Financial Highlights under Japanese GAAP for 2nd Quarter of Fiscal Year Ending March 31, 2018

November 14, 2017

Mitsubishi UFJ Financial Group, Inc.

MUFG

This document contains forward-looking statements regarding estimations, forecasts, targets and plans in relation to the results of operations, financial conditions and other overall management of the company and/or the group as a whole (the “forward-looking statements”). The forward-looking statements are made based upon, among other things, the company’s current estimations, perceptions and evaluations. In addition, in order for the company to adopt such estimations, forecasts, targets and plans regarding future events, certain assumptions have been made. Accordingly, due to various risks and uncertainties, the statements and assumptions are inherently not guarantees of future performance, may be considered differently from alternative perspectives and may result in material differences from the actual result. For the main factors that may affect the current forecasts, please see Consolidated Summary Report, Annual Securities Report, Disclosure Book, Annual Report, and other current disclosures that the company has announced.
The financial information included in this financial highlights is prepared and presented in accordance with accounting principles generally accepted in Japan (“Japanese GAAP”). Differences exist between Japanese GAAP and the accounting principles generally accepted in the United States (“U.S. GAAP”) in certain material respects. Such differences have resulted in the past, and are expected to continue to result for this period and future periods, in amounts for certain financial statement line items under U.S. GAAP to differ significantly from the amounts under Japanese GAAP. For example, differences in consolidation basis or accounting for business combinations, including but not limited to amortization and impairment of goodwill, could result in significant differences in our reported financial results between Japanese GAAP and U.S. GAAP. Readers should consult their own professional advisors for an understanding of the differences between Japanese GAAP and U.S. GAAP and how those differences might affect our reported financial results. We will publish U.S. GAAP financial results in a separate disclosure document when such information becomes available.

＜Definitions of figures used in this document>

Consolidated	:	Mitsubishi UFJ Financial Group, Inc. (Consolidated)
Non-consolidated	:	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (non-consolidated) + Mitsubishi UFJ Trust and Banking Corporation (non-consolidated) (without any adjustments)

Agenda

FY2017 H1 financial result summary
(for Fiscal Year Ending March 31, 2018)

【Consolidated】

Profits attributable to owners of parent ¥626.9bn

- An increase of ¥136.4bn compared to the same period in the previous fiscal year.
- Attained 65.9% of FY17 target.

Common Equity Tier 1 capital ratio (full implementation)*1

- Kept a good level of capital adequacy.

Shareholder returns

- Keep our dividend forecast of ¥18.00 per common stock for the fiscal year ending March 31, 2018.
- Resolved to repurchase and cancel own shares up to ¥100bn.

〈Consolidated〉

(¥bn)

		FY16 H1	FY17 H1	Changes
1	Gross profits	1,969.4	2,008.1	38.7
2	G&A expenses	1,244.0	1,307.3	63.3
3	Net operating profits	725.4	700.7	(24.6)
4	Profits attributable to owners of parent	490.5	626.9	136.4
5	Dividend per common stock (¥)	9.00	9.00	0.00

〈Financial targets of medium-term business plan〉

		FY16 H1	FY17 H1	FY17 (Targets)
6	EPS*2 (¥)	35.93	47.00	15% increase or more from FY14
7	ROE*3	7.91%	9.63%	Between 8.5-9.0%
8	Expenses ratio	63.1%	65.1%	Approx. 60%
9	Common Equity Tier 1 capital ratio (full implementation)	12.5%	12.3%	9.5% or above

*1 Calculated on the basis of regulations applied at the end of March 2019

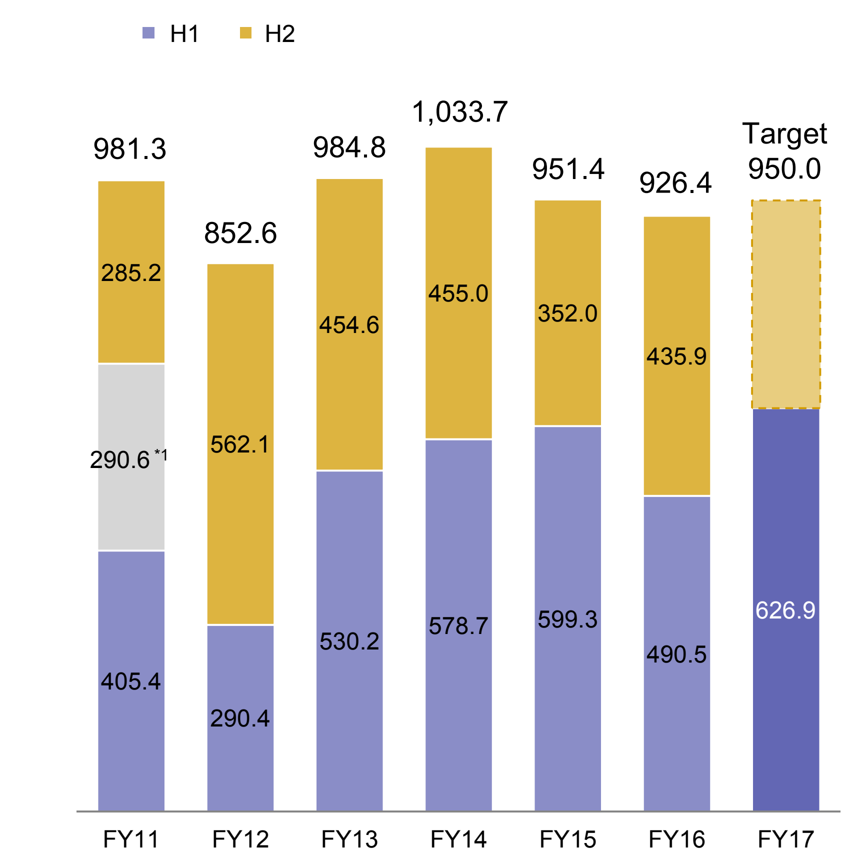
*2 ¥73.22 in FY14

*3 $\dfrac{\text{Profits attributable to owners of parent} \times 2}{\{(\text{Total shareholders' equity at the beginning of the period} + \text{Foreign currency translation adjustments at the beginning of the period}) + (\text{Total shareholders' equity at the end of the period} + \text{Foreign currency translation adjustments at the end of the period})\} \div 2} \times 100$

