Moving forward, we have now entered into a partnership with Grab—the leading super app in Southeast Asia, handling ride-hailing and food delivery services—with aims to accelerate our digital shift and secure our ability to provide novel financial services.

Although factors such as sluggish stock market conditions necessitated a one-time amortization of goodwill in fiscal 2019, the overall performance of our partner banks has been solid. We will strive to enhance each partner bank’s corporate value by rolling out best practices achieved by Krungsri to other partner banks, and sharing expertise such as risk management between partner banks and MUFG.

As for MUAH, we will place the utmost priority on optimizing its lending portfolio to improve profitability, which is one of the issues confronting this partner bank, and reducing the expense ratio through cost reduction measures.

We will continue to work together with partner banks to deliver new solutions, while paying close attention to the fallout from the COVID-19 pandemic and other economic trends in the countries in which they operate.



Takayoshi Futae

Group Head, Global Commercial Banking Business Group

Strengths of the Business Group

- Superior service capabilities backed by a combination of customer bases and products developed by MUFG and partner banks
- Extensive branch network and an overwhelming number of customer contact points supported by a commercial bank platform encompassing the ASEAN region
- Access to external partners such as Grab, which will help in promoting financial inclusion, innovation, and employment creation

Operating Environment Analysis and Key Initiatives

Burgeoning economic growth is expected in the ASEAN region over the medium to long term. Moreover, approximately 9,500 Japanese corporations have expanded into the four ASEAN countries in which our partner banks operate, cultivating strong ties between Japan and these nations. Taking these factors into account, we are convinced that MUFG is well positioned to take advantage of its strengths backed by an extensive regional network consisting of more than 3,000 branches.

In addition, there is a rapidly growing trend toward digitalization in the ASEAN region, with an increasing number of new players entering the financial field. Because of this, we need to promote digitalization at an ever-faster pace to capture opportunities arising from the region’s economic growth.

Also, due to the fallout from the COVID-19 pandemic, each partner bank is expected to have some negative impact, such as higher credit costs.

With this in mind, we are engaged in the key initiatives listed below.

- Effectively utilize partner banks’ customer bases and functions
- Strengthen transactional banking operations by utilizing local settlement functions
- Pursue digitalization strategies, including collaborations with Grab
- Enhance risk management systems

Initiatives to Realize Our Vision

• Asia

In Thailand, Krungsri has achieved record-high performances in both net operating profits and net income, thanks to the stable increase of retail loans such as auto loans, and growth in non-interest income.

In Indonesia, Bank Danamon has been engaged in collaborations with MUFG in a variety of fields, including large corporate, SME, and retail transactions. Notably, introducing Bank Danamon’s services to the local commercial distribution of MUFG customers has yielded positive results, including the creation of a highly convenient loan scheme which connects local auto dealers and major European automakers.

The Vietnam-based VietinBank and the Philippines-based Security Bank have also been engaged in collaborations with MUFG, such as providing local settlement services to MUFG customers.

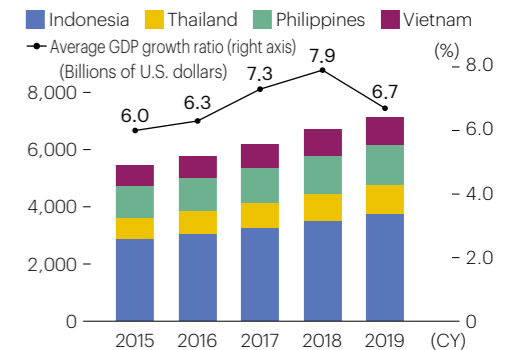
We will continue to provide our customers with services of high value through collaboration between partner banks and sharing best practices.

• United States

MUAH is aiming for sustainable growth in pace with the economic growth of the United States, and to this end, is striving to expand its balance of low-cost deposits, optimize its lending portfolio, and promote digitalization. Taking on the challenge of improving its relatively high expense ratio, MUAH also initiated across-the-board cost structure reforms in fiscal 2019. Through these initiatives, we have achieved certain results. Furthermore, we are updating MUAH’s system platforms by introducing a next-generation mainframe deposit management system, and through data governance enhancement, we aim to establish a more sustainable and stable business foundation.

In March 2020, MUFG Union Bank appointed the new head of its regional banking division. Having strengthened the management structure with this move, MUFG Union Bank will strive to accelerate business model reformations while continuously delivering client-centric solutions to our valued customers, including local retail customers and SMEs.

GDP Trend in Four ASEAN Countries*



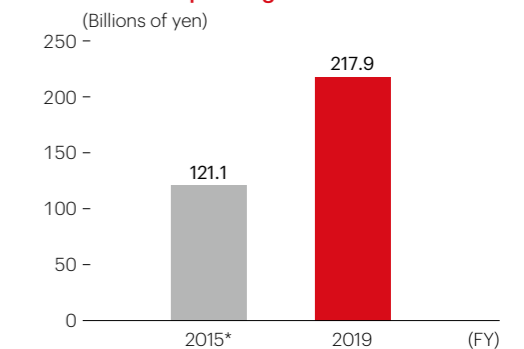
* Source: World Economic Outlook Database, April 2020 compiled by IMF

Number of Japanese Corporations Expanding into ASEAN Region

Country	Number of corporations*
Thailand	4,198
Indonesia	1,994
Vietnam	1,920
Philippines	1,356
Total	9,468

* Source: The 2019 edition of Annual Report of Statistics on Japanese Nationals Overseas, Ministry of Foreign Affairs

Growth in Net Operating Profits



* As GCB was inaugurated in fiscal 2018, the figure for fiscal 2015 is retrospectively calculated using the basis used to compile fiscal 2019 operating results.

Sustainability Initiatives



GCB is acting in collaboration with partner banks to promote financial inclusion and digitalization initiatives.

For more details, please refer to pages 39 and 60.

Asset Management & Investor Services Business Group (AM/IS)

Our Medium- to Long-Term Vision

We aim to become a player boasting unparalleled strength in Japan and significant global presence. To this end, we strive to enhance our products and services while remaining acutely conscious of our fiduciary duties in an effort to win customers' support.

In the asset management field, we will secure greater capabilities to meet diverse needs on a global basis by strengthening our functions via the acquisition of domestic and overseas asset managers and by creating synergies with existing businesses.

In the field of investor services, we will further expand our operations by proactively delivering new services and greater value to customers at home and abroad in a way that accurately meet their needs.

With regard to the pension business, in which we provide solutions ranging from HR systems to retirement benefit schemes, we will continue to help customers resolve the issues confronting them as we aim to garner an even more solid reputation and expand our customer base.

Although the business environment is radically evolving due to the fallout from the COVID-19 pandemic, we strive to live up to customers' trust and remain their best partner. To this end, we will do our utmost to fulfill our fiduciary duties while taking full advantage of our expertise to meet diverse customer needs.



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

Strengths of the Business Group

- Superior consulting capabilities backed by sophisticated specialist expertise and know-how
- Strong product development capabilities in the asset management and investor services fields
- A robust human resource base supporting the fulfillment of fiduciary duties

Operating Environment Analysis and Key Initiatives

Due to such factors as the fallout from the COVID-19 pandemic, the outlook for the market environment is expected to remain unclear for a long time.

Overseas, we have seen the popularization of an asset management approach that pays attention to investee initiative addressing ESG issues. Because of this, businesses' responses to climate change and their contribution to the resolution of social issues, such as the need to ensure employee safety, are attracting investor attention.

In Japan, financial institutions are being called on to help facilitate a shift from savings to stable asset building via the provision of investment products and investment education in the face of looming public concerns associated with

social security systems due to an aging population and a low birth rate.

Taking these factors into account, we are taking on the following key initiatives to achieve our medium- to long-term vision.

- Provide institutional investors with diverse asset management vehicles
- Popularize a responsible investment approach by setting precedents and engaging in dialogue with businesses
- Deliver asset management solutions to support long-term, stable asset building for households as well as an extensive lineup of asset administration services

Initiatives to Realize Our Vision

• Asset Management Business

Even as we focus on the development of a robust business platform that will allow us to secure global competitiveness, efforts are under way to strengthen governance by, for example, dispatching directors to the Australia-based First Sentier Investors (FSI),*¹ a global asset manager we acquired in August 2019. Moreover, we are stepping up collaboration with FSI to jointly address ESG and other issues. In June 2020, we acquired an equity stake in Mitsubishi Corporation Asset Management Ltd. and renamed it Mitsubishi UFJ Alternative Investments Co., Ltd. We will also work together with this new Group member specializing in the alternative investment field*² to develop its organizational structure in order to create synergies at the earliest possible date.

In September 2019, we launched MUFG Private REIT, Inc., which handles private placement REITs, to further enhance our products and services and meet diverse customer needs by taking full advantage of Group companies' functions, expertise and know-how.

*¹ Rebranded from Colonial First State Global Asset Management in September 2019
*² Investment in real estate, infrastructure and vehicles other than traditional assets (equities and bonds, etc.)

• Investor Services Business

Under the MUFG Investor Services brand, we strive to increase the balance of assets under our management via fund administration while providing a broad range of MUFG customers with ancillary banking services (e.g., financing for funds, forex and repo transactions*¹).

In the alternative fund field, which boasts growth potential, we are currently ranked sixth among our global peers in terms of the value of alternative funds under administration and are achieving steady business expansion.

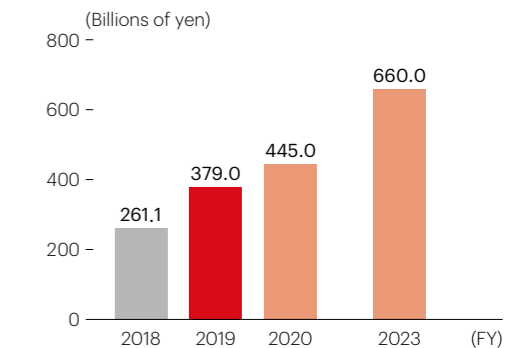
In October 2019, we completed the acquisition of Point Nine Limited,*² a company boasting strengths in digital-driven solutions for operational streamlining and business process updating. To meet the increasingly diverse asset administration needs of customers, we will continuously strive to deliver even better services while improving productivity.

*¹ A type of transaction involving an agreement to exchange funds and bonds for a certain period of time
*² Renamed MUFG Investor Services FinTech Limited after acquisition

• Pension Business

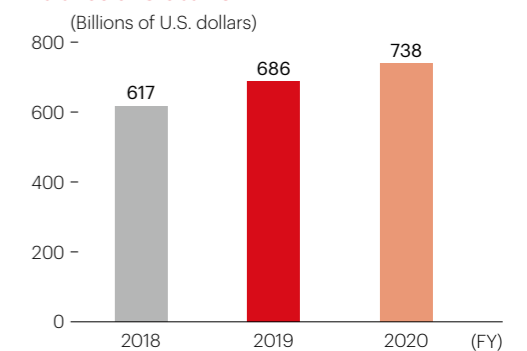
While providing a range of MUFG customers with pension-related services, we offer consulting services to help them comprehensively review their HR and retirement benefit systems. Simultaneously, we endeavor to strengthen our asset management and sales capabilities while taking a groupwide, integrated service approach. By doing so, we aim to increase both the balance of pension trusts under defined benefit pension plans and enrollment in defined contribution pension plans.

Balance of Alternative Products*

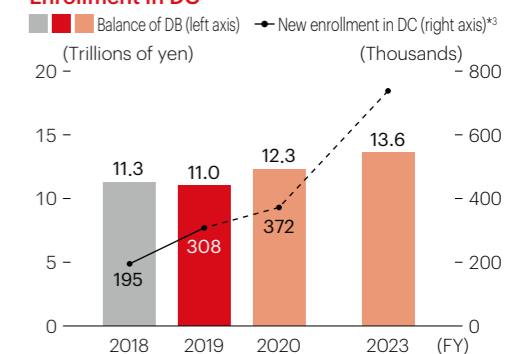


* Balance of real-estate and other low-liquidity investment products developed in-house

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

Sustainability Initiatives



AM/IS strives to promote responsible investment while providing financial and economic education. Moreover, it engages in surveys and research on asset building in addition to publicizing its insights in this field.

For more details, please refer to pages 59 and 62.

Global Markets Business Group



Masamichi Yasuda
Group Head, Global Markets Business Group

Our Medium- to Long-Term Vision

Employing the Group's comprehensive capabilities, we aim to steadily deliver high-value-added services to customers and, to this end, proactively take on new challenges to enhance our corporate value.

In customer segments, we are allocating our resources to fields in which MUFG has proven strength and good growth potential, accelerating the selection and concentration approach. We are also working to transition to a new business model via the promotion of the origination & distribution (O&D) business and the cross-selling.

In treasury operations, we are supporting the stable management of non-JPY funding by diversifying sources of funding. At the same time, we are flexibly carrying out hedging operations in a way that conforms to prevailing interest rate trends while considering the execution of long-term, diversified investment.

Amid turmoil in the financial market, which has been severely affected by the fallout from the COVID-19 pandemic, we have been stably providing financial services. As a professional team in global markets, we strive to continue to live up to customer expectations and thereby contribute to stable business management for the Group.

Business environment is radically evolving due to such factors as ever advancing digitalization, a growing number of new players making entries into the industry, and the pressing need for solutions aimed at addressing sustainability issues. However, we will consider these changes to be new opportunities and endeavor to solidify trust customers and society have in us.

Strengths of the Business Group

- The capability needed to deliver products and solutions that meet diverse customer needs
- Strong presence as a financial market leader
- Sophisticated and leading-edge methodologies available to control market risk

Operating Environment Analysis and Key Initiatives

In response to the spread of COVID-19, we have implemented such measures as the introduction of a "split-team" operational system and a remote working scheme in order to maintain financial market functions and ability to meet customer needs as financial professionals. Looking ahead, we will optimize our operational structure to adapt to new circumstances during and in the aftermath of the COVID-19 pandemic. In this way, we will fulfill our responsibilities as a market leader.

Our business environment is expected to be affected by the prolongation of a trend toward low interest rates and even harsher regulatory requirements. We also anticipate the intensification of competition due to the advancement of technologies.

Furthermore, we have seen steadily growing customer needs for solutions aimed at helping realize SDGs and addressing ESG and other sustainability issues.

With this in mind, we will stably push ahead with the key initiatives listed below while striving to achieve our medium- to long-term vision.

- Further promote the O&D business
- Enhance our operations in customer segments by expanding areas in which we engage in cross-selling
- Strengthen sales & trading operations at home
- Take on the challenge of deploying new investment management methodologies

Initiatives to Realize Our Vision

•Customer Segments

Focusing our management resources on priority business fields, we deliver high-quality products and solutions to meet customer needs.

Institutional investors: Currently, close collaboration is under way between GCIB, AM/IS and Global Markets business groups to provide products and services. Having established an organizational structure for smoothing such collaboration in the United States, we will move on to develop similar structures in Europe and Asia to meet diverse customer needs.

Also, we are enhancing our capabilities to deliver such solutions as secured finance.*¹ In fiscal 2019, the Global Markets Business Group contributed to the expansion of the MUFG Group's institutional investors business through improvements in profitability. Going forward, we will step up in-house collaboration transcending the boundaries of business groups while gearing up our O&D-related initiatives. In this way, we will achieve further business expansion in this field.

Corporate customers: We engaged in ongoing investment to introduce electronic procedures for forex transactions, an area in which MUFG boasts strengths, with the aim of achieving further improvement in customer convenience and the Group's price competitiveness. Having thus updated our business platform, we will strive to maintain a stable volume of transactions, improve profitability and ensure our ability to secure a steady supply of funds with liquidity at times of emergency. By doing so, we will further enhance our strengths.

Moreover, we will continue to accommodate customer needs by engaging in the proposal of diverse solutions that conform with the market environment. We will also provide customers with products designed to help them address sustainability issues. In addition, we will work to secure our preparedness with regard to changes in the business environment, such as those arising from the introduction of CVA*² regulations, as we accelerate transition to a new business model for corporate customers.

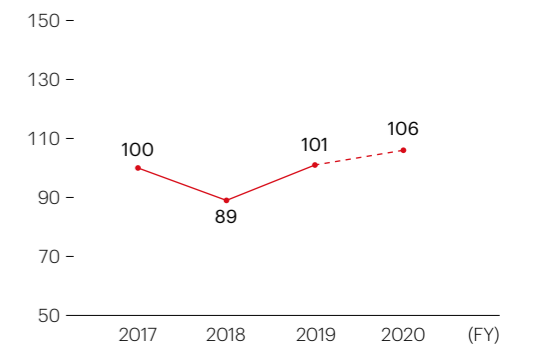
*1 A type of financing that supplements the borrower's credit risk with collateral assets
*2 Capital regulations aimed at addressing risks associated with fluctuations in credit valuation adjustment (CVA)

•Treasury

In our market operations we maintain a flexible approach responsive to changes in the market environment in order to secure robust profit. Simultaneously, we have maintained the stable management of non-JPY funding even during times of radical market fluctuations to support the MUFG Group's business.

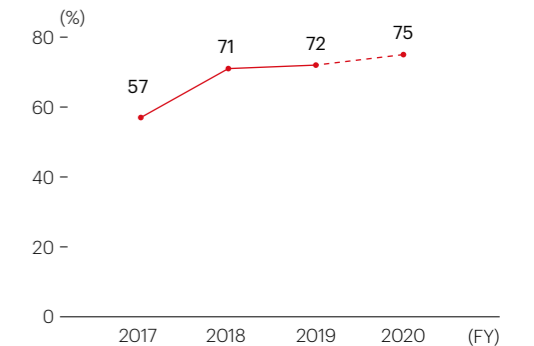
Looking ahead, we will take a groupwide, integrated approach to increase the volume, stability and efficiency of non-JPY funding by, for example, diversifying funding sources, with the aim of supporting the MUFG Group's non-JPY businesses as a whole. We will also secure profit opportunities via, for instance, flexible hedging operations that conform with interest rate trends. We will thus engage in market risk management in a way that takes full advantage of the strengths of the Bank and the Trust Bank in their areas of specialty.

Client Value*



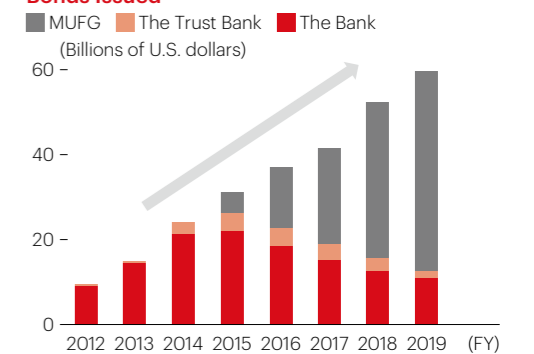
* Quasi sales & trading profits in institutional investors business (FY2017 level = 100; based on annual average)

Digitalization ratio of FX rate contracts*



*Internal transactions

Remaining Balance of non-JPY Denominated Bonds Issued



Sustainability Initiatives



The Global Markets Business Group developed a non-JPY deposit product featuring earthquake protection while engaging in cutting-edge, AI-driven trading transactions.

For more details, please refer to pages 38 and 61.

Initiatives for Addressing Environmental and Social Issues toward Sustainable Growth

MUFG considers the pursuit of sustainability to be one of its most important management issues. With the conviction that environmental and social sustainability are essential to achieving sustainable growth for MUFG, we are engaged in value creation employing an integrated approach in which the execution of management strategies goes in tandem with the pursuit of solutions for social issues.

Specifically, each business group has incorporated initiatives aimed at helping resolve environmental and social issues into their respective strategies and is extending financing for renewable energy projects and otherwise assisting customers in their efforts to step up sustainability initiatives. From the perspective of risk management, we have the MUFG Environmental and Social Policy Framework in place to ensure that due consideration is given to environmental and social concerns in the course of financing, including the extension of credit and underwriting of stocks and bonds. We also continually update our in-house rules to secure through compliance with this framework.

Furthermore, although we have extended support for medical institutions and struggling students amid the spread of the COVID-19, we have concluded that we must also step up initiatives outside of fields in which we seek to help resolve social issues through

our main business. Accordingly, we established a framework that appropriates 0.5% of the Group's net operating profits in the previous fiscal year to an additional budget for social contribution activities.

The total of annual spending associated with social contribution activities undertaken by Group companies in fiscal 2019 and spending based on the new framework amounts to approximately 1% of the Group's net operating profits in fiscal 2019.

In addition, the Sustainability Committee discusses initiatives undertaken by MUFG to address environmental and social issues, while the Board of Directors and the Executive Committee receive reports from and make decisions based on conclusions reached by the former committee. Also, we engaged two experts representing the fields of the environment and social to give their specialist opinions and recommendations to members of the Board of Directors and the Sustainability Committee.

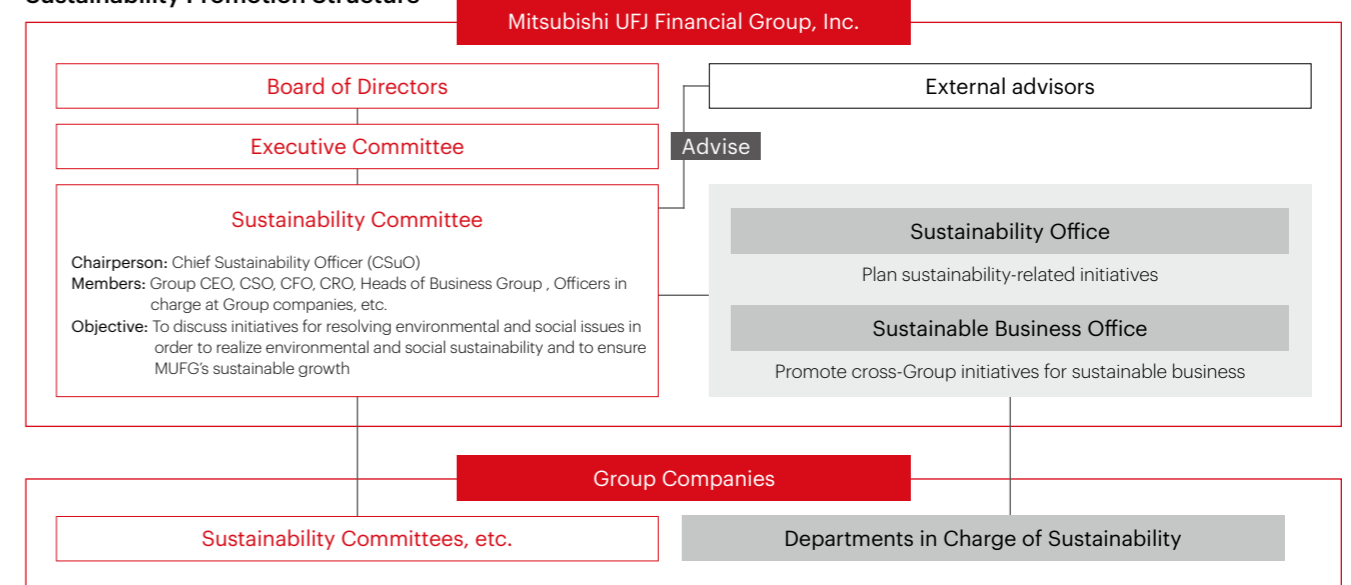
Also, in May 2020 we appointed a Chief Sustainability Officer (CSuO) to gear up our approach and clarify responsibilities with regard to sustainability initiatives. With an officer in charge of corporate planning and strategy appointed to concurrently serve as CSuO, we aim to integrate our efforts to help resolve social issues and our business management strategies.

Sustainability Initiatives

- P. 55 Initiatives for Addressing Environmental and Social Issues toward Sustainable Growth
- P. 56 Our Approach to Environmental and Social Issues
- P. 58 Responding to Business Opportunities
- P. 63 Response to the Task Force on Climate-Related Financial Disclosures (TCFD) Recommendations

Our sustainability initiatives will be disclosed in the upcoming Sustainability Report in autumn 2020.

Sustainability Promotion Structure



Our Approach to Environmental and Social Issues

Business Opportunities

MUFG aims to contribute to environmental and social sustainability and help realize United Nations Sustainable Development Goals (SDGs) through financial services. We have committed to extending a total of ¥20 trillion for sustainable financing over a period spanning fiscal 2019 through fiscal 2030 (of this, ¥8 trillion will be used for environmental finance). In fiscal 2019, we made great progress, extending a total of ¥3.7 trillion.

As a world-leading financial group providing financing for renewable energy projects, we will proactively support our clients' "transition" to more sustainable business and energy structures via the enhancement of energy efficiency etc., while facilitating "innovation" that employs alternative energy and IT technologies.

Also, we will focus on supporting efforts to resolve issues society is now confronting by, for example, extending financial solutions to the medical industry to help prevent the spread of COVID-19 and create a cure for the virus.

Goals and Results of Sustainable Financing

		FY2019 results	FY2030 goals
Environmental	Arrangement of loans and project finance for renewable energy projects, etc.	¥0.9 trillion	¥8 trillion
	Underwriting and sales of Green Bonds	¥0.5 trillion	
	Others	¥0.8 trillion	
Social	Finance for social infrastructure development and regional vitalization, etc.	¥0.9 trillion	¥12 trillion
Others	Finance for solutions of various environmental and social issues	¥0.6 trillion	
Total		¥3.7 trillion	¥20 trillion

Business Risks

MUFG has an Environmental and Social Policy Framework*¹ in place to ensure due consideration is given to environmental and social concerns in the course of financing. In fiscal 2019, MUFG announced that it will not provide financing for new coal-fired power generation projects in principle. Furthermore, MUFG revised the framework in May 2020 to include Oil sand, Arctic development etc., as "Restricted Transactions." Looking ahead, we will periodically review and upgrade this framework in light of changes in the Group's business activities and operating environment.

In addition, the Bank is a signatory to the Equator Principles (EP)*² which is an international framework for addressing environmental and social concerns when financing projects including infrastructure and natural resources development.

In July 2020, the Bank commenced application of the fourth version of the EP which includes assessment of climate change related risks (transition risks and physical risks) associated with each project and enhanced engagement with project-affected indigenous peoples.

*1 <https://www.muftg.jp/english/csr/policy/>
 *2 <https://www.muftg.jp/english/csr/environment/equator/>

Sectors Added by the May 2020 Revision of the MUFG Environmental and Social Policy Framework

Oil sand, Development of the Arctic	Assessing the state of implementation of environmental and social considerations by our clients, including the impact on the ecosystems and indigenous communities in the region
Large Hydropower	Assessing the state of implementation of environmental and social considerations by our clients, such as the impact of dam construction on the ecosystem, local communities, and the living environment and livelihoods of residents
Inhumane Weapons	Prohibiting the provision of financing for the production of inhumane weapon

Priority Environmental and Social Issues MUFG Must Address

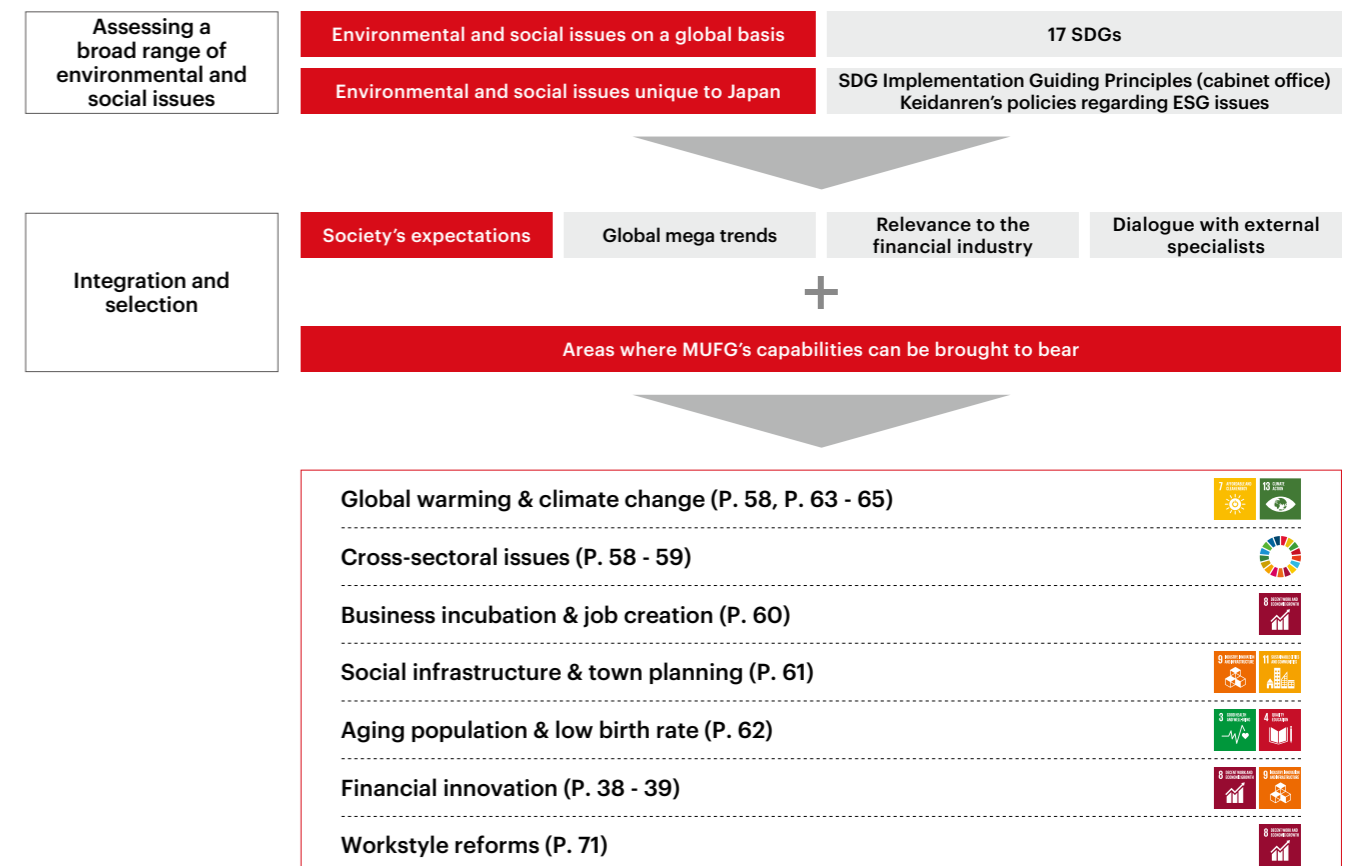
As we aim to help resolve environmental and social issues while securing sustainable growth, we have determined seven priority issues that must be addressed through our business activities.

This determination involved selecting issues relevant to MUFG's operations at home and abroad from among the environmental and social issues identified by SDGs as well as prevailing industry standards.

Furthermore, we have incorporated input from external specialists. The determination of these issues has thus been made with an eye to better fulfilling society's expectations in areas where MUFG's capabilities can be brought to bear.

Each business group has incorporated these priority issues into its strategies and is currently engaged in concrete initiatives addressing such issues. Also, we periodically review these priority issues in light of changes in the operating environment.

Process for Selecting Priority Issues



*Including initiatives endorsed by Mitsubishi UFJ Financial Group, Inc. and those endorsed by Group subsidiaries

Responding to Business Opportunities

Global Warming & Climate Change

MUFG is addressing issues arising from global warming and climate change by rallying the Group's comprehensive strengths. As stated on page 10, we are ranked among the world's top finance arrangers of renewable energy projects while contributing to the expansion of the Green Bond market.

Contributing to the Expansion of the Green Bond Market

Aiming to contribute to environmental and social sustainability via participation in the capital market, MUFG steadily issues Green Bonds. As of the end of fiscal 2019, MUFG had issued Green Bonds at home and abroad six times for a total worth of approximately ¥290 billion. This amount is the largest of its kind in the domestic industry as a total value of Green Bonds issued by a single issuer. The net proceeds from Green Bonds have been allocated via the Bank to financing for projects aimed at resolving environmental issues.

In addition, Mitsubishi UFJ Morgan Stanley Securities has been acting as a leading underwriter in the Green Bond market since the inception of such bonds. Mitsubishi UFJ Morgan Stanley Securities boasts the top position in Japan in terms of both the total value of public placement yen-denominated Green Bonds underwritten (since fiscal 2016) and the number of issuance cases in which it acted as a Green Bond structuring agent.* Looking ahead, Mitsubishi UFJ Morgan Stanley Securities will continue to take a lead in the expansion of the Green Bond market.

* An agent who support the issuance of Green Bonds through the formulation of Green Bond frameworks and advice on obtaining a second party opinion, etc.

Allocation of Funds and Environmental Impact

Balance of Eligible Green Projects funded through the issuance of MUFG Green Bonds
US\$3,133 million
Total annual energy generation
37,410 million kWh
Total annual CO ₂ emissions avoided (via financing by the Bank)
3.8 million t-CO ₂

Cross-sectoral Issues

MUFG is helping clients resolve a number of the environmental and social issues they are confronting.

Extending Loans to Assist in Efforts to Address Environmental and Social Concerns through Business Activities

We offer corporate loans and private placement bonds specially 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., thereby providing clients with feedback on the challenges they must address. In fiscal 2019, five clients utilized these products, with the total value of loans and bonds amounting to ¥8.7 billion.

Furthermore, we became the first financial institution in Japan to develop a "Sustainability Linked Loan" that places no restrictions on the usage of funds and is equipped with variable interest rates reflecting the status of ESG-related targets achieved by clients. In fiscal 2019, we have acted as an arranger for three syndicated loans for clients committed to pursuing specific targets in terms of the enhancement of ESG-oriented corporate management and the reduction of environmental burdens.

Looking ahead, we will continue to help clients shift their business focus to and promote structural transition toward achieving sustainability.

Issuance of Social Bonds and Sustainability Bonds

In October 2019, MUFG formulated its Green, Social and Sustainability Bond Framework* by expanding its existing Green Bond framework. In addition to the "green" category comprising environmental projects, the new framework includes projects related to such fields as healthcare, education, employment generation and preservation and affordable housing aimed at addressing social issues as eligible for financing. In May 2020, we also included projects associated with countermeasures against the COVID-19 into the scope of eligible categories.

In line with this framework, we became the first among domestic private financial institutions to issue Social Bonds in December 2019, with the total value amounting to US\$90 million. We also issued Sustainability Bonds worth 500 million euro in June

2020 to finance such initiatives as countermeasures against COVID-19. The net proceeds from these bonds have been allocated via the Bank to financing for eligible green and social projects.

* https://www.mufg.jp/english/ir/fixed_income/greenbond/

Social Impact of Social Bonds Issued in December 2019

	Indices	Results
Healthcare	The number of patients receiving the medical services	3,578 (the Bank's proportion)
	The number of hospital beds	240 (the Bank's proportion)
Employment generation	The number of loans provided	27
	The number of employment created	130



Hospital facilities constructed in Turkey employing net proceeds from bonds

Practicing Responsible Investment via Asset Management

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. Based on this belief and in line with the MUFG AM Responsible Investment Policy,*¹ we have incorporated the evaluation of investees' ESG initiatives into our asset management process while engaging in dialogue to encourage their efforts to improve corporate value. As of March 31, 2020, the balance of responsible investment, which represents the balance of ESG-oriented investment, accounts for 45.4%*² of the overall balance of assets under MUFG's management.

In addition, the Group's subsidiary asset managers*³ declared their support of the Task Force on Climate-

related Financial Disclosures (TCFD) and are addressing climate change-related issues through asset management. They also engage in the analysis of investees' climate change-related data and confirmed that the sum of Scope 1 and Scope 2 greenhouse gas (GHG) emissions from all investees of MUFG AM*⁴ and First Sentier Investors (FSI), the latter of which was acquired by the Group in August 2019, amounts to 23.3 million tCO₂e (as of March 31, 2020) based on data obtained from external assessment organizations.*⁵ Going forward, we will engage in ongoing dialogue with investees to encourage them to properly respond to opportunities and risks arising from climate change.

*1 <https://www.mufg.jp/english/csr/policy/>
 *2 Methods for calculation were revised in fiscal 2019. Furthermore, the figure includes investments undertaken by FSI, which was included in the scope of consolidation in the same year.
 *3 The Trust Bank, Mitsubishi UFJ Kokusai Asset Management, MU Investments and FSI. The Trust Bank intends to disclose information in accordance with the TCFD recommendations through its *Responsible Investment Report* to be issued in August 2020.
 *4 MUFG AM was jointly formed by the Trust Bank and its subsidiaries (Mitsubishi UFJ Kokusai Asset Management, MU Investments and Mitsubishi UFJ Asset Management (UK)).
 *5 Data for MUFG AM is compiled by Institutional Shareholder Services, Inc. and data for FSI is compiled by MSCI Inc.

Promoting a Sustainable Investment Strategy

The Bank aims to maximize the positive impact of its financing activities on the environment and society while striving to identify business opportunities for MUFG in the field of sustainability. To this end, the Bank adopted a new fund investment strategy that utilizes the environmental and social impacts of investees' activities as indices for investment judgement in addition to achieving economic performance. As part of this strategy, the Bank introduced an internal carbon pricing system, a method used to measure environmental impact in the course of making investment judgments by multiplying the expected reduction in CO₂ emissions by future carbon prices. Applying this system for the first time, in March 31, 2020 we invested in Global Renewable Power Fund III, which engages in asset management in the field of renewable energy. We expect this fund, via the investment by the Bank, to help reduce CO₂ emissions by approximately 20,000 tons per year.

Responding to Business Opportunities

Business Incubation & Job Creation

MUFG engages in financing for growth industries and venture startups while, in developing countries, providing micro financing solutions. By doing so, MUFG helps a broad range of sectors grow and contribute to the creation of new industries and employment.

Supporting Corporate Growth

MUFG offers services tailored to individual needs of corporate clients appropriate to their stage of development.

Startup Stage

Supporting up-and-coming businesses with growth potential "Rise Up Festa"

A total of 138 applicants for the seventh round of the event

Through this program, MUFG acts as a business partner for SMEs and growing corporations over the medium to long term by taking advantage of its network and know-how on management support

Growth Stage

Offering smooth financing while creating new business opportunities

Approximately 9,000

Number of business matching cases in fiscal 2019 (The sum of business matching cases conducted by branches and those established at business matching events held in Japan and overseas)

Maturation Stage

Supporting smooth business succession

Approximately 3,800

The number of corporate clients that received visits by specialist teams during fiscal 2019

Revitalization Stage

Assisting corporate rehabilitation in collaboration with external expert organizations

Approximately 80

The number of in-house specialists in corporate rehabilitation

Large-Scale Business Matching Events

MUFG hosts periodic large-scale business matching events aimed at helping corporate clients find growth opportunities by facilitating exchange between those in different sectors. The 16th round of such events, held in December 2019, resulted in approximately 9,700 cases of business negotiations. Attendees included representatives from Krungsri as well as a number from overseas corporations. Taking advantage of the Group's network at home and abroad, we are thus supporting the business expansion of our clients.



Financial Inclusion

The Thailand-based Krungsri (Bank of Ayudhya) offers micro finance through its subsidiary Hattha Kaksekar Limited (HKL), making financial services available to customers in ASEAN countries which constitute promising markets with the continuous economic growth.

Overview of Micro Finance Offered by HKL (2019)

Number of account openings	168,892 (+17% year on year)
Outstanding loan balance	US\$1,051 million (+39% year on year)
Number of branches	177 (±0% year on year)

Furthermore, through the Krungsri Financial Literacy program, we offer financial economics education to elementary students, with aims to improving their understanding of ways to save and use money. In fiscal 2019, a total of 3,853 students from 72 schools utilized this program.

Social Infrastructure & Town Planning

MUFG develops project finance, etc., aimed at meeting funding needs for the construction of social infrastructure in developing countries as well as the renewal of aged infrastructure at home and abroad while also creating new financial products equipped with coverage for natural disaster damage.

Investment in rolling stock leasing to a rail operator in the UK

Japan Infrastructure Initiative* (JII) signed an investment agreement in relation to the procurement and leasing of new rolling stock for Abellio East Midlands Railway, a rail franchise operator in the UK. This project will introduce a new state-of-the-art intercity high-speed fleet to East Midlands main lines in England. The trains' bimodal functionality will enable operations powered by overhead electricity lines or by diesel engine on routes where self-powering is required, and will replace existing diesel-only trains. The new fleets will help improve train services and offer environmental benefits.