Outline of profits attributable to owners of parent 【Consolidated】

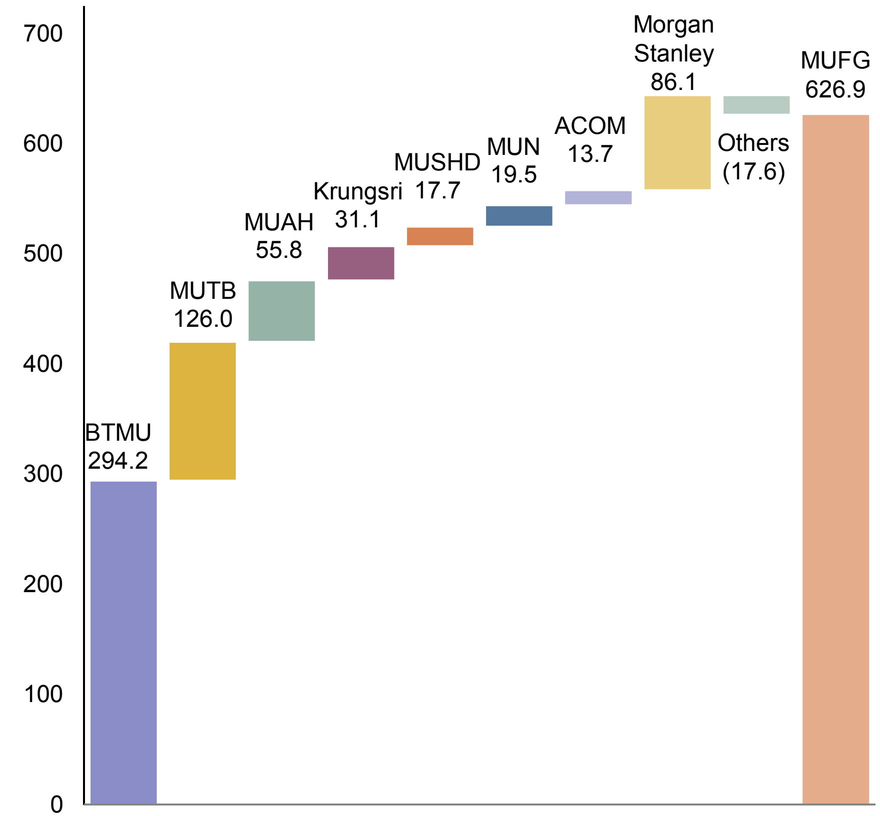
• Profits attributable to owners of parent for the six months ended September 30, 2017 were ¥626.9bn, attained 65.9% of the FY17 target.

History of profits attributable to owners of parent



*1 One-time effect of negative goodwill associated with the application of equity method accounting on our investment in Morgan Stanley

Breakdown of profits attributable to owners of parent[*2]



*2 The above figures reflect the percentage holding in each subsidiary and equity method investee

Progress of MUFG Re-Imagining Strategy

- Develop details of initiatives relating to four pillars of MUFG Re-Imagining Strategy announced in May.
- Progress and outcome in FY17 H1 were stated as below.

1. Strengthening our management approach based on customer- and business-based segments

- Investor Services : Incorporate BTMU's Yen custody business into Trust Assets Business Group to seek strategic synergy.
- Global primary business : Accelerate business integration between banking and securities business.

2. Business transformation through the use of digital technology

- Established JDD[*1] : Promote the development of innovative user experiences and initiatives to reduce social costs. Complete strategic alliance with 34 regional financial institutions.

3. Initiatives to improve productivity

- Sold shares of CIMB Group Holdings Berhad in September 2017. (alliance partnership in ASEAN region is unchanged)

4. Reorganization of MUFG group management structure

- Made progress in integrating corporate loan-related business of BTMU and MUTB.

Scheme of transfer	Domestic : Corporate split Overseas : Business transfers Entered into transfer-related agreement
Scope of transfer	Approx. ¥12tn (approx. 2,600 companies) Started explaining to clients and plan to complete by the end of December 2017

Transfer is planned on April 16

- Re-organize business segment to "Retail & Commercial", "Japanese CIB" and "Global CIB" (planned)
- Streamline corporate center by integrating group-based operation, and consider co-location.

*1 Japan Digital Design, Inc.

Income statement summary

【Consolidated】

Net operating profits

- Gross profits increased. While net interest income from domestic loans and deposits decreased, net interest income from loans and deposits in overseas and net trading profits increased, in addition to the depreciation of JPY against other currencies.
- G&A expenses increased, reflecting higher expenses in overseas, in addition to the depreciation of JPY against other currencies.
- Net operating profits decreased by ¥24.6bn from FY16 H1 to ¥700.7bn.

Total credit costs[*1]

- Reported net reversal of ¥3.1bn mainly due to reversal of allowance for credit losses.

Net gains (losses) on equity securities

- Net gains on sales of equity securities increased mainly due to a decrease in losses on write-down of equity securities.

Profits (losses) from investments in affiliates

- Profits from investments in Morgan Stanley increased, as well as those from other affiliates increased.

Profits attributable to owners of parent

- As a result, profits attributable to owners of parent increased by ¥136.4bn from FY16 H1 to ¥626.9bn.

Income statement (¥bn)