* Founded in January 2017 by Mitsubishi UFJ Financial Group, Inc., Mitsubishi UFJ Lease & Finance Company Limited, MUFG Bank, Ltd., Hitachi, Ltd. and Hitachi Capital Corporation to establish an open financial platform



Financing for a Fertilizer Plant in Bangladesh

Bangladesh, an agricultural country, has seen a rise in demand for foods and fertilizers due to high economic growth and population increase. In November 2019, MUFG has co-financed with Japan Bank for International Cooperation and others a project, providing a total of ¥140 billion to Bangladesh Chemical Industries Corporation (BCIC), a state-owned entity. This project is to support BCIC to construct a new fertilizer plant, which is set to

become the country's largest facility. In addition to helping raise the volume of domestic fertilizer production and reducing dependence on imported fertilizers, the construction of the new plant is expected to contribute to Bangladesh's economic growth. Also, the Japanese CO₂ capture technology which will be introduced in the new plant is likely to contribute to reducing its environmental impact.



A signing ceremony attended by BCIC representatives

Releasing a Non-JPY Deposit Product with Earthquake Protection

Targeting corporate clients, the Bank has developed a non-JPY term deposit product equipped with earthquake protection. Although the product's interest rates are relatively lower than conventional non-JPY term deposit products, the depositors are eligible to receive a certain amount of coverage when conditions associated with seismic intensity are met and confirmed at designated observation points. In contrast to earthquake insurance, the product does not require evidence of damage and places no restrictions on the usage of funds, enabling the depositors to utilize funds for such purposes as the payment of compensation for temporary disability or the restoration of indirect damage. Furthermore, coverage under this product is delivered to the depositors in a relatively short period of time. As the looming possibility of a Nankai megathrust earthquake prompts growing corporate interest in taking protective measures against earthquake damage, we will meet the contingency funding needs of our clients while offering diverse vehicles for risk hedging. In these ways, we will help them step up their focus on ESG-oriented management aimed at securing sustainable operational continuity by bringing agile to customer support when disaster occurs.

Responding to Business Opportunities

Aging Population & Low Birth Rate



Providing solutions for issues arising from Japan's rapidly aging population and low birth rate, MUFG is offering financial and economic education in addition to developing products specially designed for elderly customers and assisting smooth business succession.

Financial and Economic Education

MUFG is providing various educational programs and seminars tailored to meet the interests of different age groups, helping them better understand what it takes to begin investment and asset building for the future. For example, we provide on-demand lectures at schools while inviting students to participate in workplace experience programs. During fiscal 2019, we held these lectures and programs on a total of 424 occasions, and the cumulative total number of these events held since 2012 reached 3,282. For businesspeople, we host seminars dealing with such topics as life planning and asset management. In addition, our website offers a broad range of articles, cartoons and other materials aimed at encouraging viewers to develop their interest in asset building.

Research on Asset Management & Asset Building and Publicizing Our Insights

The Trust Bank has established the MUFG Financial Education Institute, which engages in surveys and research on investment education and publicizes practical insights from an unbiased standpoint, as well as the MUFG Inheritance Research Institute, a body charged with surveys and research associated with needs for asset management and smooth asset succession in an aging society. In fiscal 2019, the former institute conducted such surveys as those targeting businesspeople who are near or have reached retirement age to assess their awareness regarding preparation for post-retirement life. Its fiscal 2019 activities also included surveys aimed at assessing public awareness about savings-type investments amid widespread media coverage of a government-sponsored paper concluding that people will need at least ¥20 million in savings to be prepared for post-retirement life, in addition to surveys targeting 10,000 individuals to assess the degree of their financial literacy. Going forward, we will strive to publicize our insights by publishing various papers and books as well as by holding seminars and symposia.

Tsukaete Anshin, a Trust Product with Proxy Withdrawal Functions

The Trust Bank released *Tsukaete Anshin*, a trust product with proxy withdrawal functions to address needs among elderly customers anxious about becoming incapable of the administration and withdrawal of funds due to a decline in cognitive functions. This product enables a designated proxy to withdraw funds via a dedicated app, which also makes it easier for the customers' families to check the status of their bank accounts. The product will thus allow the customers rest assured about the custody of their assets over the long term even if their cognitive ability deteriorates due to dementia or other factors. In fiscal 2019, we secured a total of approximately 3,000 contracts for this product while being chosen to receive the Nikkei Veritas Award for Excellence under the 2019 Nikkei Superior Products and Services Awards.

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. As part of its initiatives to help resolve such challenges, the Bank is engaged in ongoing investment in the "Dream Succession III Limited Partnership," which extends hands-on assistance to business succession. This fund was the first in Japan, following the 2019 enforcement of revised tax measures associated with business succession funds, to be certified by the Minister of Economy, Trade and Industry as a fund defined by the Small and Medium-sized Enterprises Business Enhancement Act, etc. As a result, clients who are funded by this fund are eligible to receive tax breaks.

In addition to offering solutions associated with business strategy and succession, we provide individual business owners wishing to pass on wealth with high-value-added services backed by MUFG's unique strengths. Thanks to these initiatives, we were able to support the succession of businesses and assets worth more than ¥1 trillion in total, continuing the robust track record established a year earlier. Looking ahead, we will provide solutions aimed at supporting sustainable growth for customers and society as a whole.

Response to the Task Force on Climate-Related Financial Disclosures (TCFD) Recommendations

MUFG considers responding to climate change-related and other environmental concerns to be an important management issue and is stepping up measures to address such concerns. As part of these efforts, we are striving to enhance the content of information disclosure in accordance with the TCFD's recommendations.

Governance

At MUFG, the Sustainability 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, Credit & Investment Management and Credit Committees also discuss specific themes associated with climate change. Conclusions reached by these committees are reported to the Executive Committee. Eventually, these matters are reported to and discussed by the Board of Directors to ensure its oversight of the Group's initiatives to address climate

Matters Reported to and Discussed by the Board of Directors (fiscal 2019)

- Issues MUFG must tackle in the course of sustainability initiatives and direction it must take in addressing such issues
 - Strengthening and upgrading MUFG's governance systems to enhance its ability to promote sustainability initiatives
 - Integration of efforts aimed at addressing ESG issues and SDGs with business strategies
 - Initiatives being undertaken via financing etc. and those undertaken by MUFG itself
 - Enhancement of information disclosure in accordance with the TCFD recommendations, for instance, by publicizing results of climate change scenario analysis
- Identification of climate change-related risks as part of enterprise risk management (Top Risk management)

change.

Strategy

Opportunities

MUFG has committed to extending a total of ¥20 trillion for sustainable finance over the course of the period spanning fiscal 2019 through fiscal 2030.

Of this, ¥8 trillion will be used for environmental finance aimed at helping counter climate change and otherwise addressing environmental concerns. Specifically, we will help popularize renewable energy via project finance while issuing Green Bonds whose net proceeds are allocated to Eligible Green Projects. We will also deliver other products and services designed to help reduce the environmental burden, with the aim of supporting the transition to a decarbonized society. (Please also refer to page 58 for details.)

Risks

In terms of addressing climate change-related risks (transition risks and physical risks), financial institutions need to address the direct impacts these risks will have on their business activities as well as the indirect impacts on the corporate clients to which they extend credit. Taking heed of the TCFD recommendations, we have analyzed such impacts based on specific climate change scenarios in order to assess how our credit portfolio will be affected by this phenomenon (see the next page).

Climate Change-Related Risks in Financial Institutions

		Major Contents
Transition risks	Indirect	<ul style="list-style-type: none"> • Risk of the credit portfolio being impacted due to stricter regulations or policy changes exerting negative impacts on the business and financial condition of clients • Risk of the credit portfolio being impacted due to reduced demand arising from changing consumer preferences and measures in response to adoption of technologies for a decarbonized society exerting negative impacts on the business and financial condition of clients
	Direct	<ul style="list-style-type: none"> • Risk of increased cost and burden in response to stricter regulations or policy changes • Risk of reputation deteriorating due to having an inferior response to SDGs/ESG compared to rivals, and risk of poorer reputation leading to a fall in stock price or rating
Physical risks	Indirect	<ul style="list-style-type: none"> • Risk of the credit portfolio being impacted by suspension of clients' business activities due to storm and flood damage, etc. or impairment of collateral value of real estate due to disaster
	Direct	<ul style="list-style-type: none"> • Risk of business continuity being impacted due to storm and flood damage, etc. incurred by company employees and held assets

Climate Change-Related Scenario Analysis

Since 2019, MUFG has been a participant in a pilot project aimed at discussing and developing methodologies for the disclosure of climate change-related financial information under the auspices of United Nations Environment Programme Finance Initiative (UNEP FI).

Based on conclusions reached by the project, we have analyzed the probable impact of transition and physical risks on our credit portfolio based on climate change scenarios encompassing a period spanning 2020 through 2050.

Analysis Results

Based on scenarios and assumptions used, the analysis concluded that, the annual financial impact on the targeted portfolio of transition risks (sum of energy and utility sectors) and physical risks (risk arising from flooding) will be limited to several billions of yen in each fiscal year.

Analytical Methods

Transition risks

Targeting the energy and utility sectors, which are both defined as carbon-related assets under the TCFD recommendations, we adopted an integrated analytical approach aimed at measuring climate change-related impacts in accordance with conclusions reached by the pilot project under the auspices of UNEP FI. This approach combines a bottom-up method that assesses the status of individual corporations and a top-down method that assess the overall status of the sector involved.

In addition, our analysis employed a pair of climate change scenarios that assume a less than 2°C rise and a 4°C rise in global temperatures, respectively. These scenarios have been published by the International Energy Agency (IEA) and are widely used in a variety of analyses, with the former being referred to as the sustainable development scenario, and the latter being known as the new policies scenario. We placed particular emphasis on analyzing the climate change-related impact on customer's credit ratings under various circumstances based on the former scenario. At the same time, we analyzed the overall financial impact on our credit portfolio in each sector.

With regard to the measurement of the climate change-related financial impact, universal methods have yet to be determined, while UNEP FI's pilot project is engaged in ongoing discussion to develop such methods. Aware of this problem, our analysis carefully took MUFG's decarbonizing initiatives into account and incorporated essential future costs for helping achieve the Paris Agreement's objective of "holding the increase in the

global average temperature to well below 2°C above pre-industrial levels," via investment in renewable energy projects and those arising from carbon taxation.

Going forward, we will strive to update our analytical methods while expanding the scope of targeted sectors.

Physical risks

In recent years, flooding risk has become one of most profound physical risks arising from climate change due to its growing frequency and increasing magnitude of damage and is affecting various regions around the globe, including Japan. With this in mind, we have adopted an analytical approach that measures the overall impact of flooding on MUFG's credit portfolio by using changes in default ratios resulting from such a disaster.

We also used Representative Concentration Pathway (RCP) 2.6 and 8.5 scenarios compiled via the 5th round of the Coupled Model Intercomparison Project (CMIP5) conducted under the auspices of the Intergovernmental Panel on Climate Change (IPCC). Specifically, we mainly used the RCP 8.5 scenario to estimate flooding damage based on hazard map and other data* obtained from various external organizations in the course of analysis.

To measure the financial impact, we have estimated a period of operational suspension and assessed possible damage to our assets in a way that conforms to conclusions reached by UNEP FI's pilot project.

In addition, although the method used in this analysis employs CMIP5 scenarios only to calculate the possibility of flooding, discussion is currently under way at MUFG to introduce a simulation method designed to reflect these scenarios in the calculation of disaster damage. As such, we are determined to continuously improve our analytical methods.

* Sources: Hirabayashi Y, Mahendran R, Koirala S, Konoshima L, Yamazaki D, Watanabe S, Kim H and Kanae S (2013) Global flood risk under climate change. Nat Clim Chang, 3(9), 816-821. doi:10.1038/nclimate1911.

Risk Management

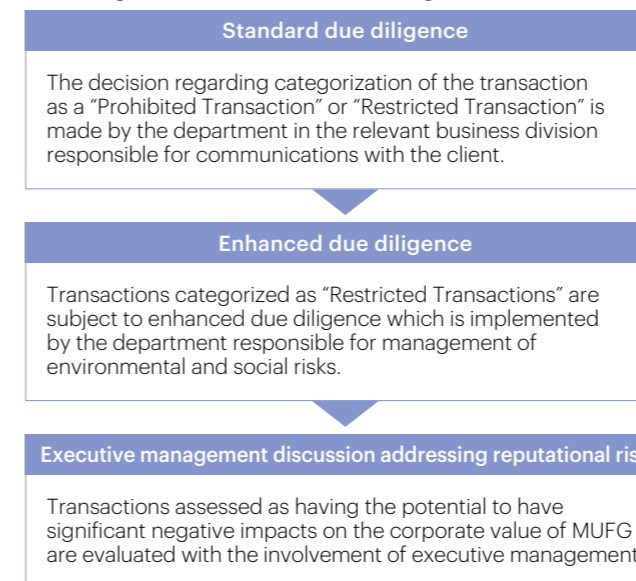
Enterprise Risk Management

MUFG has positioned climate change-related risk as one of the Top Risks that it must pay close attention to for the year going forward (please also refer to page 85).

Environmental and Social Risk Management in Finance

We implemented MUFG Environmental and Social Policy Framework to manage environmental and social risks associated with our financing. Concerning coal-fired power generation, mining (coal), oil and gas, and other specific sectors in which concerns are raised over environmental and social impacts, including climate change, we have established our finance policy and a due diligence process to identify and assess the environmental and social risks or impacts associated with transactions has been introduced.

Due Diligence Process for Financing



Metrics and Targets

Sustainable Finance Goals and Achievements

Please refer to page 56 for our fiscal 2019 achievements.

Reducing CO₂ Emissions Attributable to Our Business Activities

Well ahead of schedule, the Bank has met its fiscal 2030 target of reducing the energy intensity index* by 19.0% from the fiscal 2009 level. In fiscal 2019, the Bank's Head Office building switched all of its energy sources to hydroelectric power generation. Currently, we have started discussion to transition to an energy procurement structure solely dependent on renewable energy by the end of fiscal 2030.

For details of the reduction in greenhouse gas and other results accomplished by MUFG in the course of its business activities, please also refer to the CSR Data section of our corporate website.

URL: <https://www.mufg.jp/english/csr/data/csrddata/>
* Energy intensity index = Energy consumption / Total floor space

Status of CO₂ Emissions Intensity Index Associated with Project Finance in the Power Generation Business*

Figures presented below are calculated to determine the environmental impact of project finance in the Power Generation Business in the form of CO₂ emissions intensity index (CO₂ emissions divided by electricity output in proportion to funds extended by MUFG).

	(Unit: t-CO ₂ /MWh)		
	FY2017	FY2018	FY2019 (Apr. - Dec. 2019)
	0.410	0.368	0.394

* Including thermal power generation using fossil fuel (coal, oil and gas) and renewable energy power generation businesses

Status of Carbon-Related Assets*

In accordance with the TCFD recommendations, we assess the proportion of carbon-related assets in the overall lending portfolio value.

	Mar. 31, 2019	Mar. 31, 2020
Energy	3.0%	2.8%
Utility	3.6%	3.4%
Total	6.6%	6.2%

Note: The total value of lending is ¥96.5 trillion as of March 31, 2019 and ¥99.1 trillion as of March 31, 2020.

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

Our Strengths Supporting Value Creation

- P. 67 Improving Employee Engagement
- P. 68 Human Resources Strategy
- P. 72 Corporate Governance
- P. 82 Communicating with stakeholders
- P. 84 Risk Management
- P. 88 Compliance
- P. 90 Internal Audit

Group Outside Director Meeting on December 2019



Improving Employee Engagement



MUFG encourages every employee to embrace new mindsets and modes of behavior, supporting their efforts by, for example, annually reviewing its Code of Conduct, regularly distributing messages from top management and providing e-learning and other training programs. Moreover, in line with initiatives to improve employee engagement, we regularly offer opportunities for employees to interact with executives from each Group company.

The outcome of such initiatives is revealed by the annual Group Awareness and Engagement Survey and other feedback and reported to the Board of Directors. The fiscal 2019 survey targeted approximately 114,000 employees and collected feedback from 88% of them. If an issue that needs to be addressed is identified via the survey, etc., top management will respond, putting out a statement and updating the Code of Conduct if necessary.

Initiatives at the Bank

In fiscal 2019, the Bank hosted a round-table talk event that invited employees to interact with the President and encouraged them to discuss the challenges they are currently facing in their duties or private life. The Bank also held a Real Freshman's Talk, a round-table talk event centered on interaction between new recruits and executives, including President. With the aim of facilitating corporate culture reforms, this event is specifically designed to encourage new recruits to share what they really think of MUFG with executives and for the latter to acquire potentially valuable insights only these young people can contribute. In fact, opinions voiced by attendees are currently utilized to update in-house operational processes.

Other round-table talk events held at the Bank and attended by executives and employees include discussions focused on forward-looking subjects, such as determining MUFG's raison d'être amid the evolving business environment and reconfirming the true value of their duties. Attendees engaged in vigorous exchanges about what they personally can do to make the Bank even better. The Bank received a number of positive responses from attendees, with one employee saying "I want to proactively put into practice what I can do."



The Round-Table Talk with Mr. Mike, President of the Bank



Please see page 83 for initiatives at the Trust Bank and Mitsubishi UFJ Morgan Stanley Securities.

Encouraging the Pursuit of Personal Growth and Challenging Endeavors

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 define “Integrity and Responsibility,” “Professionalism and Teamwork” and “Challenge Ourselves to Grow” as values to be shared by all employees, and each Group company formulates and executes human resources management policies aimed at ensuring the realization of these values.

Human Resources System Revisions

The Bank, the Trust Bank and Mitsubishi UFJ Morgan Stanley Securities carried out revisions of human resources systems over the period from fiscal 2019 to the beginning of fiscal 2020. These revisions were aimed at ensuring the optimal evaluation of our human resources in line with their contributions to business model reforms and appointing them based on the performance.

For example, in April 2019 the Bank adopted a management policy allowing younger candidates in their 30s to become branch managers and line managers. In addition, a growing number of employees expressed their interest in acquiring an even broader range of skills and/or specialist expertise in response to the revision of the conventional career course system and the resulting expansion of career options offered to them. In sum, the positive effect of revised human resources systems is gradually emerging.

With regard to human resources evaluation and development, we aim to support each employee's 1) pursuit of professionalism, 2) will to overcome the challenge of reform and 3) self-directed career building. In particular, we have newly incorporated the second of these aims into evaluation items. Furthermore, we have adopted an even more detailed set of indicators for assessing employees' strength and weakness to help them develop their skills. We also support the realization of medium- to long-term career plans via bidirectional communications between employees and their supervisors.

Through these initiatives, we will help each employee's self-development and create an

environment where employees are satisfied with their daily work and able to continually challenge themselves in pursuit of reform.

Similarly, initiatives undertaken at the Trust Bank include those aimed at helping employees realize their full potential in diverse fields as well as the incorporation of human resources management practices strongly focused on performance-based appointment. In these ways, the Trust Bank aims to become a company composed of a professional team capable of supporting the creation of a safe and prosperous society by delivering solutions to issues confronting its customers and society as a whole.

Mitsubishi UFJ Morgan Stanley Securities completed its transition to a human resources evaluation system that puts greater focus on evaluating employees based on their professional ability to deliver high-value-added services. To this end, Mitsubishi UFJ Morgan Stanley Securities has introduced a compensation system that emphasizes rewarding employees based on how well they fulfill their responsibilities. By doing so, Mitsubishi UFJ Morgan Stanley Securities aims to ensure that each of its employees finds their job rewarding and takes pride in it while encouraging them to overcome the challenge of reform to deliver new value.

Initiatives to Encourage Employees to Pursue Personal Growth and Challenging Endeavors

MUFG is strongly focused on encouraging each employee's self-directed career building and, to this end, supports their growth and their ability to respond to challenges. Accordingly, we have in place a number of frameworks designed to help them acquire diverse experience, believing that the

enhancement of the MUFG Group's organizational strength and corporate value hinges on cultivating employees who boast a range of expertise, engage in open exchange with peers within and outside the Group and proactively share their insights with others.

The Bank initiated the secondment of employees to startups in August 2019. This was followed by the introduction of the Challenge Leave system in November 2019 to grant leave to those wishing to become entrepreneurs, study abroad or pursue other dreams. A number of employees have already signed up under these systems to acquire experience in new fields. Mitsubishi UFJ Morgan Stanley Securities, which boasts a number of employees with diverse career backgrounds, revised its rules of employment in February 2020 to incorporate clauses clarifying cases in which side jobs are permitted. In this way, Mitsubishi UFJ Morgan Stanley Securities is striving to help its employees fulfill their career goals in a way that transcends organizational boundaries.