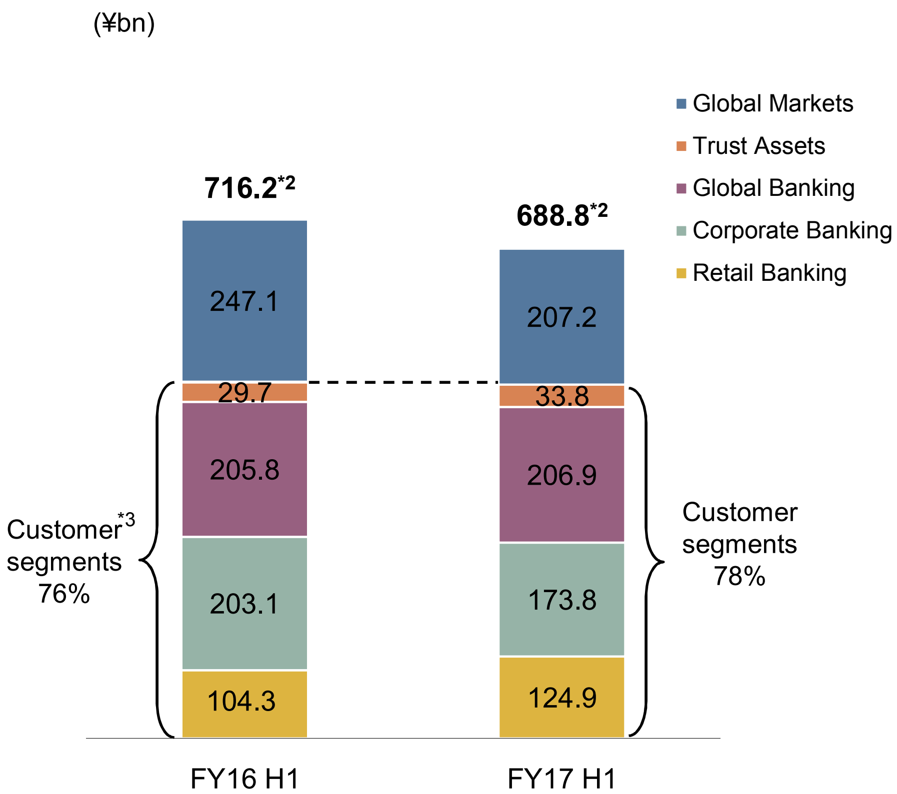
		FY16 H1	FY17 H1	Changes
1	Gross profits (before credit costs for trust accounts)	1,969.4	2,008.1	38.7
2	Net interest income	975.0	973.6	(1.4)
3	Trust fees + Net fees and commissions	682.6	695.9	13.2
4	Net trading profits + Net other operating profits	311.6	338.5	26.9
5	Net gains (losses) on debt securities	92.6	84.7	(7.9)
6	G&A expenses	1,244.0	1,307.3	63.3
7	Net operating profits	725.4	700.7	(24.6)
8	Total credit costs	(57.6)	3.1	60.7
9	Net gains (losses) on equity securities	44.0	55.0	10.9
10	Net gains (losses) on sales of equity securities	55.4	56.1	0.6
11	Losses on write-down of equity securities	(11.4)	(1.0)	10.3
12	Profits (losses) from investments in affiliates	113.9	135.6	21.7
13	Other non-recurring gains (losses)	(30.8)	(30.5)	0.3
14	Ordinary profits	794.8	864.0	69.1
15	Net extraordinary gains (losses)	(56.4)	4.3	60.7
16	Total of income taxes-current and income taxes-deferred	(178.4)	(190.5)	(12.0)
17	Profits attributable to owners of parent	490.5	626.9	136.4
18	EPS (¥)	35.93	47.00	11.07

*1 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

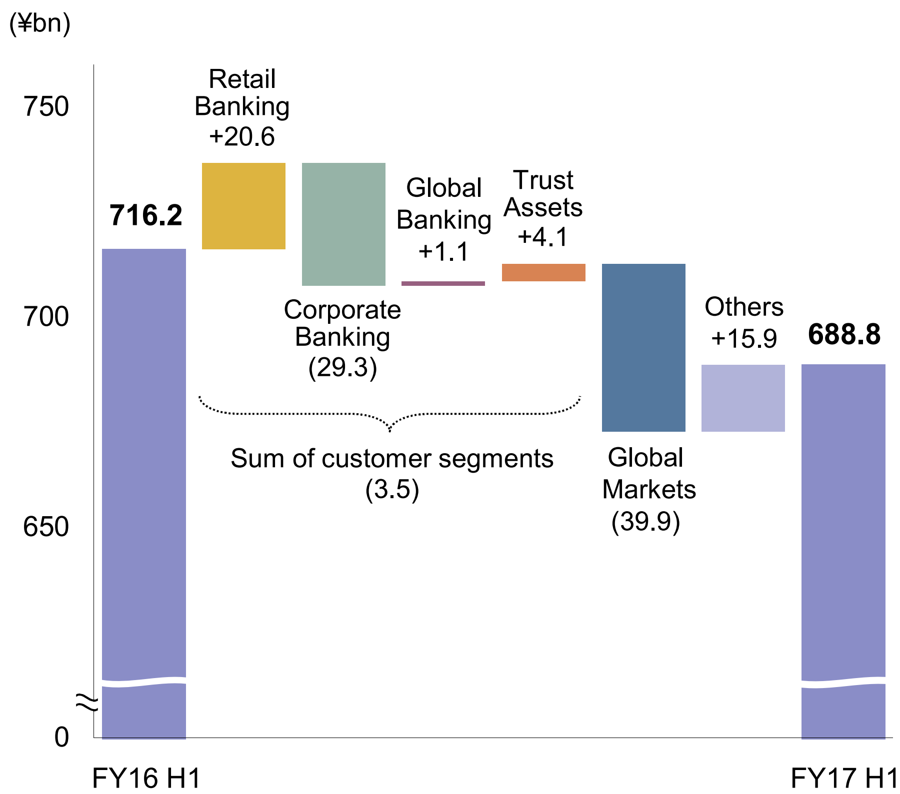
Outline of results by business segment 【Consolidated】

- Consolidated net operating profits*1 decreased ¥27.4bn compare to the same period of the previous fiscal year.
- 78% of the total net operating profits was from the customer segments. 38% of profits of the customer segments was generated by overseas business.

Net operating profits by business segment



Breakdown of changes in net operating profits



*1 On a managerial accounting basis. Profits out of overseas Japanese corporate business are excluded from Corporate Banking business segment.
*2 Total net operating profits include net operating profit for "Other" segment (FY16 H1:¥(73.8)bn, FY17 H1:¥(57.9)bn).
*3 Ratio of customer segments = net operating profits from customer segments ÷ total net operating profits (*2)

Balance sheet summary

【Consolidated】

Loans (Banking + Trust accounts)

- Decreased from the end of March 2017 mainly due to a decrease in loans to domestic corporate and governmental institutions.

Investment securities

- Decreased from the end of March 2017 mainly due to a decrease in Japanese government bonds, partially offset by an increase in foreign bonds.

Deposits

- Increased mainly due to an increase in individual deposits as well as overseas deposits.

Non performing loans ("NPLs")

- NPL ratio declined mainly due to a decrease in NPLs.

Net unrealized gains on available-for-sale securities

- Net unrealized gains on available-for-sale securities increased mainly due to an increase in those of domestic equity securities, which was partially offset by a decrease in those of Japanese government bonds.