Through these initiatives, we are striving to support each employee's pursuit of personal growth while enhancing our organizational strength. We also expect these initiatives to contribute to ongoing corporate culture reforms and help develop a structure that empowers employees to deliver greater value to customers and society.

In addition, we conduct an annual Group Awareness and Engagement Survey to monitor the effect of these initiatives, utilizing survey results to plan and implement various human resources-related measures.

Hiring and Nurturing Human Resources Supporting Value Creation

MUFG is focused on hiring and nurturing human resources who always make their best efforts to go beyond customer expectations, thereby inspiring one another, and are clearly aware of their professional responsibilities. We are also striving to secure and nurture human resources capable of playing key professional roles in their areas of specialty as reforms currently under way at MUFG to update its business models and processes particularly require such individuals.

Moreover, each Group company is proactively striving to nurture human resources by providing learning opportunities consisting mainly of on-the-

job training along with e-learning courses, on-demand video lectures, online training and other programs. In addition, human resources from external sources are actively hired to push ahead with expansion into new businesses in response to the evolving operating environment. Also, in step with progress in the adoption of a groupwide integrated management approach, securing human resources who have distinctive strengths in their areas of specialty has become a matter of growing importance. With this in mind, in April 2019 MUFG launched a employment framework aimed at securing candidates from a broader range of sources. This move is aimed at helping highly skilled individuals pursue greater career success while providing them with salaries in line with labor market benchmarks unconnected to our conventional pay systems.

Securing Future Top Management Candidates

MUFG considers nurturing future top management candidates to be an important management issue. In fiscal 2018, we established MUFG University for those in managerial positions or above to nurture such candidates. Thus far, a total of more than 400 people have completed programs provided at the university.

MUFG University offers two different courses, namely, the “Next-Generation Leader Course” and the “Management Course” in line with the needs of attendees. The former instills practical viewpoints for corporate management while nurturing concept-building capabilities for developing novel financial businesses. The latter course provides a liberal arts education aimed at enriching comprehensive ability and widening perspectives while implementing global leadership training. Through the provision of these courses, we are striving to secure a robust pool of top management candidates.

In addition, MUFG has a special program targeting general and branch managers to enhance their coaching skills. This program is designed to help managers better understand how to encourage their team members to employ their unique strengths, realize their full potential and take on the challenge of venturing into new fields, with the expectation that such initiatives will further improve employee engagement.

Human Resources Strategy

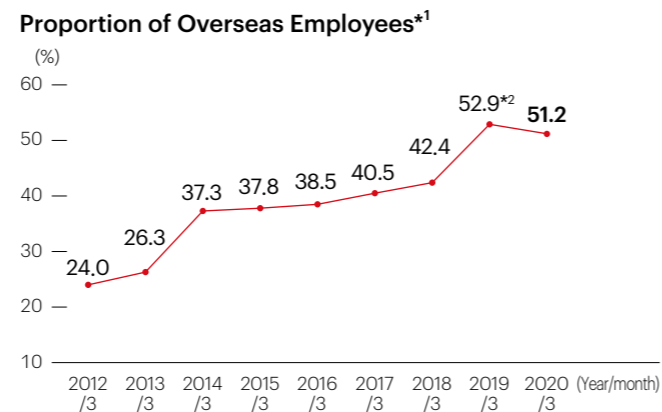
Nurturing Digital Specialists

We have launched various programs aimed at facilitating digital transformation from the perspective of human resources. For example, in light of the growing importance of digital utilization in daily operations, we released an in-house e-learning program targeting all employees with the aim of helping them enhance digital literacy. We have also hosted a workshop event in which top management discussed such themes as the formulation of digital-driven management strategies and AI-based operational process reforms. Furthermore, we upgraded the content of programs for newly appointed managers to meet the emerging needs for corporate culture reform initiatives and leadership that aligns MUFG's digital strategies. We also initiated a selection program focused on candidates' practical skills to nurture human resources who will play core roles in digital transformation. In this way, we are enhancing our pool of digital specialists from both the quantitative and qualitative aspects.

Nurturing Global Human Resources

Today, the MUFG Group has expanded into more than 50 countries around the globe, with approximately 51% of its entire workforce being accounted for by overseas employees (as of May 31, 2020). As we aim to secure and nurture professionals in a variety of fields at home and abroad, we are employing a globally unified human resources platform supporting robust processes for title management, employee evaluation, wage determination and other human resources practices that are consistent with market standards.

In recent years, the number of employees with diverse backgrounds has grown larger than ever due to the inclusion of ASEAN-based commercial banks and global asset manager First Sentier Investors into the scope of consolidation. In response, we began implementing job-level based training programs on a global basis to ensure all Group members understand the Corporate Vision and embrace a shared culture. For example, we provide the Global LEAD Program targeting managing director or similar positions at the Bank, Mitsubishi UFJ Morgan Stanley Securities, Krungsri, MUFG Union Bank and other Group companies to help such employees acquire essential knowledge about and foundational skills associated with leadership as well as necessary perspectives and in-depth expertise on global operations. We also maintain the Three-month Incentive Program, which places frontline employees in different workplaces and provides them with on-the-job training in a way that transcends regional and sectional boundaries. These programs are helping



*1 Proportion of overseas employees to the total number of employees (consolidated basis), including part-time and temporary employees, presented in the financial reports.
*2 Total headcount is as of May 31, 2019, reflecting the inclusion of Bank Danamon into the scope of consolidation.

Programs Aimed at Nurturing Digital Specialists (the Bank)



employees acquire the proper mindset to gain success in and a more acute awareness of global business settings.

We believe that these programs attract potential candidates from external sources while also helping employees hired overseas remain highly motivated. Today, a growing number of individuals hired overseas have been promoted to managerial posts. For example, 15 of these individuals, including three women, have assumed executive officer positions at the Bank (as of March 31, 2020).

Workstyle reforms

Promoting "Smart Work"

MUFG aims to help employees realize their full potential and, to this end, is creating a workplace environment that encourages them to autonomously choose their working style so that they find their job rewarding.

As we also aim to help employees allocate more time to engaging in direct communications with customers and taking on new challenges, we have striven to streamline labor practices by revising procedures and rules, going paperless and developing infrastructure for remote working. Currently, a rapidly growing number of employees choose to work from home or operate in staggered work shifts due also to the spread of the COVID-19 virus. Looking ahead, we will accelerate the development of our operating platforms for accommodating employee needs for ever more diverse working styles.

In addition, the Bank introduced the "Workation"* program aimed at helping employees exercise creativity and remain highly motivated.

The Bank also enhanced the content of paid leave granted to employees while encouraging them to proactively take leave, with the aim of helping them maintain their physical and emotional health.

* A neologism that is a combination of the words work and vacation and refers to employment while staying at a domestic or overseas resort or other setting that is traditionally considered a vacation destination.

Promoting Diversity & Inclusion

MUFG has maintained a policy of eliminating any type of discrimination, including that based on race, national origin, belief, religion, disabilities, family

origin, gender, sexual orientation, gender identity, age or health status. Based on this policy, we are promoting workforce diversity to create an organization and culture in which employees with diverse value, backgrounds and perceptions of work can respect and inspire each other while freely pursuing personal growth and career success.

Each Group company has in place dedicated organizations charged with promoting diversity & inclusion while providing employees with training programs to raise their diversity awareness. As we consider promoting gender diversity a priority issue, in Japan, we had jointly aimed to raise the ratio of female staff in managerial positions at the Bank, the Trust Bank and Mitsubishi UFJ Morgan Stanley Securities to 24% by the end of March 2021, and our progress has been periodically reported to top management. The ratio as of the end of March 2020 amounted to 25%, surpassing the target. Looking ahead, we plan to update our target for the ratio of female managers to those in senior positions at these three Group companies and initiate the disclosure of our targets for the number of female executive officers and the status of other female staff filling key positions at each Group company. At the same time, we will continue to implement various training programs, including those aimed at nurturing future top management candidates as well as a mentoring program involving corporate executives, with the aim of promoting a great number of women as possible.

Also, MUFG has signed the HM Treasury Women in Finance Charter formulated by the United Kingdom's Ministry of Treasury to improve gender diversity in the financial industry. In line with this signing, MUFG has publicized a target of achieving a 10% increase in the ratio of women in senior positions within its local workforce by 2022.

To create an inclusive workplace in which each employee can realize their potential and find their job rewarding, we also provide support to those struggling to strike a balance between work and child rearing, nursing care or infertility treatment. Moreover, we offer employment for people with disabilities while striving to promote the understanding of sexual minorities, including members of LGBTQ communities. In recent years, we also introduced training programs designed to call attention to and address issues arising from unconscious biases.

Toward Sustainable Growth in Corporate Value

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 aimed 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 having established more effective and efficient 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

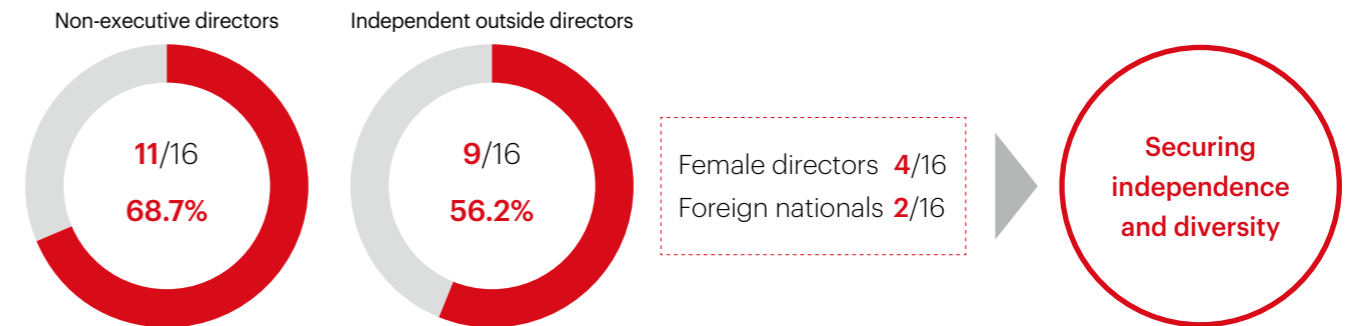
Director membership. In line with the succession plan formulated by the Nominating and Governance Committee, in April 2020, MUFG appointed a Group CEO and, in June 2020, one outside director and two directors.

Due to these appointments, nine out of the current 16 members of the Board of Directors are independent outside directors and include four 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 is well-balanced in terms of specialty, region and gender.

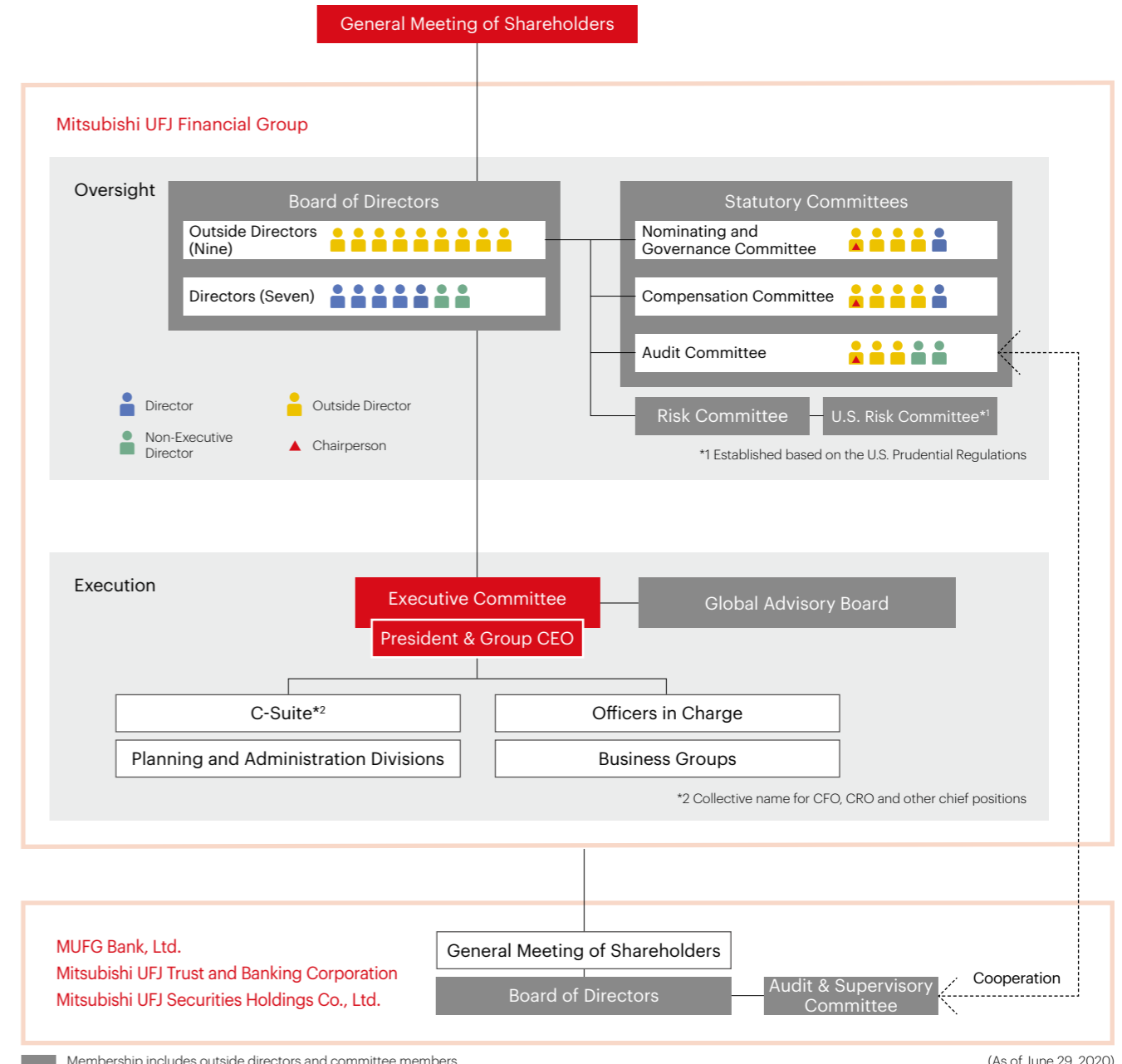
Corporate Governance Development

	October 2005~	June 2015	June 2016	June 2017	June 2018	June 2019	June 2020
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	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					
Policy		2015 MUFG Corporate Governance Policies					
Outside Directors		Six	Seven	Eight (Two foreign nationals)	Eight (Constituting the majority)	Nine	Nine

Independence and Diversity of Directors












Management Structure



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.
 Keiko Honda	Member of the Board of Directors	Finance	Having worked at McKinsey & Company Inc. Japan, Ms. Honda served as CEO of Multilateral Investment Guarantee Agency of the World Bank Group. 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 Nominating and Governance Committee, the Compensation Committee and 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 Chair of the Nominating and Governance Committee Member of 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.
 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.

Fiscal 2019 Initiatives

MUFG's Board of Directors is charged with decision making regarding fundamental management policies while exercising supervision over management. In general, authority over matters other than legally mandatory items that should be decided by the Board of Directors is delegated to corporate executives to ensure highly flexible management.

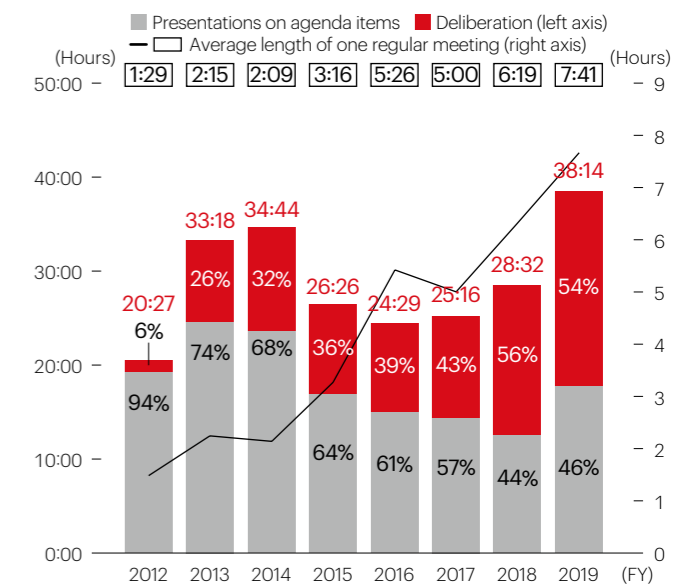
Since the transition to the "company with three committees" governance structure in June 2015, the Board of Directors has conducted periodic reviews of its agenda items and operations as a whole. As a result, the average length of regularly scheduled Board of Directors meetings grew to seven hours 41 minutes in fiscal 2019. The Board of Directors has maintained a vigorous level of debate with the aim of strengthening its supervisory functions and thereby improving MUFG's corporate value.

MUFG believes that insights offered by outside directors who are well-versed in its management strategies are essential to enhancing the content of discussions at the Board of Directors meetings. MUFG is therefore 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 of Directors meetings, leading to a number of improvements in actual corporate governance functions.

For example, at the four rounds of regularly scheduled Board of Directors meetings in fiscal 2019, there were periodic reports on the status of NICOS, a subsidiary whose assets were impaired in fiscal 2018 in connection with system integration. At each

meeting, matters reported on were discussed intensively, with the fundamental revision of NICOS's system integration plan coming under particular scrutiny by the outside directors, who approached the issue from multilateral perspectives. This eventually resulted in the formulation of a new system integration plan.

Length of Board of Directors Meetings (hours)



Agenda Items Discussed by the Board of Directors

- Fiscal 2020 business plan
- Financial targets and shareholder return measures
- Internal audit plan
- Report from CRO, CCO and other C-Suite personnel
- Bank Danamon's performance status
- The status of post-merger integration at First Sentier Investors
- Initiatives for suitability
- Cost structure reforms

Subjects Addressed at Board Educational Sessions

- Cyber security measures
- Initiatives to address issues associated with the non-JPY balance sheet
- Overseas business governance
- Strategic policy on the payment business
- Reform of human resources system from the perspective of transforming a corporate culture
- The status of fiscal 2020 business planning for business groups

Corporate Governance

Outline of Committees

Nominating and Governance Committee

With an outside director as Chairperson, the Committee discusses matters related to the nomination of candidates for 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.

Compensation Committee

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 major subsidiaries and makes recommendations to the Board of Directors.

Audit Committee

With an outside director as Chairperson, the Committee examines the execution of business by directors and corporate executives and prepares auditing reports. As part of its supervision over business execution, it also monitors and oversees the content of financial reporting as well as the status of risk management, internal control, regulatory compliance, internal audits and external audits, thereby supplementing supervisory functions of the Board of Directors.

Risk Committee

With an outside director as Chairperson, the Committee mainly examines important risk factors that may impact on business operations, such as foreign currency liquidity risk, cyber attacks and other significant IT risks as well as risks arising from the COVID-19 pandemic, and submits its recommendations to the Board of Directors.

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 2019 evaluation, interviews were undertaken in February and March 2020 and

completed questionnaires collected. The evaluation confirmed improvement in the effectiveness of the Board of Directors' operations, such as the selection of agenda items and the manner of handling discussion thanks to the incorporation of a comprehensive list laying out material challenges to be discussed by the Board and the formulation of an annual schedule based on the list.

On the other hand, it was reconfirmed that MUFG must step up its efforts to upgrade the corporate governance structure to enhance its resilience and secure sustainable growth in the face of the prolonged, ultra-low interest rate environment, the deceleration of economic growth and the advancement of digitalization as well as the radically evolving business environment due to major changes affecting the economy and society following the COVID-19 pandemic.

Fiscal 2019 Status of the Board of Directors and Committee Meetings

	Board of Directors	Nominating and Governance	Compensation	Audit	Risk
Number of meetings	10	14	8	16	4
Attendance ratio (all members)	100%	100%	100%	97.5%	95.0%
Attendance ratio (outside directors)	100%	100%	100%	97.9%	100%

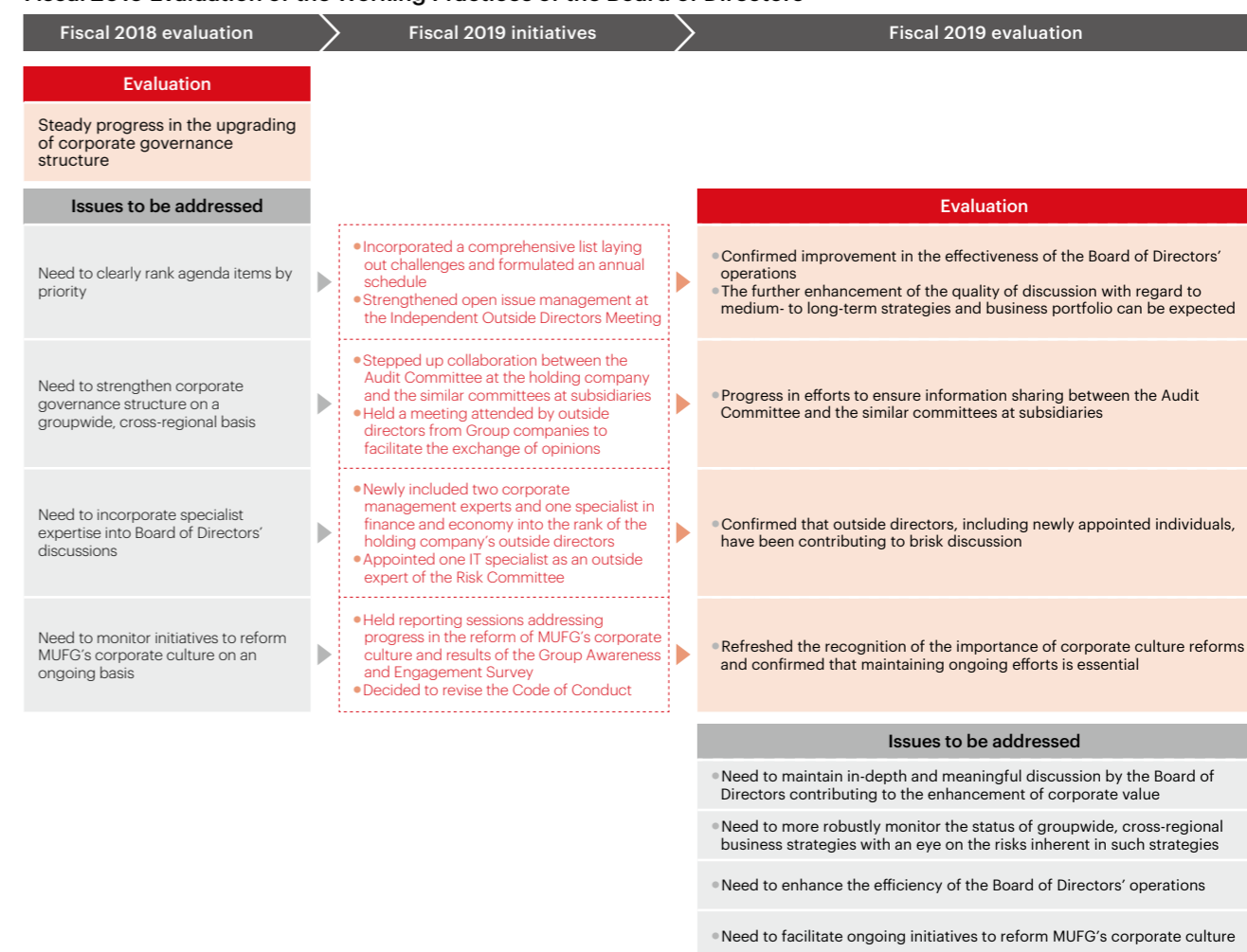
Committee Membership*

		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	◎	○		
Yasushi Shingai	Outside director			○	○
Tarisa Watanagase	Outside director				○
Akira Yamate	Outside director			◎	
Junichi Okamoto	Non-executive director			○	
Ritsuo Ogura	Non-executive director			○	
Hironori Kamezawa	Director, President & Group CEO	○	○		
Naomi Hayashi	Managing corporate executive, Group CSO				○
Shinichi Koide	Outside expert				○
Atsushi Miyanoya	Outside expert				○
Kazuhiko Ohashi	Outside expert				○

* ◎ represents Chair of each committee

(As of June 29, 2020)

Fiscal 2019 Evaluation of the Working Practices of the Board of Directors



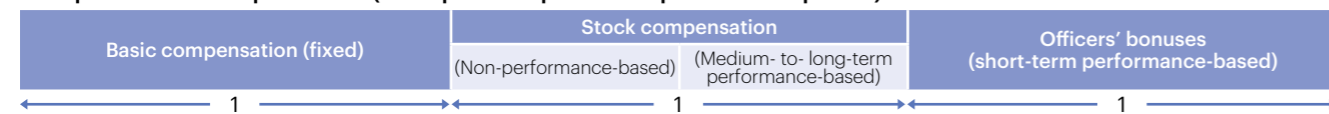
Corporate Governance

Compensation System

MUFG has adopted a performance-based stock compensation plan to provide greater incentives for management members and executives 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. Compensation consists of basic compensation, stock compensation and bonuses, with the latter two components being determined based on evaluation indices that include ROE and the expense ratio.

The content and level of compensation may be adjusted by the Compensation Committee—which is chaired by an outside director—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.

Composition of compensation (example: compensation paid to Group CEO)



Targets assigned to recipients under the performance-based stock compensation plan and actual results (based on the current medium-term business plan)

Time span for evaluation	Performance indices	Weight	Targets	Results			
				Fiscal 2018		Fiscal 2019	
				Achievement vis-à-vis one index	Total evaluation	Achievement vis-à-vis one index	Total evaluation
Single fiscal year	Consolidated net operating profits	25%	Determined based on comparisons with competitors	100%	120%	0%	0%
	Profits attributable to owners of parent	25%		140%		0%	
Medium- to long-term	Consolidated ROE (based on MUFG's standard)	25%	Fiscal 2020: 7%–8%	—			
	Consolidated expense ratio	25%	Fiscal 2020: A level below the fiscal 2017 result (68%)				

Evaluation indices used to determine bonuses and actual results (example: compensation paid to Group CEO)

Performance-based indices	Weight	Fiscal 2018 bonuses		Fiscal 2019 bonuses	
		Achievement	Payment ratio	Achievement	Payment ratio
Total evaluation	100%	89.1%	87.5%	77.4%	50.0%
Quantitative evaluation (the combination of four indices, including ROE)	60%	98.5%	—	95.7%	—
Qualitative evaluation	40%	75.0%	—	50.0%	—

*1 Quantitative evaluation of achievement in connection with each index is undertaken by placing equal weight on year-on-year changes and the ratio of actual results to annual targets.
 *2 Qualitative evaluation uses a six-grade rating system, while total evaluation, which combines quantitative and qualitative evaluation, uses a seven-grade rating system.
 *3 All evaluation results are determined solely by independent outside directors via discussion at the Compensation Committee.

Holding the First Round of the Group Outside Director Meeting

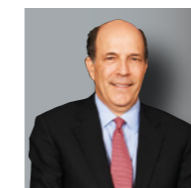
In fiscal 2019, MUFG convened the first round of a meeting attended by outside directors from Group companies, believing that, as a global corporate group handling comprehensive financial services, it must enhance the governance system on a groupwide, cross-regional basis. All outside directors from the holding company, the Bank, the Trust Bank and the Securities met at one place along with those entities' chairs and CEOs to engage in an exchange

of opinion on how to strengthen Group governance and update each other on the challenges each entity is confronting. The meeting helped them achieve consensus regarding matters associated with collaboration between individuals bearing supervisory functions and issues executives at the holding company and subsidiaries presently face, thereby further strengthening the governance framework.

Global Advisory Board

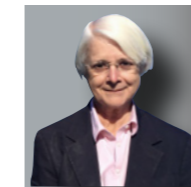
MUFG has established the Global Advisory Board to function as an advisory body to the Executive a Committee, and the Board holds regular meetings. The Global Advisory Board is made up of members from Japan, Europe, Asia, and the Americas who are

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.



Ambassador John V. Roos

Former United States Ambassador to Japan



Ms. Anne Le Lorier

Former Deputy Governor of the Banque de France (Central Bank of France)



Dr. Victor K Fung

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



Ms. Emi Osono

Professor, Hitotsubashi University Graduate School of Business Administration, Department of International Corporate Strategy



Professor Merit E. Janow

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



Lord (James) Sassoon, Kt

Former Commercial Secretary to the Treasury, United Kingdom



Mr. George Yeo

Former Singapore Minister for Foreign Affairs



Mr. Akio Mimura

Honorary Chairman, NIPPON STEEL CORPORATION

Global Advisory Board Annual Meeting

In November 2019, MUFG held its seventh annual Global Advisory Board meeting in Tokyo. In addition to Global Advisory Board members, attendees included MUFG officers, directors, outside directors and executives from overseas partner banks, namely, MUFG Union Bank (the United States), Krungsri (Thailand), Security Bank (the Philippines), VietinBank (Vietnam) and Bank Danamon (Indonesia).

At the meeting, each member shared their insights into matters that may affect MUFG's strategies, such as the ongoing struggle between the United States and China for global hegemony, ESG issues, and opportunities and challenges arising from the emergence of tech giants handling digital platforms, prompting brisk discussion.



Board of Directors

● Type and Number of MUFG Shares Owned as of March 31, 2020
(Dilutive Shares: The number of corresponding vested points in the stock compensation system using a trust structure.)
■ Attendance at Board of Directors Meetings (FY2019)



Member of the Board of Directors (Outside Director)

Mariko Fujii

● Ordinary Shares: 0 ■ 8/8*

Former Ambassador Extraordinary and Plenipotentiary of Japan to the Republic of Latvia
Emeritus Professor of The University of Tokyo

- 1977 Joined Ministry of Finance of Japan
- 1997 Director, International Affairs and Research Division, Customs and Tariff Bureau, Ministry of Finance
- 1999 Associate Professor, Research Center for Advanced Science and Technology, the University of Tokyo
- 2001 Professor, Research Center for Advanced Economic Engineering, the University of Tokyo
- 2004 Professor, Research Center for Advanced Science and Technology, National University Corporation, the University of Tokyo
- 2014 Outside Director of Electric Power Development Co., Ltd.
- 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
- 2016 Emeritus Professor of The University of Tokyo (current)
- 2019 Retired from Ambassador of Japan to the Republic of Latvia
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)

Keiko Honda

● Ordinary Shares: 0 ■ —

Former Chief Executive Officer of Multilateral Investment Guarantee Agency, World Bank Group

- 1984 Joined Bain & Company Japan, Inc.
- 1986 Joined Shearson Lehman Brothers Securities Co., Ltd.
- 1989 Joined McKinsey & Company Inc. Japan
- 1999 Partner of McKinsey & Company Inc. Japan
- 2007 Director (Senior Partner) of McKinsey & Company Inc. Japan
- 2013 Chief Executive Officer of Multilateral Investment Guarantee Agency, World Bank Group
- 2019 Retired from Chief Executive Officer of Multilateral Investment Guarantee Agency, World Bank Group
- 2020 Adjunct Professor and Adjunct Senior Research Scholar of School of International and Public Affairs, Columbia University (current)
Outside Director of AGC Inc. (current)
Member of the Board of Directors (Outside Director), MUFG (current)



Member of the Board of Directors (Outside Director)

Kaoru Kato

● Ordinary Shares: 0 ■ 8/8*

Corporate Advisor, NTT DOCOMO, INC.

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



Member of the Board of Directors (Outside Director)

Haruka Matsuyama

● Ordinary Shares: 4,040 ■ 10/10

Partner, Hibiya Park Law Offices

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



Member of the Board of Directors (Outside Director)

Toby S. Myerson

● Ordinary Shares: 368** ■ 10/10

Chairman & CEO, Longsight Strategic Advisors LLC

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



Member of the Board of Directors (Outside Director)

Hirofumi Nomoto

● Ordinary Shares: 25,000 ■ 8/8*

Chairman & Representative Director, Tokyu Corporation

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

*1 Status of attendance to Board of Directors meetings by Ms. Mariko Fujii, Mr. Kaoru Kato, Mr. Hirofumi Nomoto and Mr. Hironori Kamezawa, represents the status of attendance to meetings held since they assumed office in June 2019.

**2 Ownership substantially in the form of American Depositary Receipts (ADRs)



Member of the Board of Directors (Outside Director)

Yasushi Shingai

● Ordinary Shares: 0 ■ 10/10

Former Executive Deputy President and Representative Director of Japan Tobacco Inc.

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



Member of the Board of Directors (Outside Director)

Tarisa Watanagase

● Ordinary Shares: 0 ■ 10/10

Former Governor, the Bank of Thailand

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



Member of the Board of Directors (Outside Director)

Akira Yamate

● Ordinary Shares: 0 ■ 10/10

Certified Public Accountant

- 1977 Joined Price Waterhouse Japan
- 1983 Registered as Certified Public Accountant in Japan
- 1991 Representative Partner of Aoyama Audit Corporation
Partner of Price Waterhouse
- 2000 Representative Partner of Chuo Aoyama Audit Corporation
Partner of PricewaterhouseCoopers
- 2006 Representative Partner of PricewaterhouseCoopers Aarata
- 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.
- 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)
- 2019 Retired from External Director of Nomura Real Estate Holdings, Inc.
External Director of Nomura Real Estate Development, Co., Ltd.
- 2020 Retired from External Director of Nomura Real Estate Development, Co., Ltd.



Member of the Board of Directors
Audit Committee Member

Junichi Okamoto

● Ordinary Shares: 182,892 ■ 10/10



Member of the Board of Directors
Audit Committee Member

Ritsuo Ogura

● Ordinary Shares: 88,534 Dilutive Shares: 49,388 ■ —



Member of the Board of Directors
Chairman (Corporate Executive)

Nobuyuki Hirano

● Ordinary Shares: 82,141 Dilutive Shares: 647,933 ■ 10/10



Member of the Board of Directors
Deputy Chairman (Representative Corporate Executive)

Kanetsugu Mike

● Ordinary Shares: 49,362 Dilutive Shares: 379,720 ■ 10/10

President & CEO, MUFG Bank, Ltd.



Member of the Board of Directors
Deputy Chairman (Representative Corporate Executive)

Saburo Araki

● Ordinary Shares: 210,980 Dilutive Shares: 71,264 ■ 10/10

President & CEO, Mitsubishi UFJ Securities Holdings Co., Ltd.
President & CEO, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.



Member of the Board of Directors
Deputy Chairman (Representative Corporate Executive)

Iwao Nagashima

● Ordinary Shares: 90,581 Dilutive Shares: 246,603 ■ —

President and CEO, Mitsubishi UFJ Trust & Banking Corporation



Member of the Board of Directors
President & Group CEO (Representative Corporate Executive)

Hironori Kamezawa

● Ordinary Shares: 25,539 Dilutive Shares: 277,194 ■ 8/8*

Member of the Board of Directors, MUFG Bank, Ltd.

Communicating with Stakeholders

To secure sustainable growth and enhance its corporate value, MUFG proactively engages in communications with customers, employees and other stakeholders throughout society and takes heed of their expectations and requests regarding improvements in its business management.



Dialogue with Customers

MUFG aims to improve its products and services by collecting, analyzing and internally sharing opinions contributed by and requests voiced by customers. In fiscal 2019, such customer feedback collected by the five main Group companies* amounted to approximately 190,000 inputs. Responding to this feedback, we have made a total of 445 improvements in our services. These improvements included the launch of an app-based procedure for the suspension and reissuance of cash cards and bank books, a procedure that had previously required customers to visit branches or consult with bank personnel by telephone. In addition, we also draw on the results of periodic customer satisfaction surveys to improve our services, closely analyzing items in which respondents gave us low ratings.



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

Doubling down on Our Customer Focus

In line with the MUFG Group Code of Conduct, which addresses the importance of “Customer Focus” in Chapter 1, we are striving to ensure that a customer-centric approach is thoroughly embraced by all employees.

To this end, MUFG announced the MUFG Basic Policy for Fiduciary Duties to provide unified guiding principles for the Group. In line with this policy, all Group entities share a commitment to practicing a

customer-centric approach and endeavor to improve their products and services. Moreover, eight domestic Group companies disclose the status of their initiatives related to fiduciary duties and KPIs for such initiatives. In addition, the holding company is engaged in the monitoring of initiatives undertaken by each Group company while periodically reviewing the aforementioned policy. By doing so, we aim to promote customer-centric business operations.

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. Moreover, the revision of human resources management systems is under way, with a particular focus placed on rewarding employees who take a proactive stance toward taking on the challenge of driving innovation. In addition, the Bank invites employees to join in dialogue with officers to discuss forward-looking themes, as part of initiatives aimed at facilitating employee action toward corporate culture reforms.*

We also use the periodic Group Awareness and Engagement Survey to draw on employee feedback to improve business management.

* Please refer to page 67 for details on these initiatives.



Saburo Araki, president of Mitsubishi UFJ Morgan Stanley Securities, and branch staff who engaged in a round-table talk with him as part of his branch visit in February 2020



A June 2020 town hall meeting attended by Iwao Nagashima, president of the Trust Bank, with all attendees taking thorough precautions to prevent the spread of COVID-19

Dialogue with Shareholders and Investors

Having placed great emphasis on maintaining dialogue with shareholders and investors, MUFG is striving to ensure that its management strategies and financial data are clearly understood by these stakeholders via timely and appropriate information disclosure.

In June 2020, the Annual General Meeting of Shareholders was held with due consideration given to the safety of attendees, with a significant number of seats removed from the venue to prevent the spread of the COVID-19 virus. Events held in fiscal 2019 to facilitate dialogue with shareholders and investors are as listed below.

- **Seminars for shareholders:** Seven occasions; approximately 1,400 attendees
- **Seminars and presentation meetings (including online presentation meetings) for individual investors:** Seven occasions; approximately 1,200 participants
- **Seminars and presentation meetings for institutional investors:** 11 occasions
- **Individual meetings with institutional investors:** 424 occasions (including 290 occasions of individual meetings with overseas investors)

In addition to the above, we periodically send out questionnaires to shareholders and draw on feedback contributed by respondents to improve the content of shareholder booklets and organize shareholder events.

Risk Management

Basic Policy

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 enterprise 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 and the Formulation of a Risk Appetite Statement

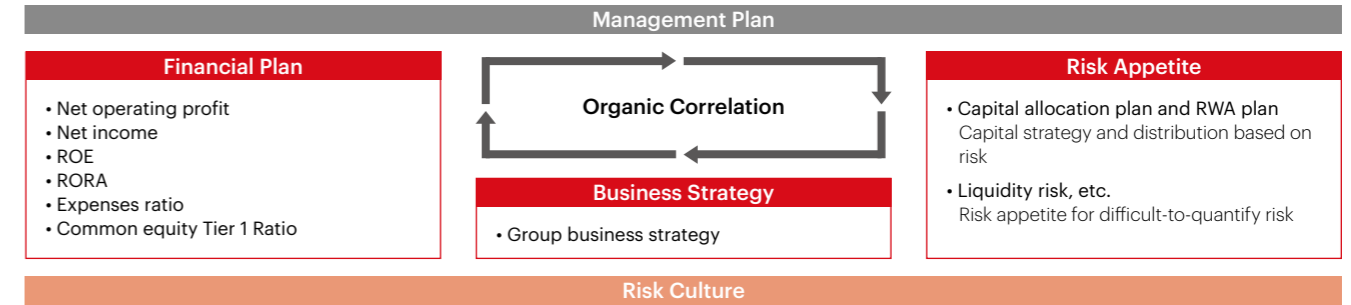
In the formulation and execution of its business strategy and financial plan, MUFG will set the appropriate level of risk appetite and proceed to monitor and analyze risk volume.

In order to effectively implement the Risk Appetite Framework, risk evaluation and verification procedures, such as Top Risk management, stress tests and the 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 the monitoring of the set risk appetite.

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.