	Balance sheet (¥bn)	Sep.17	Changes from Mar.17
1	Total assets	305,468.8	2,171.3
2	Loans (Banking + Trust accounts)	109,040.7	(168.7)
3	Loans (Banking accounts)	108,773.4	(231.7)
4	Housing loans*1	15,520.5	(199.7)
5	Domestic corporate loans*1*2	43,719.5	(577.8)
6	Overseas loans*3	44,299.6	880.9
7	Investment securities (Banking accounts)	59,375.9	(62.9)
8	Domestic equity securities	6,401.5	420.6
9	Japanese government bonds	21,676.5	(3,434.9)
10	Foreign bonds	21,627.6	2,497.8
11	Total liabilities	288,189.4	1,550.4
12	Deposits	171,821.3	1,091.1
13	Individual deposits (Domestic branches)	74,291.0	1,197.7
14	Total net assets	17,279.3	620.9
15	FRL disclosed loans*1*4	1,042.7	(130.5)
16	NPL ratio*1	0.99%	(0.12%)
17	Net unrealized gains (losses) on available-for-sale securities	3,621.5	482.5

*1 Non-consolidated + trust accounts *2 Excluding loans to government and govermental institutions
*3 Loans booked in overseas branches, MUAH, Krungsri, BTMU (China), BTMU (Malaysia) and MUFG Bank (Europe)
*4 FRL = the Financial Reconstruction Law

Loans / deposits

【Consolidated】

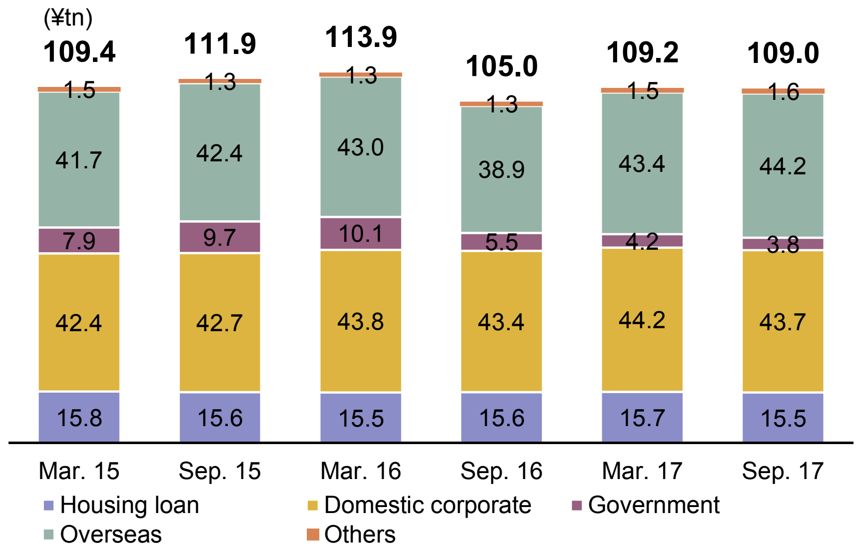
Loan balance*1 ¥109.0tn

(decreased (¥0.1tn) from the end of March 2017)

<Changes from March 2017 >

■ Housing loan	(¥0.1tn)
■ Domestic corporate*2	(¥0.5tn)
Excluding impact of foreign exchange fluctuation	(¥0.6tn)
■ Government	(¥0.3tn)
■ Overseas*3	+¥0.8tn
Excluding impact of foreign exchange fluctuation	+¥0.4tn

【Loans (Period end balance)】



*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, BTMU (China), BTMU (Malaysia) and MUFG Bank (Europe)

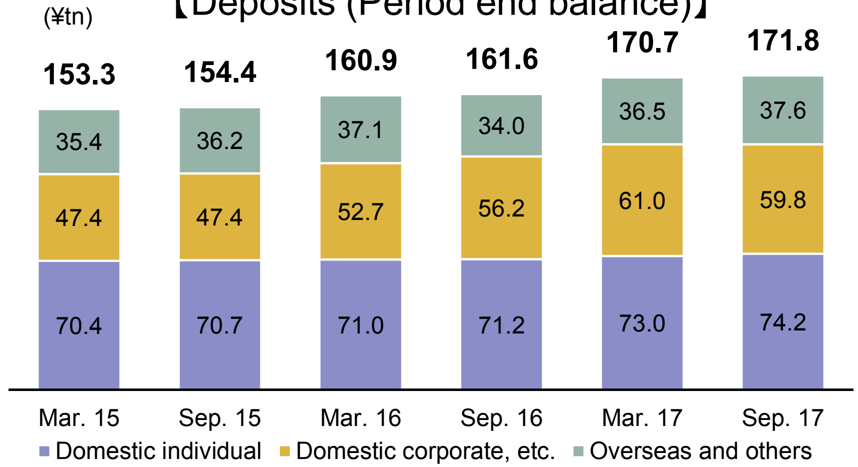
Deposit balance ¥171.8tn

(increased ¥1.0tn from the end of March 2017)

<Changes from March 2017 >

■ Domestic individual	+¥1.1tn
■ Domestic corporate, etc.	(¥1.2tn)
■ Overseas and others	+¥1.1tn
Excluding impact of foreign exchange fluctuation	+¥0.7tn

【Deposits (Period end balance)】

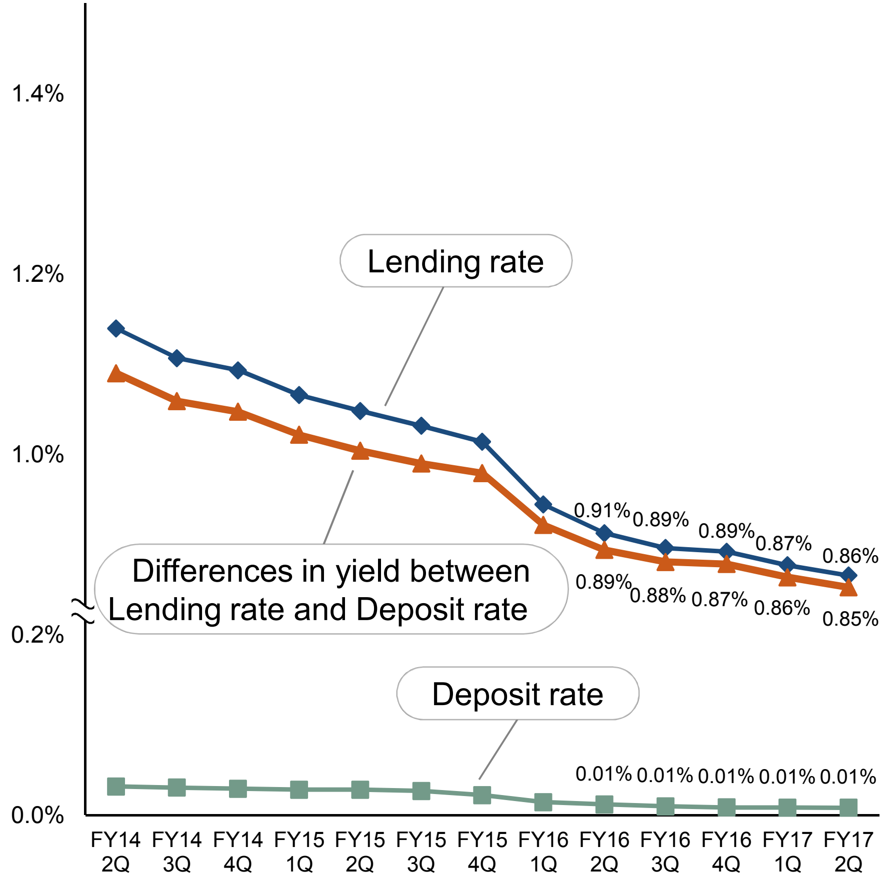


Domestic deposit / lending rates

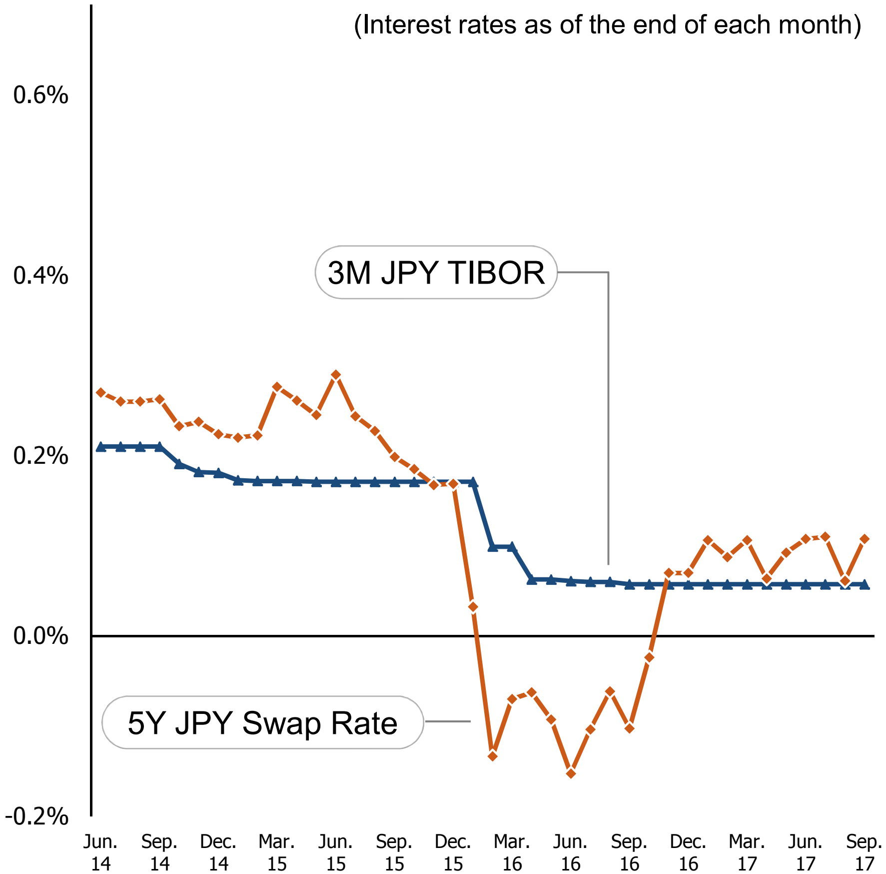
【Non-consolidated】

- Differences in yield between Lending rate and Deposit rate in Japan, excluding loans to government, in FY17 2Q decreased by 0.01 percentage point from FY17 1Q mainly due to a decline in lending rates, reflecting continued low interest rate environment in Japan.

Changes in domestic deposit / lending rates
(Excluding loans to government)



(Reference) Market interest rates



(Source : Bloomberg)

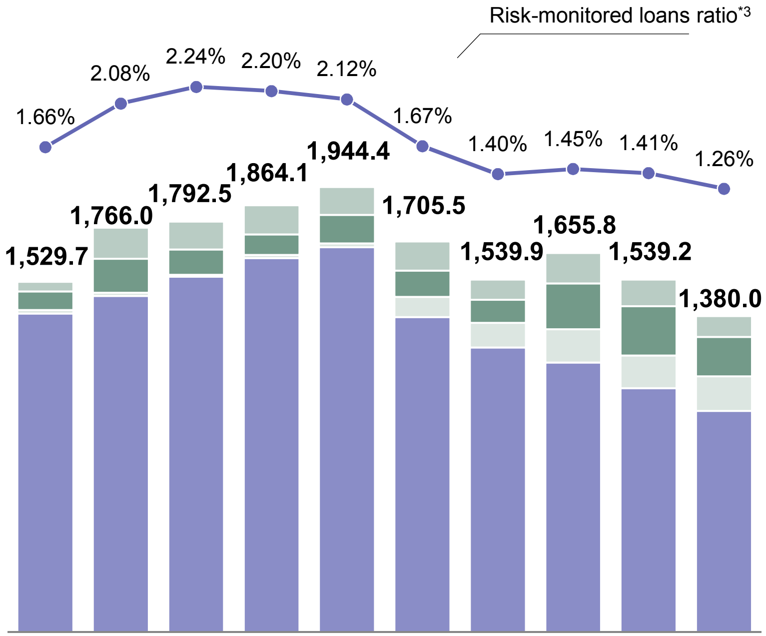
Loan assets

【Consolidated】

- Risk-monitored loans ratio decreased by 0.14 percentage points from the end of March 2017 to 1.26%.
- Total credit costs amounted to a net reversal of ¥3.1bn on a consolidated basis. Net reversal on a non-consolidated basis was ¥64.7bn.