Risk Appetite Framework



Enterprise Risk Management

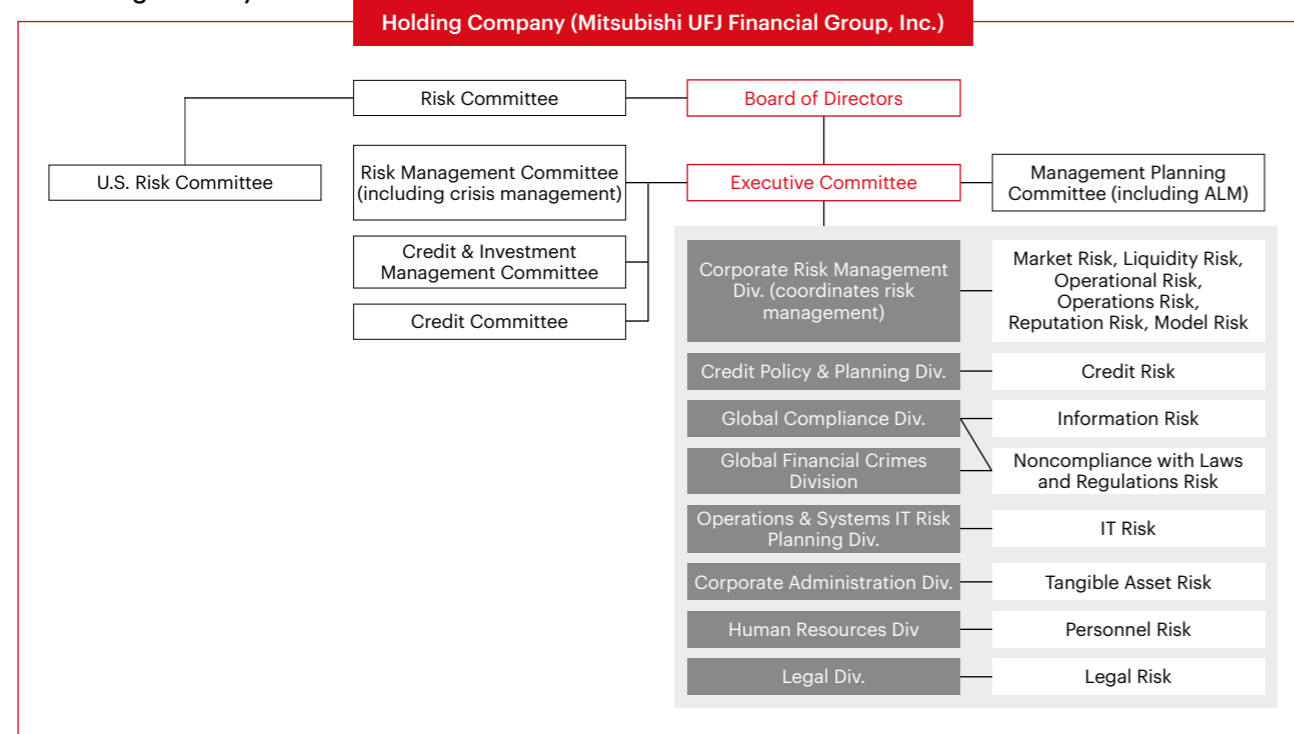
MUFG makes every effort to recognize the risks that emerge in the course of business execution, assessing them according to uniform criteria. Enterprise risk management is then conducted while maintaining business stability and striving to maximize shareholder value. Enterprise risk management is a proactive 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. (Major Top Risks identified by MUFG are as listed below.)

Risk Management System



Major Top Risks

Risk events	Risk scenarios
A decline in profitability (including a decline in net interest income)	<ul style="list-style-type: none"> Our overall profitability may be adversely affected by, among other things, a decline in our net interest income due to further reductions in interest rates as a result of changes in the monetary policies of central banks in various jurisdictions in light of the COVID-19 pandemic and deterioration in global economic conditions.
Foreign currency liquidity risk	<ul style="list-style-type: none"> Deterioration in market conditions may result in a depletion of foreign currency funding liquidity and an increase in our foreign currency funding costs.
An increase in credit costs	<ul style="list-style-type: none"> Sudden deterioration in global economic activities may result in an increase in our credit costs. Deterioration in the credit quality of particular industries or counterparties, to which we have relatively larger exposures, may result in an increase in our credit costs.
IT risk	<ul style="list-style-type: none"> Cyber-attacks may result in customer information leakage, financial service outage and reputational damage. System failures may result in our payment of financial compensation and damage to our reputation.
Risks relating to money laundering, economic sanctions, bribery and corruption	<ul style="list-style-type: none"> If we are deemed not compliant with applicable regulations relating to money laundering, economic sanctions, bribery and corruption, we may become subject to issuance of business suspension orders, fines and reputational damage.
Market conduct risk	<ul style="list-style-type: none"> Failing to comply with laws and regulations, breaching a social norm, conducting improper business / market practices or lacking perspective on customers' interests may result in administrative business suspension orders, payment of fines or damage to our reputation.
Risks relating to external circumstances or events (such as health pandemics, earthquakes, floods, terrorism, etc.)	<ul style="list-style-type: none"> Health pandemics, natural disasters, conflicts and terrorist attacks may result in disruption to all or part of our operations or an increase in costs and expenses in addressing such circumstances or events.
Climate change-related risks	<ul style="list-style-type: none"> If our efforts to address climate change-related risks or to make appropriate disclosure are deemed insufficient, our corporate value may be impaired. Our credit portfolio may be adversely affected by the negative impact of climate change on our borrowers and transaction counterparties.

* 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 2020. These scenarios include types of incidents that are not necessarily specific to MUFG and can happen to business corporations in general.

Risk Management

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 Top Risks and 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 of 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 for responding to short-term fund outflows or long-term structural changes in the balance sheet are examined 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.

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 are promoting cyber security measures under management's leadership.

Cyber Security Governance Structure

MUFG has established cyber security standards that reference international guidelines, including the NIST Cybersecurity Framework,* and is engaged in the development of relevant strategies and organizational structures as well as the planning and implementation of initiatives aimed at enhancing its cyber security measures.

In 2018, we enacted the Cyber Security Management Declaration with the intention of securing robust responsiveness to cyber attacks and crimes that have become increasingly sophisticated and complex and strengthening our IT security structure under the direct supervision of top management. In the same year, we also appointed a Chief Information Security Officer (CISO).

Under the CISO's leadership, we have been implementing measures to strengthen IT security governance systems and efficiently promote effective cyber security strategies. We have also developed a structure for reporting to the Board of Directors and the Executive Committee that facilitates top management decision making, ensuring that the Group is responsive to changes in cyber security threats as well as in the status of MUFG's cyber security management.

*Publicized by the U.S. National Institute of Standards and Technology (NIST), this framework provides general guidance for the systematic improvement of cyber security risk management practices.

Organizational Structure

In April 2019, we launched the MUFG Cyber Security Fusion Center (MUFG-CSFC) as part of the Cyber Security Office. The new center is tasked with intelligence analyses and other cyber security-related operations. In addition, we have developed a groupwide, cross-regional cyber security management structure in which the MUFG-CSFC plays a core role. Thus, we monitor the status of cyber security on an around-the-clock basis while ensuring that no incident is left unaddressed.

Incident Response Structure

MUFG has been upgrading the ability of its incident response teams to ensure that cyber security incidents are dealt with swiftly. With MUFG-CERT* in charge of overseeing the implementation of cyber security measures at each Group company, efforts are currently under way to secure close collaboration with government agencies and robust partnerships with other financial institutions for the periodic execution of cyber security training and drills aimed at securing preparedness to incidents.

* Computer Emergency Response Team

Our Response to Digital Transformation

MUFG is proactively pushing ahead with digital transformation initiatives, including the utilization of cloud services, big data, AI, robotics, open APIs and other new technologies to update mode of its operations.

From the viewpoint of ensuring cyber security, we carefully examine the characteristics of new technologies and appoint security specialists to participate in relevant projects from upstream processes, such as planning and design. Moreover, we also incorporate multilayered cyber security measures to help ensure safe and secure transitions to new modes of operations supported by cutting-edge technologies.

Providing Cyber Security Education to Foster a Proper Culture

We believe that, in addition to nurturing cyber

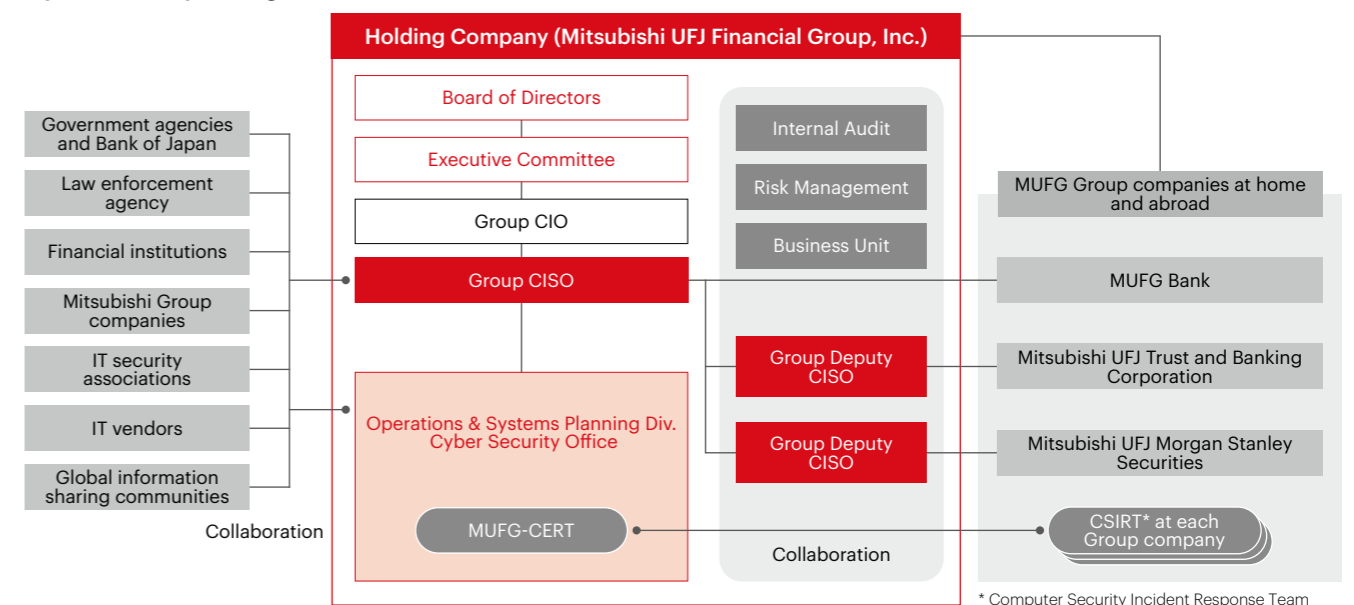
security specialists, all the constituents of our organization, ranging from top management members to frontline employees, must be equipped with accurate knowledge with regard to the varied risks they face in light of their job ranks and duties and how to properly respond to such risks in the wake of increasingly sophisticated and complex cyber security threats.

With this in mind, all employees participate in educational programs focused on the importance of cyber security as well as drills that teach the handling of suspicious e-mails. Meanwhile, top management members attend training sessions designed to enhance their understanding of cyber security issues. When the COVID-19 pandemic prompted an increase in the number of employees choosing to work remotely, we acted quickly to call their attention to cyber security by, for example, distributing in-house newsletters. Furthermore, we utilize various channels to help our customers raise their cyber security awareness.



MUFG Cyber Security Seminar

Cyber Security Management Structure



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 to guide how the Group's directors and employees should behave to realize the Corporate Vision. The code 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, the "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.

Ensuring Thorough Compliance

We engage in ongoing efforts to ensure that each employee embraces proper action principles in accordance with the Code of Conduct by, for example, providing various compliance training and distributing messages from top management. Every year, we also update the content of the Code of Conduct with reference to the results of the annual Group Awareness and Engagement Survey as well as changes in the business environment at home and abroad.

The updated Code of Conduct released in fiscal 2020 includes enhanced descriptions about conduct risk and the importance of being aware of risk ownership at the sales frontline as well as an additional message encouraging whistle blowing. (For details of our whistle-blowing systems, please also see a column featured on page 88.) Thanks to these efforts, the latest results of the Group Awareness and Engagement Survey included significantly improved ratings on compliance-related questionnaire items, such as those asking whether the respondents experienced a "double-bind" situation between the call for adherence to the Code of Conduct and the need to efficiently process tasks in the course of daily operations. As such, MUFG is constantly striving to ensure thorough compliance.

MUFG established policies that define the governance and oversight structure for financial crimes risk management 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. Through these policies, MUFG promotes a consistent and integrated approach across all of MUFG globally.

MUFG Bank, one of the group companies in MUFG, is establishing shared organizations (Centers of Excellence) in the Americas, EMEA, Asia and Japan. Through those Centers of Excellence, MUFG Bank is centralizing certain AML and sanctions compliance processes and expertise to assist in the fight against money laundering, terrorist financing and sanctions violations. As processes move from local branches and offices and become integrated into the Centers of Excellence, MUFG Bank will be better positioned to achieve globally consistent and effective operations.

In addition, MUFG Bank is enhancing its financial crimes compliance systems and establishing a data warehouse. These enhancements will support a globally consistent, effective, and efficient financial crimes compliance program and will help MUFG Bank detect more complex and sophisticated types of financial crimes in a sustainable and flexible manner.

Furthermore, MUFG Bank is investing in its people, with continued hiring of financial crimes compliance specialists, training, updated information-sharing, and accumulation and exchange of knowledge and skills through a global staff rotation program.

We continue to work on the enhancement of global financial crimes compliance in line with requirements and expectations of international organizations, including regulators in each country, FATF,* etc. to support and strengthen the trust and confidence of society.

* FATF: Financial Action Task Force on money laundering. Inter-governmental body that advocates for taking a coordinated international response in AML and counter-terrorist financing.

External Certification of the Whistle-Blowing Systems

Having positioned its whistle-blowing systems as an important governance tool, MUFG has helped each Group company develop such a system to ensure their ability to promptly address and resolve any issues associated with compliance. Moreover, the MUFG Compliance Helpline operates year-round and is capable of handling a report from any Group member no matter what their location on an around-the-clock basis.

We aim to ensure that each employee is able to quickly access this helpline whenever he/she has even the slightest suspicion regarding compliance. To this end, we let all employees know about this helpline by providing e-learning programs and by distributing carrying cards designed to communicate how to use it. At the same time, we are striving to enhance the reliability of our whistle-blowing systems.

In addition, whistle-blowing systems in place at the holding company, the Bank, the Trust Bank, Mitsubishi UFJ Securities Holdings, Mitsubishi UFJ NICOS and ACOM were registered during and

shortly after fiscal 2019 as conforming to Japan's Consumer Affairs Agency's Whistleblowing Compliance Management System (WCMS) certification standards* based on self-declaration.

In the course of registration, we upgraded such aspects of these systems as whistleblower protection measures. We also let all employees know about the content of upgrades to assure them of the reliability of the system. Looking ahead, we will promote the utilization of our whistle-blowing systems to secure sustainable growth for the Group.

* A system that registers business operators if their whistle-blowing systems are deemed to conform to prescribed certification standards via self-evaluation as well as third-party confirmation by a registration body designated by the Consumer Affairs Agency



Internal Audit

Role of the Internal Audit

The internal audit aims to evaluate and assist in the improvement of the effectiveness of governance, risk management and control processes with high proficiency and independence. Internal audit results are reported to senior management. Additionally, internal audit makes suggest ways to improve or rectify any issues identified.

MUFG Internal Audit Activity Charter

In April 2019, we adopted the “MUFG Internal Audit Activity Charter,” which defines our basic policies for internal audits, including the mission, purposes, responsibilities, and roles associated with such audits.

This charter is designed to encourage internal audit staff to conduct internal audits in accordance with the global standards set by the Institute of Internal Auditors, an international organization established for, among other purposes, formulating practical internal audit standards.

*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.

Internal Audit Framework

The MUFG Group maintains 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 via across-the-board collaboration with other Group entities. In addition to leading the internal audit planning and proposal of the Group, the internal

audit division at the holding company administers, monitors and, as necessary, guides and advises the internal audit divisions of subsidiaries and affiliated companies. The division also reports to the holding company’s Audit Committee on important matters, including governing principles for internal audit plans and the results of internal audits.

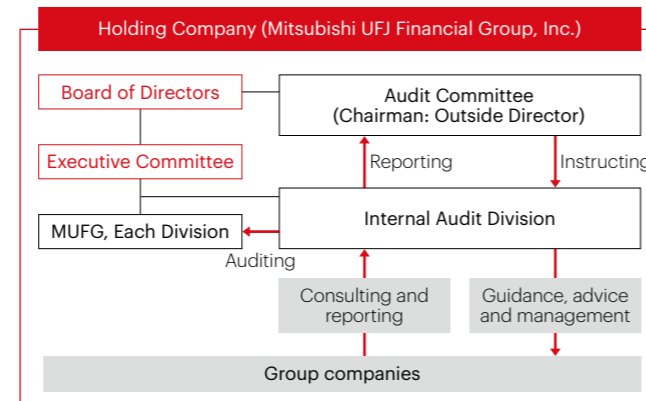
In addition, internal auditors attend key meetings, collect important internal control documents and implement other necessary measures to facilitate efficient off-site monitoring.

For the full text of the charter, please also visit our corporate website.
<https://www.muftg.jp/english/profile/governance/audit/index.html>

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.

Internal Audit Framework



Enhancing the Effectiveness of Internal Audits

In step with global business strategies, the scope of MUFG Group’s audit activities is growing to encompass cross-regional collaboration at home and abroad. We also focus on nurturing human resources by implementing training programs designed for newly appointed internal auditors and providing seminars aimed at helping secure preparedness to take the examinations necessary to acquire external certification. Furthermore, internal auditors are currently collaborating with relevant departments, such as those in charge of compliance, to nurture governance specialists. In addition, efforts are under

way to facilitate the sharing of case studies and other expertise with financial authorities and financial industry peers while participating in external study sessions and exchange gatherings to communicate our know-how.



A meeting attended by internal auditors from partner banks in Asia (August 2019)



Financial Data / Corporate Data

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Ten-Year Summary of Major Financial Data

(Billions of Yen)

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Currency exchange rate (USD/JPY) (yen)	83.15	82.19	94.05	102.92	120.17
Income statement summary					
Gross profits before credit costs for trust accounts	3,522.5	3,502.0	3,634.2	3,753.4	4,229.0
Net interest income	2,020.0	1,840.5	1,816.8	1,878.6	2,181.6
Trust fees excluding credit costs	100.4	96.9	95.1	108.4	111.4
Net fees and commissions	979.4	964.2	1,042.2	1,160.3	1,308.6
Net trading profits	103.7	225.5	288.2	362.0	352.9
Net other operating profits	318.9	374.7	391.7	244.0	274.3
Net gains (losses) on debt securities	221.3	270.3	336.7	142.8	115.1
General and administrative expenses	2,020.8	1,994.5	2,095.0	2,289.3	2,584.1
Expense ratio	57.3%	56.9%	57.6%	60.9%	61.1%
Net operating profits before credit costs for trust accounts and provision for general allowance for credit losses	1,501.6	1,507.4	1,539.2	1,464.1	1,644.9
Total credit costs	(354.1)	(193.4)	(115.6)	11.8	(161.6)
the Bank and the Trust Bank combined*1	(174.2)	(134.5)	(65.3)	35.1	(71.1)
Net gains (losses) on equity securities	(57.1)	(88.6)	(53.6)	144.5	93.1
Gains (losses) on sales of equity securities	13.7	(9.4)	33.6	157.5	97.9
Losses on write-down of equity securities	(70.9)	(79.2)	(87.3)	(12.9)	(4.8)
Equity in earnings of equity method investees	11.3	377.5	52.0	112.4	159.6
Other non-recurring gains (losses)	(385.1)	(130.8)	(77.7)	(38.2)	(23.0)
Ordinary profits	646.4	1,471.9	1,344.1	1,694.8	1,713.0
Net extraordinary gains (losses)	(6.8)	(23.8)	9.6	(151.7)	(98.2)
Total taxes	175.4	376.4	395.7	439.9	467.7
Tax burden ratio	27.4%	26.0%	29.2%	28.5%	28.9%
Profits attributable to non-controlling interests	(119.0)	90.2	105.3	118.1	113.2
Profits attributable to owners of parent	583.0	981.3	852.6	984.8	1,033.7

Balance sheet summary

Total assets	206,227.0	218,861.6	234,498.7	258,131.9	286,149.7
Loans and bills discounted	79,995.0	84,492.6	91,299.5	101,938.9	109,368.3
Securities	71,023.6	78,264.7	79,526.8	74,515.5	73,538.1
Total liabilities	195,412.6	207,185.8	220,979.0	243,019.0	268,862.2
Deposits	124,144.3	124,789.2	131,697.0	144,760.2	153,357.4
Negotiable certificates of deposit	10,961.0	12,980.6	14,855.0	15,548.1	16,073.8
Total net assets	10,814.4	11,675.7	13,519.6	15,112.8	17,287.5
Total shareholders' equity	9,104.9	9,909.5	10,578.3	11,346.2	11,328.6
Retained earnings	4,799.6	5,602.3	6,267.9	7,033.1	7,860.4
Total accumulated other comprehensive income	(156.0)	83.4	1,158.2	1,709.7	3,989.2
Non-controlling interests	1,858.2	1,674.8	1,774.1	2,048.1	1,961.3

Financial Ratios

Common Equity Tier 1 Capital ratio	—	—	11.60%	11.18%	11.09%
Tier 1 Capital ratio*2	11.33%	12.15%	12.63%	12.37%	12.58%
Total Capital ratio	14.89%	14.72%	16.53%	15.43%	15.62%
Dividends per share (DPS) (yen)	12.0	12.0	13.0	16.0	18.0
Dividend payout ratio	30.0%	17.6%	22.0%	23.4%	24.6%
Book-value per share (BPS) (yen)	604.58	678.25	800.95	893.77	1,092.75
Earnings per share (EPS) (yen)	39.95	68.09	58.99	68.29	73.22
ROE MUFG definition	6.89%	11.10%	8.77%	9.05%	8.74%
ROE JPXTSE definition	6.55%	10.60%	7.96%	8.05%	7.38%
Total number of ordinary shares (excluding own shares) (billion shares)	14.141	14.144	14.155	14.161	14.017
Share price (fiscal year-end) (yen)	384	412	558	567	743.7
Market capitalization*3 (trillions of yen)	5.4	5.8	7.8	8.0	10.4
PBR*3 (times)	0.63	0.60	0.69	0.63	0.68
PER*3 (times)	9.6	6.0	9.4	8.3	10.1

*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 2015	FY 2016	FY 2017	FY 2018	FY 2019
Currency exchange rate (USD/JPY) (yen)	112.68	112.19	106.24	110.99	108.83
Income statement summary					
Gross profits before credit costs for trust accounts	4,143.2	4,011.8	3,854.2	3,725.7	3,986.3
Net interest income	2,113.5	2,024.4	1,906.8	1,922.7	1,892.9
Trust fees excluding credit costs	117.0	122.0	122.5	125.3	130.8
Net fees and commissions	1,320.5	1,328.4	1,327.1	1,303.9	1,341.2
Net trading profits	306.3	290.0	292.4	216.1	161.4
Net other operating profits	285.6	246.7	205.1	157.4	459.7
Net gains (losses) on debt securities	132.9	56.8	6.7	29.9	492.9
General and administrative expenses	2,585.2	2,593.5	2,621.4	2,647.1	2,801.8
Expense ratio	62.3%	64.6%	68.0%	71.0%	70.2%
Net operating profits before credit costs for trust accounts and provision for general allowance for credit losses	1,557.9	1,418.2	1,232.8	1,078.5	1,184.4
Total credit costs	(255.1)	(155.3)	(46.1)	(5.8)	(222.9)
the Bank and the Trust Bank combined*1	(103.7)	(47.9)	79.5	129.8	12.6
Net gains (losses) on equity securities	88.3	124.9	133.1	112.6	31.3
Gains (losses) on sales of equity securities	113.6	127.4	140.1	125.9	92.1
Losses on write-down of equity securities	(25.3)	(2.5)	(7.0)	(13.3)	(60.8)
Equity in earnings of equity method investees	230.4	244.4	242.8	284.3	277.2
Other non-recurring gains (losses)	(82.0)	(271.4)	(100.3)	(121.7)	(34.2)
Ordinary profits	1,539.4	1,360.7	1,462.4	1,348.0	1,235.7
Net extraordinary gains (losses)	(40.7)	(57.5)	(53.0)	(202.7)	(406.3)
Total taxes	460.2	342.1	313.4	195.5	220.8
Tax burden ratio	30.7%	26.2%	22.2%	17.0%	26.6%
Profits attributable to non-controlling interests	87.1	34.6	106.2	77.0	80.3
Profits attributable to owners of parent	951.4	926.4	989.6	872.6	528.1

Balance sheet summary

Total assets	298,302.8	303,297.4	306,937.4	311,138.9	336,571.3
Loans and bills discounted	113,756.3	109,005.2	108,090.9	107,412.4	109,114.6
Securities	69,993.8	59,438.8	59,266.1	64,262.4	65,555.1
Total liabilities	280,916.1	286,639.0	289,642.3	293,877.2	319,715.6
Deposits	160,965.0	170,730.2	177,312.3	180,171.2	187,623.5
Negotiable certificates of deposit	11,591.5	11,341.5	9,854.7	9,413.4	7,787.5
Total net assets	17,386.7	16,658.3	17,295.0	17,261.6	16,855.7
Total shareholders' equity	11,855.8	12,318.8	12,880.8	13,300.1	13,471.8
Retained earnings	8,587.5	9,278.5	10,064.6	10,640.6	10,855.7
Total accumulated other comprehensive income	3,602.1	2,961.3	3,143.8	2,879.1	2,518.9
Non-controlling interests	1,920.5	1,377.7	1,270.1	1,082.1	864.8

Financial Ratios

Common Equity Tier 1 Capital ratio	11.63%	11.76%	12.58%	12.23%	11.90%
Tier 1 Capital ratio*2	13.24%	13.36%	14.32%	13.90%	13.56%
Total Capital ratio	16.01%	15.85%	16.56%	16.03%	15.87%
Dividends per share (DPS) (yen)	18.0	18.0	19.0	22.0	25.0
Dividend payout ratio	26.3%	26.4%	25.5%	32.9%	61.0%
Book-value per share (BPS) (yen)	1,121.07	1,137.78	1,217.41	1,252.03	1,245.33
Earnings per share (EPS) (yen)	68.51	68.28	74.55	66.91	40.95
ROE MUFG definition	7.63%	7.25%	7.53%	6.45%	3.85%
ROE JPXTSE definition	6.18%	6.02%	6.32%	5.41%	3.28%
Total number of ordinary shares (excluding own shares) (billion shares)	13.788	13.429	13.162	12.922	12.840
Share price (fiscal year-end) (yen)	521.5	699.7	697.0	550.0	403.0
Market capitalization*3 (trillions of yen)	7.1	9.3	9.1	7.1	5.1
PBR*3 (times)	0.46	0.61	0.57	0.43	0.32
PER*3 (times)	7.6	10.2	9.3	8.2	9.8

Financial Review for Fiscal 2019

Consolidated Income Statement Summary

Consolidated Net Operating Profits

Consolidated gross profits for the fiscal year ended March 31, 2020 increased ¥260.5 billion from the previous fiscal year. This was due to an increase in net fees and commissions, reflecting the consolidation of Bank Danamon and FSI, as well as a rise in net trading profits, despite a decline in net interest income from foreign currency-denominated loans and deposits.

General and administrative expenses increased by ¥154.7 billion from the previous fiscal year. While a tight grip on expenses associated with domestic operations has remained in place, expenses for overseas operations increased due to business expansion and rising expenses for regulatory compliance purposes.

As a result, consolidated net operating profits rose by ¥105.8 billion from the previous fiscal year.

Total Credit Costs

Total credit costs for the fiscal year ended March 31, 2020 increased by ¥217.1 billion from the previous fiscal year, mainly due to the absence of the major reversal of allowance for credit loss recorded in fiscal 2018 and the additional posting of an allowance in response to the fallout from the COVID-19 pandemic.

Net Gains (Losses) on Equity Securities

Net gains on equity securities decreased ¥81.2 billion from the previous fiscal year. This was mainly due to a decline in gains on sales of exchange traded funds (ETF) and an increase in losses on write-down of equity securities, despite the recording of gains on sales of equity holdings.

Consolidated Income Statement Summary

(Billions of yen)	FY2018	FY2019	YoY
1 Gross profits (before credit costs for trust accounts)	3,725.7	3,986.3	260.5
2 G&A expenses	2,647.1	2,801.8	154.7
3 Net operating profits	1,078.5	1,184.4	105.8
4 Total credit costs	(5.8)	(222.9)	(217.1)
5 Net gains (losses) on equity securities	112.6	31.3	(81.2)
6 Equity in earnings of equity method investees	284.3	277.2	(7.1)
7 Other non-recurring gains (losses)	(121.7)	(34.2)	87.4
8 Ordinary profits	1,348.0	1,235.7	(112.2)
9 Net extraordinary gains (losses)	(202.7)	(406.3)	(203.6)
10 Total of income taxes-current and income taxes-deferred	(195.5)	(220.8)	(25.3)
11 Profits attributable to owners of parent	872.6	528.1	(344.5)

Equity in earnings of equity method investees were ¥277.2 billion, a decrease of ¥7.1 billion from the previous fiscal year despite the contribution of Morgan Stanley.

As a result, ordinary profits decreased by ¥112.2 billion from the previous fiscal year.

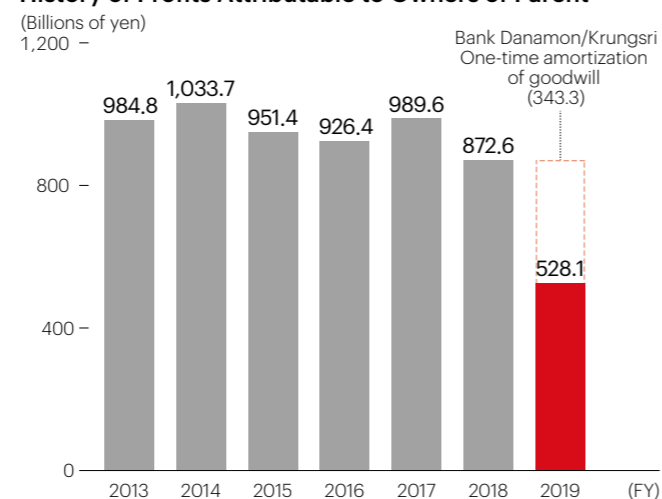
Profits Attributable to Owners of Parent

Net extraordinary losses amounted to ¥406.3 billion, up ¥203.6 billion from the previous fiscal year due to the posting of an extraordinary loss attributable to the one-time amortization of goodwill associated with Bank Danamon and Krungsri.

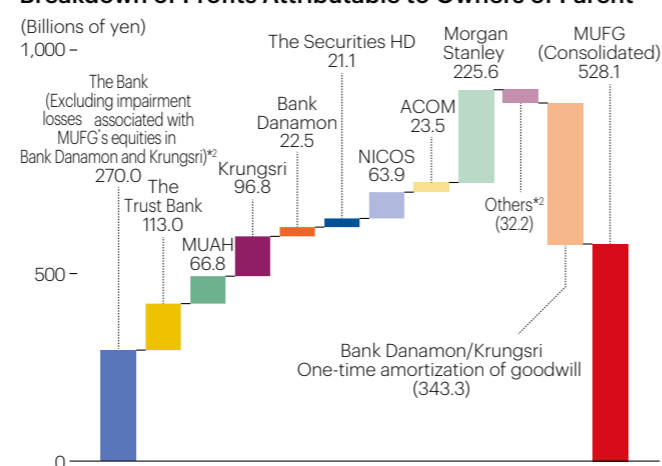
Tax expenses rose by ¥25.3 billion.

As a result, profits attributable to owners of parent decreased by ¥344.5 billion to ¥528.1 billion.

History of Profits Attributable to Owners of Parent



Breakdown of Profits Attributable to Owners of Parent¹



¹ The above figures take into consideration the percentage holding in each subsidiary and equity method investee (after-tax basis)
² Impairment losses on shares of Bank Danamon and Krungsri are ¥923.0 billion. In the consolidated figures, the impairment losses are eliminated.

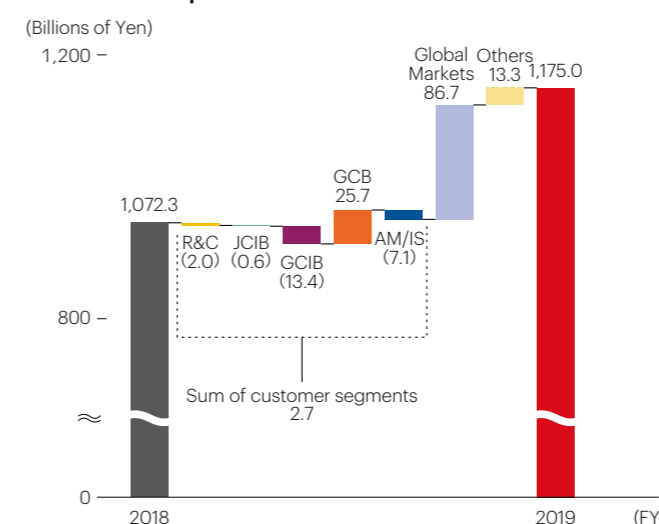
Performance by Business Groups

GCB achieved growth in net operating profits* due to the consolidation of Bank Danamon, while the other four customer segments saw decreases in net operating profits. However, overall net operating profits from customer segments increased by ¥2.6 billion, maintaining an upward trend since the previous fiscal year. Moreover, net operating profits from Global Markets increased significantly mainly due to higher profits in treasury business that employed a flexible portfolio management, contributing to a higher consolidated total. MUFG has thus achieved growth in net operating profits for the first time in five years.

Please also refer to pages 40 to 41 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 Group



Business Impact of the COVID-19 Pandemic

	Major impact that may arise or be anticipated	Estimated impact on pre-tax profit*
Impact on net operating profits	<ul style="list-style-type: none"> A decline in foreign currency interest income due to interest rate reductions in various markets and decline in long-term interest rates Decrease in assets under custody or management due to falling stock prices in various markets Decline in new investments and business transactions by customers due to deteriorating economic activity Change in consumer spending and decreased investor appetite for investments in uncertain financial markets Restrictions on our business activities, etc. 	Down approx. ¥300.0 billion
Impacts on credit costs and net gains (losses) on equity securities, etc.	<ul style="list-style-type: none"> Increase in credit costs due to deterioration in the business performance of borrowers Decline in gains (or increase in losses) on sales of securities Decrease in equity earnings in equity method investees and deterioration in other non-recurring gains (losses) etc. 	Down approx. ¥300.0 billion

* The above figures illustrate some of the major items that we expect to affect pre-tax profit as a result of the COVID-19 pandemic. These effects as well as other COVID-19 pandemic related issues currently considered by us have been taken into account in our earnings target for our fiscal 2020

Financial Review for Fiscal 2019

Consolidated Balance Sheet Summary

Loans / Deposits

Loans totaled ¥109.4 trillion, a slight increase from March 31, 2019. Domestic individual deposits, domestic corporate deposits and overseas deposits increased by ¥2.3 trillion, ¥3.5 trillion and ¥1.6 trillion, respectively, with the overall deposit balance amounting to ¥187.6 trillion.

Excluding the impact of foreign exchange fluctuations, the balance of overseas loans increased ¥1.6 trillion, while overseas deposits increased ¥1.5 trillion from the previous fiscal year-end. The gap between overseas deposits and lending balances remained virtually flat.

The volume of risk-monitored loans increased from the previous fiscal year mainly due to factors arising from the consolidation of Bank Danamon. However, the non-performing loan (NPL) ratio—the ratio of risk-monitored loans to total loans—remained low at less than 1%.

Investment Securities

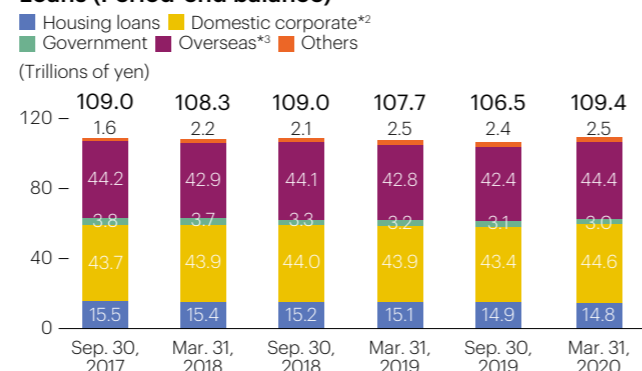
The balance of available-for-sale securities increased by ¥1.5 trillion due to such factors as a ¥2.9 trillion increase to reflect growing emphasis placed on foreign bond positions.

Net unrealized gains on available-for-sale securities remained robust at a little under ¥3 trillion. Although net unrealized gains on domestic equity securities decreased by ¥624.3 billion due to progress in the sales of equity holdings and a decline in stock prices, net unrealized gains on foreign bonds increased by ¥564.4 billion, a significant improvement, thanks to a fall in overseas interest rates.

A significant improvement was also seen in net unrealized gains on available-for-sale securities managed by Global Markets in treasury business*. As of March 31, 2020, we were able to secure net unrealized gains on domestic bonds and foreign bonds totaling approximately ¥170.0 billion and ¥740.0 billion, respectively.

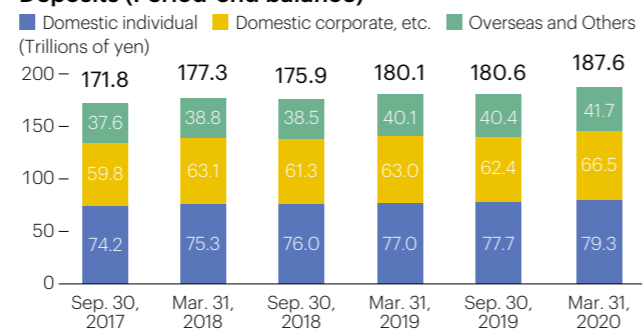
* Mainly consisting of net unrealized gains on available-for-sale securities, excluding domestic equity securities and foreign equity securities

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, Bank Danamon, 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, 2020	Changes from Mar. 31, 2019	Mar. 31, 2020	Changes from Mar. 31, 2019
Total	62,151.1	1,572.5	2,888.6	(447.0)
Domestic equity securities	4,141.3	(812.0)	2,139.9	(624.3)
Domestic bonds	27,473.1	211.9	171.3	(186.1)
Japanese government bonds	20,643.0	(899.2)	123.9	(155.0)
Others	30,536.7	2,172.6	577.2	363.4
Foreign equity securities	79.5	(35.3)	12.6	(39.9)
Foreign bonds	24,502.4	2,969.5	738.1	564.4
Others	5,954.7	(761.5)	(173.5)	(161.1)

Capital

Total Capital

Common Equity Tier 1 capital decreased by ¥614.0 billion from March 31, 2019, with the accumulation of profit, more than offset by the payment of cash dividends, repurchases of own shares and a decrease in total accumulated other comprehensive income.

While Tier 2 capital increased by ¥162.7 billion from the previous fiscal year-end, total capital decreased by ¥490.2 billion to ¥18,279.5 billion.

Risk Weighted Assets (RWA)

RWA decreased by ¥1,955.5 billion from March 31, 2019, reflecting decreases in credit-related RWA and floor adjustments.

Capital Adequacy

Common Equity Tier 1 capital ratio, the most important indicator representing the capital adequacy of financial institutions, stood at 11.7% on an estimated basis, reflecting the RWA increase calculated on the finalized Basel III reforms basis, suggesting that MTBP has achieved sufficient capital adequacy vis-à-vis the MTBP target of around 11%.

In addition, the leverage ratio amounts to 4.42%, well 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 2019, MUFG raised approximately ¥1.6 trillion in external TLAC capital by issuing TLAC-eligible senior bonds worth approximately ¥1.1 trillion, as well as perpetual subordinated debt and dated subordinated debt totaling approximately ¥0.5 trillion.

As a result, the external TLAC ratio as of March 31, 2020 (see the graph on the right) was 18.62%, well above the regulatory requirement of 16%.