Balance of risk-monitored loans*1

(¥bn)

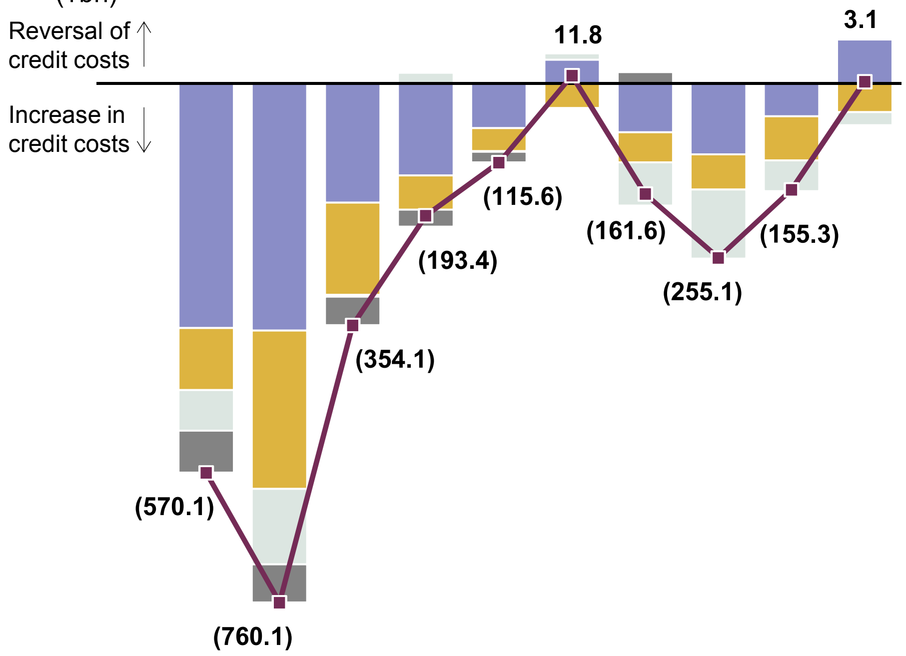


[Breakdown]	Mar. 09	Mar. 10	Mar. 11	Mar. 12	Mar. 13	Mar. 14	Mar. 15	Mar. 16	Mar. 17	Sep. 17
EMEA*2	42.6	136.3	121.2	127.2	122.0	126.3	88.2	133.9	116.0	91.5
Americas*2	81.2	147.3	110.3	89.2	125.0	114.9	100.7	199.4	216.0	172.1
Asia	15.4	14.4	9.4	14.4	17.0	89.0	108.8	145.3	142.3	151.1
Domestic	1,390.5	1,467.9	1,551.5	1,633.2	1,680.3	1,375.2	1,242.0	1,177.1	1,064.7	965.1

*1 Risk-monitored loans based on Banking Act. Regions are based on the borrowers' location.
*2 Figures of EMEA (Europe, Middle East and Other) and Americas before March 2012 are previously disclosed as Other and United States of America, respectively.
*3 Total risk-monitored loans / Total loans and bills discounted (banking accounts as of period end)

Total credit costs

(¥bn)



[Breakdown]	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17 H1
Non-Consolidated	(357.8)	(361.6)	(174.2)	(134.5)	(65.3)	35.1	(71.1)	(103.7)	(47.9)	64.7
CF*4	(91.0)	(232.2)	(135.0)	(50.1)	(33.7)	(35.7)	(44.1)	(51.6)	(64.5)	(41.6)
Overseas*5	(59.7)	(110.6)	(2.7)	16.1	(0.8)	9.2	(63.2)	(100.8)	(45.0)	(19.2)
Others*6	(61.5)	(55.7)	(42.1)	(24.9)	(15.6)	3.2	16.9	1.0	2.1	(0.7)

*4 Sum of MUN and ACOM on a consolidated basis
*5 Sum of overseas subsidiaries and affiliated companies of BTMU and MUTB
*6 Sum of other subsidiaries and affiliated companies, and consolidation adjustment

Investment securities

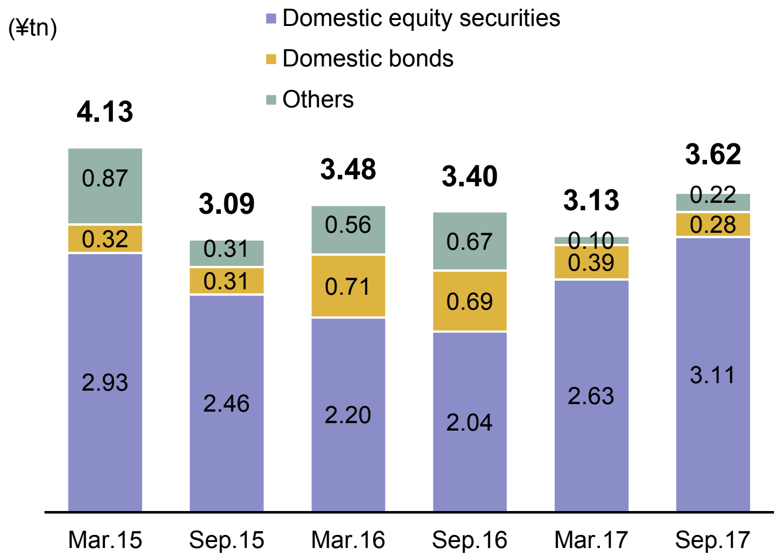
【Consolidated/Non-consolidated】

Available-for-sale securities with fair value

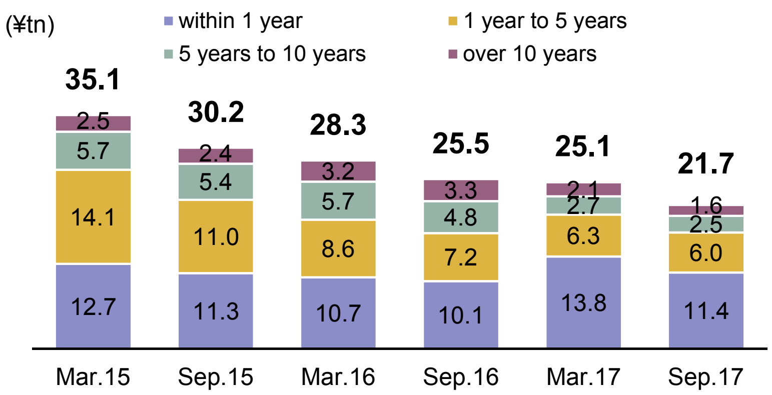
(¥bn)

		Balance		Unrealized gains (losses)	
		Sep.17	Changes from Mar.17	Sep.17	Changes from Mar.17
1	Total	54,768.2	(44.8)	3,621.5	482.5
2	Domestic equity securities	5,571.7	407.1	3,111.6	476.4
3	Domestic bonds	24,634.7	(3,054.1)	288.5	(110.5)
4	Japanese government bonds	20,575.6	(3,434.9)	246.2	(104.8)
5	Others	24,561.7	2,602.1	221.3	116.5
6	Foreign equity securities	246.8	64.0	79.7	29.9
7	Foreign bonds	20,441.0	2,523.6	36.1	44.6
8	Others	3,873.8	14.3	105.3	42.0

Unrealized gains (losses) on available-for-sale securities

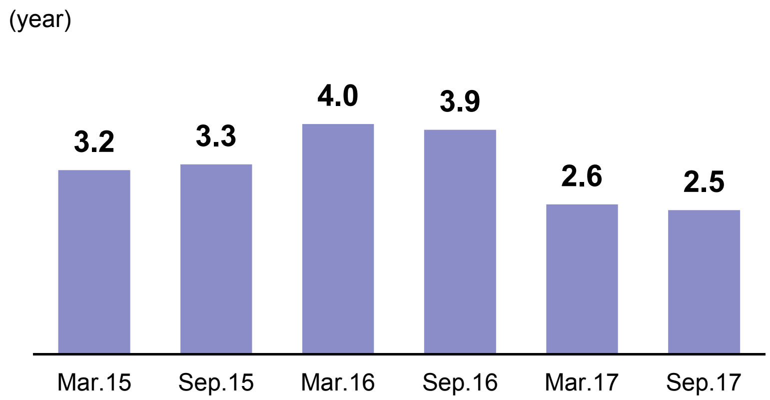


Balance of JGB portfolio by maturity*1



*1 Available-for-sale securities and held-to-maturity securities. Non-consolidated.

Duration of JGB portfolio*2



*2 Available-for-sale securities. Non-consolidated.

Capital adequacy

【Consolidated】

Total capital

- Total capital increased by ¥721.2bn from the end of March 2017 due to increases in retained earnings and other comprehensive income, as well as issuances of subordinated debt.
- Common Equity Tier 1 capital increased by ¥565.5bn from the end of March 2017.

Risk weighted assets (RWA)

- Credit Risk Asset : (¥7.0tn)
  Decreased mainly due to upgrade to internal credit rating of our clients.
- Floor Adjustment[*1] : +¥7.5tn

Common Equity Tier 1 capital ratio

Full implementation[*2] basis : 12.3%

Excluding impact of net unrealized gains (losses) on available-for-sale securities : 10.0%

Leverage ratio

Transitional basis : 4.92%

	(¥bn)	Mar.17	Sep.17	Changes from Mar.17
1	Common Equity Tier 1 capital ratio	11.76%	12.14%	0.38%
2	Tier 1 capital ratio	13.36%	13.72%	0.36%
3	Total capital ratio	15.85%	16.33%	0.47%
4	Common Equity Tier 1 capital	13,413.8	13,979.4	565.5
5	Retained earnings	9,278.5	9,785.2	506.7
6	Other comprehensive income	2,369.1	2,514.6	145.5
7	Regulatory adjustments	(1,363.2)	(1,350.1)	13.1
8	Additional Tier 1 capital	1,818.6	1,814.9	(3.6)
9	Preferred securities and subordinated debt	1,650.2	1,652.1	1.9
10	Foreign currency translation adjustments	111.6	86.6	(25.0)
11	Tier 1 capital	15,232.4	15,794.3	561.9
12	Tier 2 capital	2,843.6	3,002.9	159.3
13	Subordinated debt	2,132.6	2,305.7	173.0
14	Amounts equivalent to 45% of unrealized gains on available-for-sale securities	277.8	318.0	40.2
15	Total capital（Tier 1＋Tier 2）	18,076.1	18,797.3	721.2
16	Risk weighted assets	113,986.3	115,068.8	1,082.4
17	Credit risk	96,906.3	89,834.2	(7,072.1)
18	Market risk	2,135.7	2,338.1	202.4
19	Operational risk	6,734.5	7,181.8	447.2
20	Floor adjustment	8,209.7	15,714.5	7,504.8

*1 Adjustment to adjust the difference between exposures under Basel I and Basel III.
*2 Calculated on the basis of regulations applied at the end of March 2019

FY2017 targets

【Consolidated/Stand-alone】

- FY17 consolidated profits attributable to owners of parent target is ¥950.0bn. (unchanged from initial target)

(¥bn)

	〈Consolidated〉	FY 2016 Interim (results)	FY 2016 Full Year (results)	FY 2017 Interim (results)	FY 2017 Full Year	FY 2017 Change from original number stated at the beginning of FY
1	Total credit costs	(57.6)	(155.3)	3.1	(80.0)	80.0
2	Ordinary profits	794.8	1,360.7	864.0	1,440.0	50.0
3	Profits attributable to owners of parent	490.5	926.4	626.9	950.0	-

〈The Bank of Tokyo-Mitsubishi UFJ, Ltd (non-consolidated)〉

4	Net operating profits before provision for general allowance for credit losses	417.0	666.9	337.9	580.0	-
5	Total credit costs	(4.7)	(25.4)	58.9	60.0	90.0
6	Ordinary profits	410.2	632.2	411.8	620.0	50.0
7	Net income	323.0	481.4	294.2	420.0	-