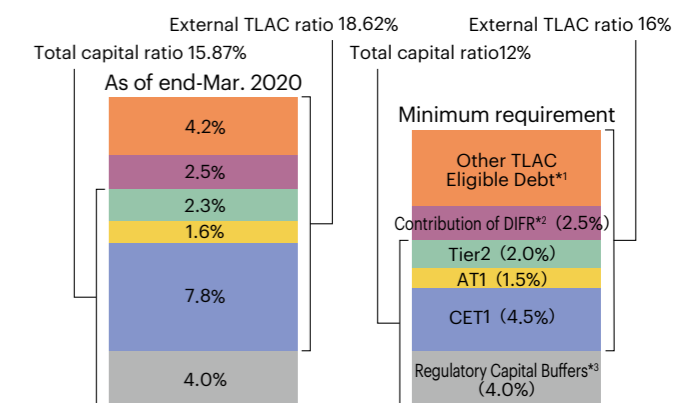
Capital Adequacy

(Billions of Yen)

	Mar. 31, 2019	Mar. 31, 2020	Changes from Mar. 31, 2019
Common Equity Tier 1 capital ratio	12.23%	11.90%	(0.32%)
Tier 1 capital ratio	13.90%	13.56%	(0.33%)
Total capital ratio	16.03%	15.87%	(0.15%)
Leverage ratio	4.94%	4.42%	(0.52%)
<hr/>			
Common Equity Tier 1 capital	14,322.4	13,708.3	(614.0)
Retained earnings	10,640.6	10,855.7	215.1
Other comprehensive income	2,879.1	2,518.9	(360.1)
Regulatory adjustments	(1,897.3)	(2,329.7)	(432.4)
Additional Tier 1 capital	1,953.8	1,914.9	(38.9)
Preferred securities and subordinated debt	1,800.1	1,764.1	(36.0)
Tier 1 capital	16,276.3	15,623.3	(652.9)
Tier 2 capital	2,493.4	2,656.2	162.7
Subordinated debt	2,195.6	2,303.6	108.0
Total capital (Tier 1+Tier 2)	18,769.7	18,279.5	(490.2)
<hr/>			
Risk weighted assets	117,091.1	115,135.6	(1,955.5)
Credit risk	90,843.0	88,791.7	(2,051.3)
Market risk	2,920.5	3,150.7	230.1
Operational risk	8,107.2	8,269.2	162.0
Floor adjustments*	15,220.2	14,923.8	(296.3)
<hr/>			
Total exposure	329,048.6	353,117.5	24,068.8

* Adjustments made for the difference between RWA under Basel I and Base 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 making ex-ante commitments to recapitalize as a G-SIB as per a resolution set out in the FSB's TLAC termsheet (can include 2.5% of RWAs during a period from end-March 2019 to end-March 2022 and 3.5% of RWAs thereafter, 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: 0.01%

Consolidated Financial Statements

Consolidated Balance Sheets

	(Millions of Yen)	
	Mar 31, 2020	Mar 31, 2019
Assets:		
Cash and due from banks	78,335,634	74,206,895
Call loans and bills bought	727,598	451,668
Receivables under resale agreements	24,104,564	10,868,179
Receivables under securities borrowing transactions	3,464,533	2,739,363
Monetary claims bought	6,583,403	7,254,708
Trading assets	20,250,172	16,126,188
Money held in trust	1,046,323	912,961
Securities	65,555,127	64,262,463
Loans and bills discounted	109,114,612	107,412,468
Foreign exchanges	1,741,290	2,134,807
Other assets	13,900,403	12,838,412
Tangible fixed assets	1,319,789	1,335,972
Buildings	341,984	361,580
Land	680,425	674,285
Lease assets	19,811	15,078
Construction in progress	34,733	33,618
Other tangible fixed assets	242,834	251,409
Intangible fixed assets	1,498,407	1,136,530
Software	552,291	513,231
Goodwill	283,672	237,310
Lease assets	22	198
Other intangible fixed assets	662,421	385,790
Net defined benefit assets	712,206	824,007
Deferred tax assets	127,516	104,451
Customers' liabilities for acceptances and guarantees	8,830,436	9,241,062
Allowance for credit losses	(740,641)	(711,236)
Total assets	336,571,379	311,138,903

	(Millions of Yen)	
	Mar 31, 2020	Mar 31, 2019
Liabilities:		
Deposits	187,623,551	180,171,279
Negotiable certificates of deposit	7,787,524	9,413,420
Call money and bills sold	3,671,100	2,465,093
Payables under repurchase agreements	31,692,711	25,112,121
Payables under securities lending transactions	1,058,042	903,219
Commercial papers	2,162,329	2,316,338
Trading liabilities	14,067,826	11,624,122
Borrowed money	24,651,574	16,268,170
Foreign exchanges	2,223,010	2,271,145
Short-term bonds payable	962,295	793,999
Bonds payable	13,464,472	12,179,680
Due to trust accounts	9,798,688	10,282,227
Other liabilities	10,407,459	9,452,717
Reserve for bonuses	110,964	79,236
Reserve for bonuses to directors	1,446	689
Reserve for stocks payment	11,298	10,814
Net defined benefit liabilities	86,547	59,540
Reserve for retirement benefits to directors	1,058	1,058
Reserve for loyalty award credits	31,247	17,606
Reserve for contingent losses	206,029	265,707
Reserves under special laws	4,269	4,263
Deferred tax liabilities	754,111	829,418
Deferred tax liabilities for land revaluation	107,641	114,292
Acceptances and guarantees	8,830,436	9,241,062
Total liabilities	319,715,640	293,877,225
Net assets:		
Capital stock	2,141,513	2,141,513
Capital surplus	980,102	1,034,641
Retained earnings	10,855,798	10,640,655
Treasury stock	(505,518)	(516,649)
Total shareholders' equity	13,471,894	13,300,160
Net unrealized gains (losses) on available-for-sale securities	2,066,363	2,249,231
Net deferred gains (losses) on hedging instruments	189,342	122,516
Land revaluation excess	158,633	167,681
Foreign currency translation adjustments	300,838	339,713
Remeasurements of defined benefit plans	(159,766)	(4,729)
Debt value adjustments of foreign subsidiaries and affiliates	(36,470)	4,702
Total accumulated other comprehensive income	2,518,940	2,879,115
Subscription rights to shares	59	217
Non-controlling interests	864,844	1,082,184
Total net assets	16,855,738	17,261,677
Total liabilities and net assets	336,571,379	311,138,903

Consolidated Financial Results

	(Millions of Yen)	
	FY 2019	FY 2018
Gross profits	3,986,304	3,725,720
Gross profits before credit costs for trust accounts	3,986,304	3,725,720
Net interest income	1,892,967	1,922,776
Trust fees	130,829	125,385
Credit costs for trust accounts	0	—
Net fees and commissions	1,341,266	1,303,954
Net trading profits	161,457	216,165
Net other operating profits	459,783	157,438
Net gains (losses) on debt securities	492,989	29,977
General and administrative expenses	2,801,858	2,647,137
Amortization of goodwill	29,551	17,431
Net operating profits before credit costs for trust accounts, provision for general allowance for credit losses and amortization of goodwill	1,213,997	1,096,013
Net operating profits before credit costs for trust accounts and provision for general allowance for credit losses	1,184,445	1,078,582
Provision for general allowance for credit losses	(111,408)	—
Net operating profits*1	1,073,037	1,078,582
Net non-recurring gains (losses)	162,733	269,461
Credit costs	(214,966)	(143,006)
Losses on loan write-offs	(179,213)	(154,941)
Provision for specific allowance for credit losses	(18,237)	—
Other credit costs	(17,514)	11,935
Reversal of allowance for credit losses	—	15,053
Reversal of reserve for contingent losses included in credit costs	8,148	55,064
Gains on loans written-off	95,275	67,063
Net gains (losses) on equity securities	31,339	112,602
Gains on sales of equity securities	166,710	203,481
Losses on sales of equity securities	(74,552)	(77,486)
Losses on write-down of equity securities	(60,817)	(13,392)
Equity in earning of equity method investees	277,221	284,389
Other non-recurring gains (losses)	(34,286)	(121,704)
Ordinary profits	1,235,770	1,348,043
Net extraordinary gains (losses)	(406,326)	(202,715)
Losses on impairment of fixed assets	(65,786)	(184,692)
Losses on change in equity	(21,311)	(15,223)
Amortization of goodwill	(343,368)	—
Gains on sales of shares of subsidiaries	31,462	—
Profits before income taxes	829,443	1,145,327
Income taxes-current	189,231	189,195
Income taxes-deferred	31,668	6,373
Total taxes	220,899	195,568
Profits	608,543	949,758
Profits attributable to non-controlling interests	80,392	77,069
Profits attributable to owners of parent	528,151	872,689

*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 2019	FY 2018
Total credit costs*2	(222,950)	(5,826)

*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 2019	FY 2018
Profits	608,543	949,758
Other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	(221,966)	(125,622)
Net deferred gains (losses) on hedging instruments	71,314	63,366
Land revaluation excess	36	—
Foreign currency translation adjustments	(2,681)	(82,475)
Remeasurements of defined benefit plans	(154,532)	(73,141)
Share of other comprehensive income of associates accounted for using equity method	(29,257)	(44,893)
Total other comprehensive income	(337,087)	(262,766)
Comprehensive income	271,456	686,992
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	177,138	615,166
Comprehensive income attributable to non-controlling interests	94,317	71,825

Consolidated Financial Statements

Consolidated Statements of Changes in Net Assets

(Millions of Yen)

FY 2019	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	1,034,641	10,640,655	(516,649)	13,300,160	2,249,231	122,516
Cumulative effects of changes in accounting policies			(17,550)		(17,550)		
Restated balance	2,141,513	1,034,641	10,623,105	(516,649)	13,282,610	2,249,231	122,516
Changes during the period							
Cash dividends			(304,543)		(304,543)		
Profits attributable to owners of parent			528,151		528,151		
Repurchase of treasury stock				(50,022)	(50,022)		
Disposal of treasury stock		(752)		2,527	1,774		
Retirement of treasury stock		(58,625)		58,625			
Reversal of land revaluation excess			9,084		9,084		
Changes in subsidiaries' equity		4,839			4,839		
Net changes of items other than shareholders' equity						(182,867)	66,825
Total changes during the period		(54,538)	232,692	11,130	189,284	(182,867)	66,825
Balance at the end of the period	2,141,513	980,102	10,855,798	(505,518)	13,471,894	2,066,363	189,342

	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	167,681	339,713	(4,729)	4,702	2,879,115	217	1,082,184	17,261,677
Cumulative effects of changes in accounting policies								(17,550)
Restated balance	167,681	339,713	(4,729)	4,702	2,879,115	217	1,082,184	17,244,127
Changes during the period								
Cash dividends								(304,543)
Profits attributable to owners of parent								528,151
Repurchase of treasury stock								(50,022)
Disposal of treasury stock								1,774
Retirement of treasury stock								
Reversal of land revaluation excess								9,084
Changes in subsidiaries' equity								4,839
Net changes of items other than shareholders' equity	(9,048)	(38,874)	(155,036)	(41,173)	(360,175)	(157)	(217,340)	(577,673)
Total changes during the period	(9,048)	(38,874)	(155,036)	(41,173)	(360,175)	(157)	(217,340)	(388,388)
Balance at the end of the period	158,633	300,838	(159,766)	(36,470)	2,518,940	59	864,844	16,855,738

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

	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

Consolidated Statements of Cash Flows

(Millions of Yen)

	FY 2019	FY 2018
Cash flows from operating activities:		
Profits before income taxes	829,443	1,145,327
Depreciation and amortization	330,371	322,770
Impairment losses	65,786	184,692
Amortization of goodwill	372,920	17,431
Equity in losses (gains) of equity method investees	(277,221)	(284,389)
Increase (decrease) in allowance for credit losses	20,148	(83,641)
Increase (decrease) in reserve for bonuses	8,086	(5,206)
Increase (decrease) in reserve for bonuses to directors	5	68
Increase (decrease) in reserve for stocks payment	484	(792)
Decrease (increase) in net defined benefit assets	49,212	(89,588)
Increase (decrease) in net defined benefit liabilities	4,109	1,132
Increase (decrease) in reserve for retirement benefits to directors	(0)	(30)
Increase (decrease) in reserve for loyalty award credits	12,519	(124)
Increase (decrease) in reserve for contingent losses	(59,390)	(51,235)
Interest income recognized on statement of income	(3,841,301)	(3,732,203)
Interest expenses recognized on statement of income	1,948,484	1,809,580
Losses (gains) on securities	(544,698)	(131,439)
Losses (gains) on money held in trust	(8,476)	837
Foreign exchange losses (gains)	847,932	(259,172)
Losses (gains) on sales of fixed assets	(1,669)	(6,639)
Net decrease (increase) in trading assets	(4,120,479)	(1,207,299)
Net increase (decrease) in trading liabilities	2,384,310	928,496
Adjustment of unsettled trading accounts	(240,582)	342,532
Net decrease (increase) in loans and bills discounted	(227,530)	116,865
Net increase (decrease) in deposits	6,503,304	3,352,158
Net increase (decrease) in negotiable certificates of deposit	(1,623,847)	(438,845)
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	8,353,562	63,519
Net decrease (increase) in call loans and bills bought and others	(12,772,206)	(6,928,266)
Net decrease (increase) in receivables under securities borrowing transactions	(719,976)	6,443,287
Net increase (decrease) in call money and bills sold and others	7,697,173	7,350,286
Net increase (decrease) in commercial papers	(158,147)	149,537
Net increase (decrease) in payables under securities lending transactions	151,607	(7,231,076)
Net decrease (increase) in foreign exchanges (assets)	477,953	803,375
Net increase (decrease) in foreign exchanges (liabilities)	(48,568)	235,037
Net increase (decrease) in short-term bonds payable	168,295	(53,300)
Net increase (decrease) in issuance and redemption of subordinated bonds payable	704,633	1,288,395
Net increase (decrease) in due to trust accounts	(483,538)	(100,251)
Interest income (cash basis)	3,970,441	3,741,110
Interest expenses (cash basis)	(1,965,180)	(1,762,774)
Others	395,291	(7,248)
Sub-total	8,203,259	5,922,916
Income taxes	(228,784)	(346,496)
Refund of income taxes	86,365	32,884
Net cash provided by (used in) operating activities	8,060,840	5,609,305

(Millions of Yen)

	FY 2019	FY 2018
Cash flows from investing activities:		
Purchases of securities	(90,417,706)	(65,103,588)
Proceeds from sales of securities	64,642,308	33,033,639
Proceeds from redemption of securities	23,887,868	26,809,238
Payments for increase in money held in trust	(810,487)	(570,030)
Proceeds from decrease in money held in trust	701,517	600,105
Purchases of tangible fixed assets	(127,176)	(142,393)
Purchases of intangible fixed assets	(318,853)	(286,200)
Proceeds from sales of tangible fixed assets	70,574	33,447
Proceeds from sales of intangible fixed assets	1,922	622
Payments for transfer of business	(559,561)	—
Payments for acquisition of subsidiaries' equity affecting the scope of consolidation	(494,920)	(1,106)
Proceeds from sales of subsidiaries' equity affecting the scope of consolidation	58,701	—
Others	(2,631)	(1,282)
Net cash provided by (used in) investing activities	(3,368,444)	(5,627,546)
Cash flows from financing activities:		
Proceeds from subordinated borrowings	31,720	55,000
Repayments of subordinated borrowings	(67,945)	(173,119)
Proceeds from issuance of subordinated bonds payable and bonds with warrants	586,670	376,800
Payments for redemption of subordinated bonds payable and bonds with warrants	(90,241)	(47,020)
Proceeds from issuance of common stock to non-controlling shareholders	3,823	7,493
Payments for redemption of preferred securities	(330,000)	(222,000)
Dividends paid by MUFG	(304,535)	(276,279)
Dividends paid by subsidiaries to non-controlling shareholders	(42,331)	(49,431)
Purchases of treasury stock	(50,022)	(159,903)
Proceeds from sales of treasury stock	2,291	4,141
Payments for purchases of subsidiaries' equity not affecting the scope of consolidation	(6,494)	(38)
Proceeds from sales of subsidiaries' equity not affecting the scope of consolidation	15,401	—
Net cash provided by (used in) financing activities	(251,664)	(484,359)
Effect of foreign exchange rate changes on cash and cash equivalents	(311,992)	(4,192)
Net increase (decrease) in cash and cash equivalents	4,128,739	(506,793)
Cash and cash equivalents at the beginning of the period	74,206,895	74,713,689
Cash and cash equivalents at the end of the period	78,335,634	74,206,895

Company Overview

Major MUFG Group Companies

(As of August, 2020)

■ 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
- au Kabucom Securities Co., Ltd.
- 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

- Mitsubishi UFJ Kokusai Asset Management
- MU Investments
- Mitsubishi UFJ Asset Management (UK)
- Mitsubishi UFJ Baillie Gifford Asset Management
- MUFG Lux Management Company

Holding Company

- MUFG Investor Services Holdings (Fund Management)
- First Sentier Investors Holdings Pty Ltd (Asset Management)
- AMP Capital Holdings (Asset Management)

Internet Bank / Regional Bank

- au Jibun Bank Corporation
- The Chukyo Bank

Others

- Mitsubishi UFJ Real Estate Services
- MUFG Innovation Partners
- Global Open Network
- Japan Digital Design
- MUMEC Visionary Design, Ltd.
- Japan Shareholder Services Ltd.
- Mitsubishi Research Institute DCS

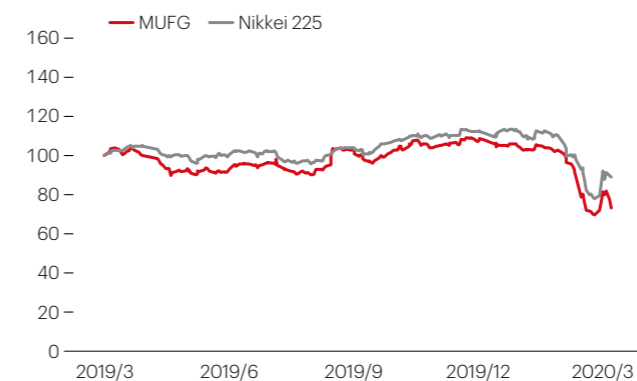
Corporate Information

(As of March 31, 2020)

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)	13,581,995,120 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	754,778

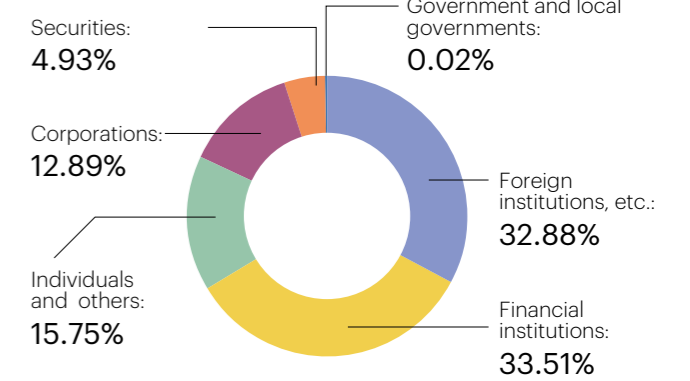


Stock Price Tokyo Stock Exchange



Note: Share index (2019/3E = 100)

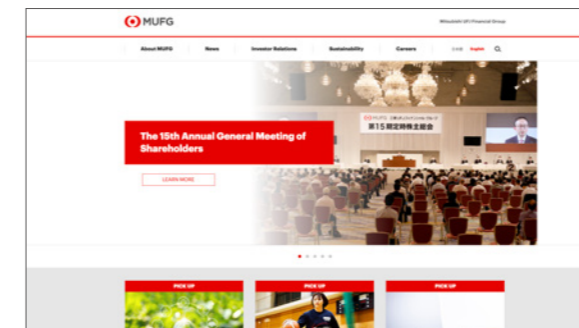
Ownership and Distribution of Shares*



* Excludes treasury shares and fractional shares

Website

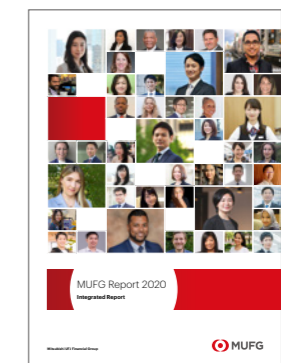
For more detailed information, please refer to our website.



About MUFG

<https://www.muftg.jp/english/> (English)

The cover photo shows MUFG Group employees in Japan and overseas.



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