〈Mitsubishi UFJ Trust and Banking Corporation (non-consolidated)〉

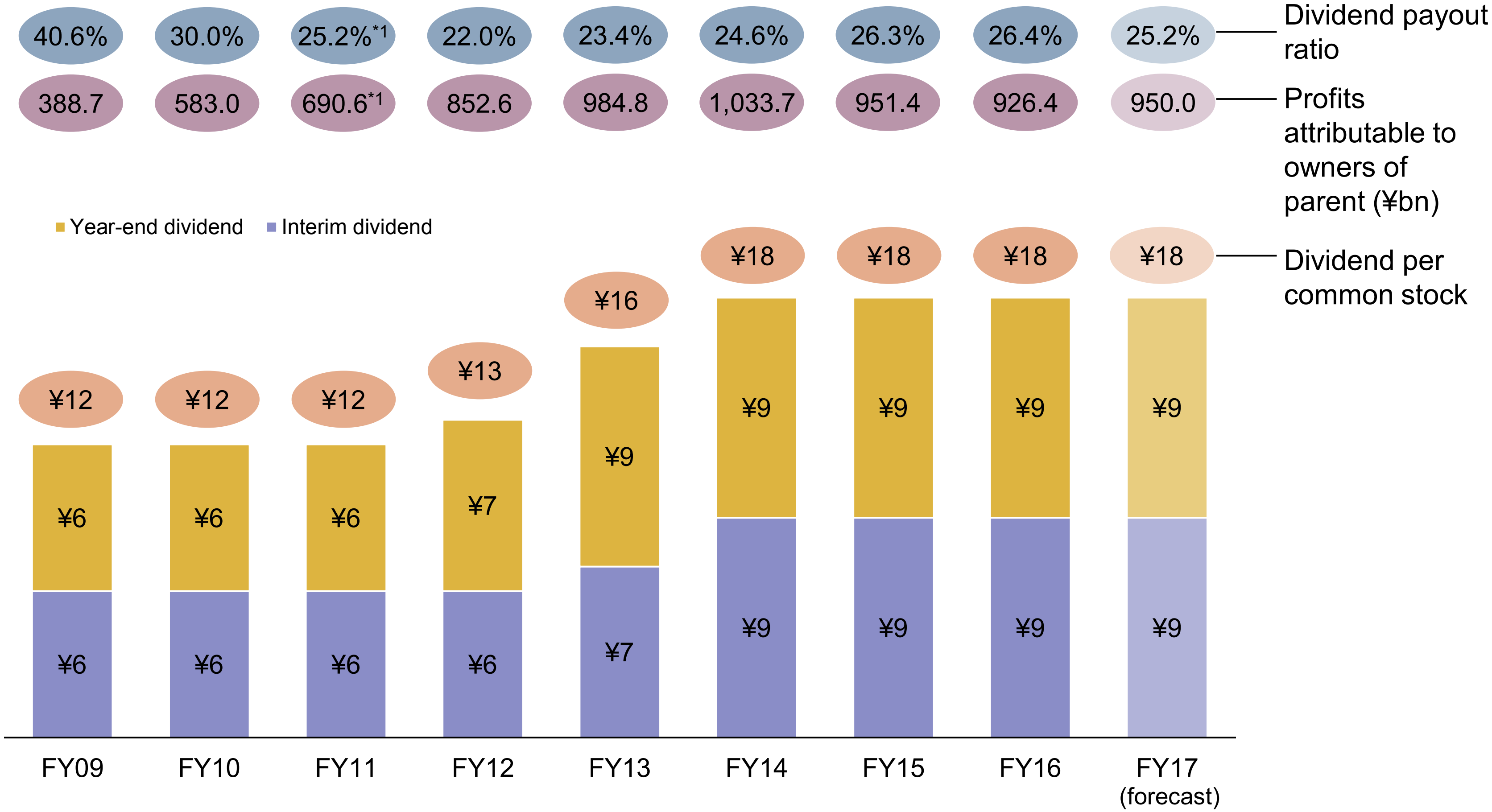
8	Net operating profits before credit costs for trust accounts and provision for general allowance for credit losses	92.7	181.4	104.3	160.0	(15.0)
9	Total credit costs	1.7	(22.5)	5.8	0.0	10.0
10	Ordinary profits	105.5	164.4	121.6	175.0	-
11	Net income	75.7	120.2	126.0	155.0	25.0

Dividend forecast

【Consolidated】

- Plan to pay interim-dividend of ¥9.00 per common stock, and keep our dividend forecast of ¥18.00 per common stock for the fiscal year ending March 31, 2018.

Results and forecasts of dividend per common stock



*1 FY11 figures do not include one-time effect of negative goodwill associated with application of equity method accounting on our investment in Morgan Stanley

Outline of repurchase and cancellation of own shares【Consolidated】

- Resolved to repurchase and cancel own shares in order to enhance shareholder returns, improve capital efficiency and conduct capital management flexibly.

Outline of repurchase and cancellation of own shares

	FY14	FY15	FY16	FY17 H1	FY17 H2
Type of shares repurchased	Ordinary shares of MUFG	Ordinary shares of MUFG	Ordinary shares of MUFG	Ordinary shares of MUFG	Ordinary shares of MUFG
Aggregate amount of repurchase price	Approx. ¥100.0bn	Approx. ¥200.0bn (Approx. ¥100.0bn each on two occasions)	Approx. ¥200.0bn (Approx. ¥100.0bn each on two occasions)	Approx. ¥100.0bn	Up to ¥100.0bn
Aggregate number of shares repurchased	Approx. 148.59 mm shares	Approx. 232.85 mm shares	Approx. 332.85 mm shares	Approx. 141.15 mm shares All of the shares cancelled	Up to 200 mm shares **All of the shares to be cancelled**

(Reference) Own shares held by MUFG as of October 31, 2017
Total number of issued shares (excluding own shares) : 13,321,130,842 shares
Number of own shares : 706,564,078 shares

(Reference)	FY14	FY15	FY16	FY17[*1]
Total payout ratio	34.2%	47.2%	47.9%	46.3%

Cancellation of own shares

Retain own shares of approximately 5% of the total number of issued shares at maximum and cancel the shares exceeding the threshold.

*1 Calculated on the basis of FY17 target of ¥950.0bn as a denominator

Appendix: Historical data of net operating profits

(¥bn)

〈Consolidated〉

		FY10 H1	FY11 H1	FY12 H1	FY13 H1	FY14 H1	FY15 H1	FY16 H1	FY17 H1
1	Gross profits (before credit costs for trust accounts)	1,870.7	1,789.8	1,831.6	1,845.2	2,012.9	2,109.1	1,969.4	2,008.1
2	Net interest income	1,009.3	907.8	876.2	908.6	1,035.7	1,076.3	975.0	973.6
3	Trust fees + Net fees and commissions	524.7	523.3	518.4	618.1	661.3	700.1	682.6	695.9
4	Net trading profits + Net other operating profits	336.6	358.7	436.8	318.4	315.7	332.6	311.6	338.5
5	Net gains (losses) on debt securities	170.7	221.5	275.2	77.0	89.3	82.1	92.6	84.7
6	G&A expenses	1,018.8	990.1	1,014.4	1,120.2	1,235.5	1,288.9	1,244.0	1,307.3
7	Net operating profits	851.8	799.7	817.1	725.0	777.3	820.2	725.4	700.7

〈Non-consolidated〉

		FY10 H1	FY11 H1	FY12 H1	FY13 H1	FY14 H1	FY15 H1	FY16 H1	FY17 H1
8	Gross profits (before credit costs for trust accounts)	1,215.4	1,216.9	1,257.8	1,126.0	1,259.2	1,235.4	1,164.7	1,109.5
9	Net interest income	697.0	658.8	641.7	634.9	708.4	706.7	625.7	592.3
10	Trust fees + Net fees and commissions	259.6	263.0	265.1	312.8	334.3	339.3	328.7	318.1
11	Net trading profits + Net other operating profits	258.7	294.9	351.0	178.2	216.4	189.2	210.2	199.0
12	Net gains (losses) on debt securities	164.0	214.6	266.6	67.0	89.9	76.6	86.4	85.4
13	G&A expenses	594.6	588.4	608.3	636.4	679.6	659.3	654.8	667.2
14	Net operating profits	620.7	628.4	649.5	489.5	579.5	576.1	509.8	442.2